

# The Depository Trust Company

# IMPORTANT

**B#:** 4292

**DATE:** February 06, 2003

**TO:** All Participants

**CATEGORY:** Dividends

**FROM:** Frederick Ceraso, Senior Specialist, Dividend Department

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

**SUBJECT:** TaxRelief - Country: Israel  
Orckit Communications Ltd. CUSIP's:685725AA1 and 685725AB9  
Record Date: 03/15/03 Payable Date: 4/1/03  
EDS Cut-off Date: 03/27/03

DTC has been notified by Orckit Communications and U.S. Bank National Association (successor to State Street Bank and Trust Company) ("U.S. Bank") that interest payments on Orckit Communications Ltd. will be subject to a 35 % Israeli withholding tax.

Participants using DTC's TaxRelief<sup>SM</sup> via the Elective Dividend Service "EDS" can elect to receive the interest payment on all or a portion of their record date position at an exempt or favorable withholding tax rate during the EDS election window.

## **Who is entitled to Relief**

Following is a brief summary of those beneficial owners entitled to the favorable and exempt rates via TaxRelief<sup>SM</sup>

### **Exempt Rate – 0%**

- Qualified Institutional Buyers (as defined in Rule 144A under the US Securities Law) who are not Israeli residents and do not hold the Notes on behalf of Israeli residents.
- Israeli residents pursuant to a certificate from the Israeli tax authorities.

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**Favorable Rate – 25%**

- Non-Israeli, Non-US beneficial owners, unless stated otherwise pursuant to the applicable double taxation treaty.

**Favorable Rate – 17.5%**

- US holders that are not Qualified Institutional Buyers but qualify for a reduced rate pursuant to the applicable double taxation treaty.

All other holders will be subject to 35% on interest payments made via DTC. This includes payments for beneficial owners who do not qualify for relief via EDS, but who otherwise qualify for tax relief pursuant to a certificate from the Israeli tax authorities. Participants can obtain this tax relief directly from U.S. Bank by completing the attached certification form and forwarding it via fax to U.S. Bank. This form must be completed and faxed to U.S. Bank fax number 860-241-6897 to the attention of Susan Merker by no later than two business days prior to pay date. To confirm receipt of faxed certification, please contact Susan Merker at 860-241-6815. See attached certificate for specific details.

**Participants are reminded that the Israeli taxing authorities have the right to audit, and if denied, such action can result in a participant being removed from the EDS process.**

**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).**

Questions on the EDS procedure should be directed to Mr. Joseph Amoroso or myself at DTC's Dividend Department at (212) 855-4525 or 4784 respectively.

For further information, please contact Susan Merker at U.S. Bank at 860-241-6815.

DTC does not offer **TaxReclaim**<sup>SM</sup> on Israeli debt issues therefore participants who fail to meet the EDS deadline or make incorrect elections will be responsible for claiming or refunding any withholding tax directly. Participants will also be liable for any foreign exchange fluctuation impacting the amount of their refund or claim.

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**Participants electing a favorable withholding tax rate other than the 0%, 17.5% or 25% must submit this certification form for each Beneficial Holder and forward it via fax to U.S. Bank. This form must be completed and faxed to U.S. Bank fax number 860-241-6897 attention of Susan Merker and a copy sent to Orckit Communications, fax number (011) 972-3-696-5678 to the attention of Ran Gurit, Controller, to the by no later than March 25, 2003 (four business days prior to pay date.)**

## **Withholding Certification for Orckit Communications**

**RE: CUSIP** \_\_\_\_\_ 5.75% Convertible Subordinated Notes due April 1, 2005 (“Notes”)

I/We hereby certify that \_\_\_\_\_(DTC Participant Name) are holders of

\_\_\_\_\_ million par value, as of Record Date March 15, 2003: (Please check the relevant box)

### **NON-US FOREIGN HOLDER**

ÿ Pursuant to the applicable double taxation treaty, (Name, Country)\_\_\_\_\_ and pursuant to a certificate received from the Israeli tax authorities, the withholding tax rate on interest payments is \_\_\_\_\_%.

### **ISRAELI HOLDER**

ÿ We are an Israeli resident or hold the Notes on behalf of an Israeli resident. Pursuant to certificate received from the Israeli tax authorities, the withholding tax rate on interest payments is \_\_\_\_\_%.

The difference between the above indicated withholding tax rate and Israeli tax withholding rate of 35% will be wired directly to the Participant at the Wire instructions shown below:

**BANK NAME** \_\_\_\_\_

**ABA #** \_\_\_\_\_

**ACCT HOLDER** \_\_\_\_\_

**ACCT #** \_\_\_\_\_

**ATTN:** \_\_\_\_\_

Signature,

Authorized Person

(Medallion Guarantee Stamp is required)

**Participants are reminded that the Israeli taxing authorities have the right to audit, and if denied, such action can result in the imposition of the full 35% Israeli withholding tax.**

**Participants who fail to meet the filing deadline or make incorrect elections will be responsible for claiming or refunding any withholding tax directly with the taxing authority. Participants will also be liable for any foreign exchange fluctuation impacting the amount of their refund or claim.**