

THE DEPOSITORY TRUST COMPANY

IMPORTANT

REMINDER

B#: 0704

DATE: April 22, 1997

TO: All Participants

FROM: Sheryl Kort, Associate Director, Product Development

ATTENTION: Managing Partner/Officer, Cashier, Operations and Dividend Managers

SUBJECT: December 1995 Expansion to DTC's Elective Dividend Service (EDS) for United Kingdom American Depositary Receipts (ADRs)

On December 29, 1995, DTC sent an Important Notice (B# 1,985-95, attached) informing Participants that Inland Revenue, the tax authority of the United Kingdom, had agreed to allow U.S. and Canadian "mutual funds, charities, and other tax exempt bodies" to be included in the "H" Arrangement. Participants were then permitted to use the EDS function to elect the favorable rate (15%) for U.K. ADR dividends on behalf of these types of beneficial owners.

Inland Revenue has informed DTC that it is still receiving a substantial number of hard-copy reclaims from Participants on these investors' behalf. As a result, Inland Revenue has asked us to remind our Participants that these investors are eligible for the favorable rate at source over EDS. Submitting reclaim forms for your mutual fund, charitable and tax-exempt customers is therefore not necessary.

Participants are reminded to refer to DTC's Participant Terminal System (*PTS*) function TAXI (Tax Withholding Information System) for specific information regarding withholding rates, beneficial owner types, required documentation and legal conditions for U.K. ADR dividends.

Questions may be directed to Priya Krishnamoorthy (212) 709-1614, or Matthew McLean (212) 709-2339, of DTC's Product Development Department; Joseph Raniere (212) 709-1280 or Dick Wine (212) 709-1273, of DTC's Dividend Department.

THE DEPOSITORY TRUST COMPANY

IMPORTANT NOTICE

December 29, 1995

B # 1,985-95

To: All Participants

Attention: Managing Partner/Officer, Cashier, Operations and Dividend Managers

Subject: Expansion of DTC's United Kingdom American Depositary Receipt (ADR) Dividend Service

Inland Revenue, the tax authority of the United Kingdom (U.K.), has notified DTC that United States and Canadian "mutual funds, charities and other tax exempt bodies may be included in the 'H' Arrangement," effective immediately.

Accordingly, Participants may now use the Elective Dividend Service (EDS) function over the Participant Terminal System (PTS) to elect the favorable rate (15%)¹ for U.K. ADR dividends on behalf of these types of beneficial owners. Until now, tax exempt holders other than pension funds and certain mutual funds received dividends at source at the unfavorable rate (20%). To receive the additional 5% on behalf of these holders, Participants had to apply to Inland Revenue for a refund after the fact.

As Inland Revenue is revising its procedures and various associated forms, more details will be provided in the near future. DTC will pass this information on to Participants through updated important notices and PTS procedures as it becomes available.

DTC met with Inland Revenue earlier this year to discuss allowing these additional customer types to be eligible for treaty rates at source. DTC welcomes your requests for other countries of focus for expanding its foreign tax withholding services

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¹The favorable rate equals 15% of the sum of the gross dividend plus a credit for the U.K. advance corporation tax (ACT).

Comments on DTC's foreign tax withholding services and questions on this notice may be directed to Sheryl Kort, Senior Product Development Analyst, at (212) 709-1040. Questions may also be directed to Joseph Ranieri, Stock Dividends Supervisor, at (212) 709-1280, or your Participant Services representative.

Lynn S. Brenman
Associate Director
Support Services

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