The Depository Trust Company

IMPORTANT

B#: 3280

DATE: April 15, 2002

TO: All participants

CATEGORY: Dividends

FROM: Lucy DiPaolo, Supervisor, Dividend Department

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

SUBJECT: TaxRelief - Country: Switzerland
Roche Holdings CUSIP: 771195203 & 771195302
Record Date: 04/18/2002 Payable Date: 05/24/2002
EDS Cut-Off Date: 04/26/2002

************************WARNING TIME CRITICAL****************************

DTC has been notified by The Bank of New York the depositary bank for the above issues, that Roche Holdings has declared their cash dividend. This cash dividend is subject to Swiss withholding tax of **15%** (favorable) for qualified U.S. individuals, **15%** (favorable) for qualified U.S. Corporations, **15%** (favorable) for qualified RICS, **15%** (favorable) for qualified U.S. other entities, and **0%** (tax exempt) for qualified U.S. pensions. All others and unqualified RICS are subject to Swiss withholding tax of **35%** (unfavorable).

The Elective Dividend System, PTS Function EDS, has been revised from last year to include beneficial owner information for the favorable and unfavorable rate. EDS will require participants to provide a breakdown of the **15%** (favorable) for qualified U.S. individuals, qualified U.S. Corporations, for qualified RICS, and for qualified U.S. other entities. EDS will require participants to provide a breakdown for unfavorable holders and unqualified RICS subject to Swiss withholding tax of **35%** (unfavorable). Participants will not be able to complete the EDS election process until the breakdown of the beneficial owner information is provided. **Note: Upon completing the first screen in EDS, participants will be prompted to provide the breakdown for shares elected at the 15% and the 35% rates.**

Note: THE DEADLINE FOR CERTIFYING OVER EDS IS APRIL 26, 2002.

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(To receive a favorable rate on EDS, the beneficial owner must be a U.S. resident. Non-U.S. residents must elect at the unfavorable 65% rate)

***QUALIFICATIONS - BENEFICIAL OWNERS MUST MEET THE FOLLOWING CRITERIA:**

The Beneficial Owner of the shares to be paid at the favorable rate:

Should not be engaged in a trade or business in Switzerland through a permanent establishment situated in Switzerland.

Option 1: FAVORABLE U.S. INDIVIDUAL (85% RATE) :
Is a resident of the United States and is not a resident of Switzerland (or, if a resident of Switzerland, has its habitual abode in the United States) **Note: U.S. citizens or "green card" holders are only considered as resident in the United States, if they have a substantial presence, permanent home or habitual abode in the United States.**

Option 2: FAVORABLE U.S. CORPORATION (85% RATE):
Is a corporation (other than a RIC or an S-Corporation) created or organized under the laws of the United States or a state or territory thereof. To be considered eligible, the corporation must qualify under at least one of several "tests". Among the most common tests are:

a) **activity test:** the corporation must conduct an active trade or business in the United States.
b) **predominant interest test:** more than 50% of the owners of the company must be United States residents.
c) **stock exchange test:** the corporation or the ultimate beneficial owner of a predominant interest in the corporation is primarily and regularly traded on a recognized stock exchange.

Option 3: FAVORABLE OTHER ENTITY (85% RATE):
Is another entity such as an S-Corporation, partnership, estate or trust, created or organized under the laws of the United States or a state or territory thereof. Note: These entities are only eligible to the extent that the dividend income is subject to tax, either in the hands of the entities or in the hands of their partners or beneficiaries that are U.S. residents. Therefore, these entities are only entitled to receive the favorable tax treatment on the percentage of shares which are owned by U.S. residents. **Additionally, Individual retirement accounts (IRAs) and Simplified Employee Pension Plans (SEPs) should be included within this Option.**

Option 4: FAVORABLE PENSION PLAN (100% RATE):
Is a pension or retirement plan arrangement exempt in the United States and which ***more than half*** of the beneficial owners are residents of the United States. Eligible U.S. pension plans or other retirement arrangements generally include US resident tax exempt trusts providing pension or retirement benefits under Internal Revenue Code (IRC) section 401(a) for qualified pensions plans, profit sharing plans (including 401(k) arrangements), and stock bonus plans. Additionally, non-qualified plans defined under IRC sections 457 (b) – deferred compensation plans of state and local tax exempt organizations or public schools may also generally qualify for exemption. Note: IRAs and SEPs are not pension plans or other retirement arrangements for purposes of this Option, They, therefore do not qualify for a 100% rate. However, they may be able to obtain the 85% rate and should be included in option FAVORABLE OTHER ENTITIES (see option 3).

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Option 5: UNFAVORABLE (65% RATE):

This category consists of the following items:

- Beneficiaries for which no election has been done within the time frame, or
- Non-U.S. persons as well as U.S. citizens or “green card” holders without substantial presence, permanent home or habitual abode in the United States, or
- Corporations not qualifying under a “test”, or
- The portion of shares of an S-Corporation, partnership, estate or trust held by non-U.S. residents (including U.S. citizens or “green card” holders without substantial presence, permanent home or habitual abode in the United States), or
- All other beneficiaries who do not qualify for the favorable rate or the tax exempt rate.

Option 6: RIC – FAVORABLE (85% RATE):
A RIC is considered **favorable** when it is created or organized under the laws of the United States or a state or territory thereof and ***more than ninety-five percent (95%)*** of the beneficial owners of the RIC are residents of the U.S.. RICs which meet this requirement will receive favorable tax treatment on one hundred percent (100%) of their record date position. **Note: RICs which are made up of ninety-five percent (95%), or less, of United States resident, are only entitled to receive the favorable tax treatment on the percentage of shares which are owned by U. S. residents. The percentage of non-U.S. residents must be included in RIC – UNFAVORABLE (See Option 7)**

Option 7: RIC - UNFAVORABLE (65% RATE):
A RIC is considered **unfavorable** when it is created or organized under the laws of the United States or a state or territory thereof but ninety-five percent (95%), or less, of it’s beneficial owners are United States Residents. For the percentage of the beneficial owners which are not United States Residents, the RIC is not entitled to favorable tax treatment and should receive the dividend less the 35% withholding tax.

ADR Holders who need to revise their declarations will be responsible for claiming or refunding any withholding tax through The Bank of New York to the Swiss Tax Authorities; Participants will also be liable for any foreign exchange fluctuations impacting the amount of their refund or claim with the Swiss Tax Authorities.

Claims to refund of Swiss anticipatory tax on dividends out of an ADR program may only be filed by The Bank of New York. Participants of the DTC EDS process are not allowed to claim any refund directly with the Swiss Federal Tax Administration.

Non-US beneficial owners may claim a refund directly with the Swiss Tax Authorities based on the respective treaty between Switzerland and their State of residency.

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ALL ELECTIONS MADE THROUGH EDS ARE SUBJECT TO AUDIT BY THE SWISS TAX ADMINISTRATION. INCORRECT ELECTIONS COULD RESULT IN FINES, PENALTIES, AND A SUSPENSION OF EDS ELIGIBILITY.

Reclaims/Relief might be subject to a service charge.

Eligibility rules and all other legal conditions with respect to the use of EDS are contained in DTC's **TAXINFO** (TAXI) function over the Participant Terminal System (PTS).

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 also use DTC's **TaxReclaim**^{sm} form preparation service, available by using the Tax Reclaim System (TAXR) function over PTS. **TaxReclaim**^{sm} is DTC'sproprietary 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. To enroll in **TaxReclaim**^{sm}, please contact your Relationship Manager.

Tax related questions regarding this Important Notice may be directed to Mr. Bob Kellet of The Bank of New York at 646-885-3164

Operational questions regarding this Important Notice may be directed to Mr. Frederick Ceraso of DTC's Dividend International Services Department, or myself at (212) 855-4784/4531 respectively.