

The Depository Trust Company  
**IMPORTANT**

**B#:** 2316  
**DATE:** August 08, 2001  
**TO:** All Participants  
**CATEGORY:** Dividends  
**FROM:** Nilesh Desai, Supervisor, Dividend Department  
**ATTENTION:** Dividend Managers, Cashiers and Reorganization Managers  
**SUBJECT:** Optional Dividend: H & Q HealthCare Investors  
CUSIP#: 404052102 R/D: 08/09/01 P/D: 09/20/01  
Rate: \$ 0.66 in Stock or Cash  
DTC Cut-off: 09/06/2001

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

Participants who have positions in the above captioned security may elect to receive the dividend distribution of \$ **0.66** paid in stock or cash, as follows:

**Stock Option #1:** You may elect to receive additional common shares of **H & Q HealthCare Investors** for the \$ **0.66** per share. Fractional shares will be paid in cash.  
The valuation date for the shares is 09/20/01.

**Cash Option #2:** You may elect to receive cash at \$ **0.66** per share held.

**PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS OVER THE PARTICIPANT TERMINAL SYSTEM (PTS) THROUGH THE ELECTIVE DIVIDEND SYSTEM (EDS) FUNCTION.**

**Participants not responding to the above option by 09/06/01, will receive the mandatory distribution in accordance with Option #1 (stock with fractions in cash).**

To confirm your Record Date positions, DTC participants should access the Dividend and Allocation History (DPAL) Option, via the PTS Dividend Announcements Inquiry (DIVA) function.

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**Tax Information**

**Whether you receive this distribution in additional shares or in cash, all of the Fund's 2001 distributions will be reportable on your 2001 federal income tax return. The Fund's distributions may also be subject to state and local taxes, and you should consult your own tax advisor regarding the applicable state and local tax laws.**

If there are any questions regarding this Important Notice or the processing of related instructions via EDS, DTC participants should contact Mr. John McCarthy or Mr. Ray Lew of DTC's Dividend Department at (212) 855-4521/4523.