

THE DEPOSITORY TRUST COMPANY

IMPORTANT

B#: 1976

DATE: May 16, 2001

TO: All participants

FROM: Mario Zaccardi, Supervisor, Dividend Department

ATTENTION: Operations, Reorg & Dividend Managers, Partners & Cashiers

SUBJECT: PREPARATION FOR FRENCH ADR DIVIDEND SEASON

This notice provides basic information applicable to all French American Depositary Receipts (ADRs) that pay dividends with relief at source through DTC. **Standing information common to all French ADR dividends is available on DTC's TAXINFO (TAXI) function via the Participant Terminal System (PTS).** To avoid duplication, information contained in this notice and our "variable notices", which give pertinent details for each dividend, will be scaled down.

The variable notices will explain how participants can use DTC's Elective Dividend System (EDS) function over *PTS* to obtain the favorable French withholding tax rate at source, and the French tax refund (*Avoir fiscal*) through DTC. These notices will only give details pertaining to a particular French issue, as described below:

- Deadlines and dates associated with the issue paying a dividend, such as the record date, the ADR payment date and the EDS cutoff date
- DTC EDS options available to beneficial owners
- The ratio of the ADRs to the ordinary shares
- The dividend amount per ordinary share in Euro
- The dividend amount per ordinary share after 15% withholding tax
- Amount in Euro of the 15% withholding tax per ordinary share
- Amount in Euro per ordinary share of *Avoir fiscal* at 42.5% (Individuals)
- Amount in Euro per ordinary share of *Avoir fiscal* at 21.25% (Corporations, RICS)

- Amount in Euro per ordinary share of *Avoir fiscal* at 7.5% (Pensions)
- The dividend amount in Euro per ADR

The following information will continue to be available in the variable notices in appendix form:

- EDS elections available to beneficial owners
- Beneficiary owner list format
- Declaration to be signed by partner or officer of the participant, and include the corporate seal of the participant

The procedures for obtaining the favorable rate at source are complex and require hard-copy supporting documentation. Failure to comply completely with the prescribed procedures will result in unfavorable withholding rates and possible penalties.

Participants should not use this procedure unless the necessary requirements -- including identifying and documenting each customer by category -- are followed.

PROCESSING CHANGES FOR 2001

Following publication of the French Finance Law 2001, in the December 30, 2000 Official Journal, the proposed changes providing for the reductions in the *avoir fiscal* tax credit from 40% to 25% of a French gross dividend with effect for dividends paid on or after January 1, 2000 for non-individual investors and the additional reduction of the *avoir fiscal* tax credit from 25% to 15% for non-individual investors, effective for dividends paid on or after January 1, 2001 became law. Although these changes are effective from January 1, 2001 and January 1, 2002 respectively, they have retrospective impact on reclaims of *avoir fiscal* made in respect of dividends paid on or after January 1, 2000 and January 1, 2001.

The specific changes related to Avoir Fiscal entitlements are detailed in DTC's Important Notice B # 1636 dated April 12, 2001. It is important that participants carefully read this notice prior to making their EDS certifications and preparing the required documents.

Participants' U.S. resident customers will fall into seven different categories of eligibility. For specific information on each beneficial owner type, please refer to the expanded beneficial owner types section of the TAXI function on *PTS*.

<u>Treaty Benefit</u>	<u>Investor Type</u>	<u>Withholding Tax at Source</u>	<u>Avoir Fiscal</u>
Full	U.S. resident individuals	15%	42.5%
Full	U.S. Corporations incorporated under federal or state law, or the laws of the District of Columbia subject to U.S. tax	15%	21.25%

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Full	U.S. Regulated Investment Companies (RICs)	15%	21.25%	
Partial	Pension Funds qualified under U.S. Internal Revenue Code ("Code") section 401(a), 403(b), or 457 and Collective Trusts		15%	7.5%
<u>Treaty Benefit</u>	<u>Investor Type</u>	<u>Withholding Tax at Source</u>		<u>Avoir Fiscal</u>
None through EDS*	Other pension funds and IRAs	25%	0%	
None through EDS*	U.S. entities exempt from U.S. taxes		25%	0%
None though EDS*	Partnerships and trusts, subchapter S corporations, limited liability corporations/companies (LLCs), and certain other corporations*, certain RICs, and pension funds and collective trusts that do not have proper documentation	25%		0%

*** Entities not able to claim benefits at source through EDS may be eligible for post-payment relief by filing a reclaim with the French tax authorities.**

EDS elections available to beneficial owners.:

- (1) U.S. Resident Individuals
- (2) Corporations
- (3) Regulated Investment Companies (RICs)
- (4) Pension Funds

Participants who do not choose to elect will receive **No Treaty Benefits** and be subject to **25%** withholding tax at source.

Participants who fail to meet the EDS deadline or have other beneficial holders that are not eligible for the EDS process for whom they wish to file a reclaim may use DTC's TaxReclaim form preparation service, available by using the Tax Reclaim System (TAXR) function over PTS. TaxReclaim is DTC's proprietary withholding tax form preparation service that calculates reclaim entitlements and prepares the standard tax reclamation form for filing with the foreign taxing authorities or other designated agent. TaxReclaim will also support form preparation for the

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Elective Dividend Service (EDS) French Simplified Procedures for qualified U.S. beneficial holders. To enroll in **TaxReclaim**, please contact your Relationship Manager.

Any participant not wishing to indemnify DTC and hold it harmless may elect the unfavorable rate at source, and apply for treaty benefits on French Form RF 1A EU 5052 (or other required French reclaim form). Please consult your tax advisor.

Failure to document certifications as described in the "Legal Conditions" section of TAXINFO will result in the following:

- a. **A charge representing the amount of the under-withheld tax, plus any associated foreign exchange costs, interest costs, and similar actual costs, will be levied on the DTC Participant's settlement account.**
- b. **Under DTC 's Rule 20, any administrative costs incurred by DTC as a result of a participant's incorrect filing may be charged to the responsible participant.**

Rejections and/or charge backs of EDS benefits that DTC may impose on participants due to incorrect or insufficient documentation are a direct result of instructions by the French custodian. **We have compiled a list of frequently asked questions and answers about the process of submitting supporting documentation (Appendix I). Also included are specific actions to take in order to avoid these rejections/charge backs.** Specific questions regarding these rejections/charge backs may be directed to the French custodian where the participant sent the documentation. The contact name, address and phone number for each dividend will be on the Important Notice sent for that dividend.

Questions may be directed to Mr. Steve McDonough or myself of DTC's Dividend Department at (212) 855-4524 or 4540 respectively.

APPENDIX I - MOST COMMONLY ASKED QUESTIONS

1) Are my customers eligible for tax relief via EDS?

The PTS function, TAXI, defines specific beneficial owner types and their applicable withholding rates and eligibility via EDS. DTC does not undertake to determine the eligibility of specific participant accounts.

2) What action do I take after I make my election for the favorable tax rate over EDS?

The participant must check the Important Notice for the relevant dividend. In addition to the EDS deadline, this notice contains the deadline date for submission of hard-copy documentation to the French custodian. Hard copy documentation includes, but is not limited to, the beneficiary owner lists, summary pages, Attestations, and in some cases, IRS Forms (6166, IRS determination letter, or equivalent).

3) What happens if I miss the EDS deadline?

The participant will receive the dividend with 25% withholding tax withheld and no Avoir fiscal. In order to receive the treaty benefit, the beneficial owner must file a reclaim on French Form RF IA EU 5052 (or other required French reclaim form). Please consult your tax advisor for specific information.

4) What happens if I miss the deadline to submit hard-copy documentation to the French custodian?

The ADR depository will notify DTC of those participants who did not submit documentation. A charge representing the amount of the under withheld tax, plus any associated foreign exchange costs, interest costs, and similar actual costs, will be levied on the DTC participant's settlement account.

5) What are the most common reasons for rejections/charge backs?

- Participants will elect for the favorable rate over EDS and will not submit documentation to the paying agent
- the amount of shares elected over EDS and the amount submitted to the French custodian do not match
- information about the beneficial owners is incomplete or incorrect
- IRS Forms (6166s, IRS determination letter or equivalent) are missing or not acceptable

6) What can I do to avoid these charge backs/rejections?

- make sure that the supporting documentation is submitted once an EDS election for the favorable rate is made
- when submitting the beneficial owner lists, make sure the share amounts agree with your original EDS election
- make sure that all supporting documentation is complete and contains the correct information
- double check the account types to see if they are eligible for treaty benefits

7) How can I determine why a charge back/rejection occurred?

In most cases, DTC has no direct knowledge of the reasons why it is instructed to charge back an account. DTC receives its instructions from the ADR depository, who in turn receives their instructions from the French custodian. Participants should contact the French custodian to whom they sent the supporting documentation (All contacts will be on the individual Important Notices for each dividend).

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