

**This section sets down the rules governing the application of Swiss dividend withholding tax on the payment of dividends by ARYZTA AG for the year ended 31 July 2011.**

**If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser**

## **Dividend Payment and Swiss Withholding Tax**

The following paragraphs are intended as a general guide only. They are intended for use by individual shareholders, and do not address categories of shareholders who may be subject to special rules (such as banks, dealers or traders in securities, insurance companies, etc.).

The summary below does not purport to constitute a comprehensive analysis of the relevant tax issues and it does not consider any individual shareholder's particular circumstances. It is not a substitute for tax advice. If you are in any doubt about your taxation position, you should consult an appropriate professional advisor.

### **Overview of Swiss Dividend Withholding Tax Obligations**

For the year ended 31 July 2009, ARYZTA AG was obliged by Swiss law to operate 35% Swiss dividend withholding tax on the payment of the dividend in December 2009.

However, in accordance with Swiss tax legislation (Art. 5 Para 1bis VStG of the Swiss tax code), a dividend paid on or after 1 January 2011 out of unrestricted contributed reserves (i.e. also known as unrestricted contributed capital) will no longer be subject to Swiss dividend withholding tax.

Where dividends are paid out of ordinary reserves, the 35% Swiss dividend withholding tax obligations continue to apply (regardless of whether the dividend is paid before or after 1 January 2011).

### **Application for ARYZTA AG for the year ended 31 July 2010**

For the year ended 31 July 2010, ARYZTA AG distributed unrestricted contributed reserves. Swiss Federal Authorities have verified the fact that these unrestricted contributed reserves can be distributed without the imposition of Swiss dividend withholding tax.

The dividend distribution for the year ended 31 July 2010 was paid on 1 February 2011.

### **Application for ARYZTA AG for the year ended 31 July 2011**

For the year ended 31 July 2011, ARYZTA AG will distribute unrestricted contributed reserves. Swiss Federal Authorities have verified the fact that these unrestricted contributed reserves can be distributed without the imposition of Swiss dividend withholding tax.

### **Application for ARYZTA AG for the year ended 31 July 2012**

For the year ended 31 July 2012 and future periods, the Group will look to continue to make any future approved dividend distributions out of unrestricted contributed reserves (to the extent that the Group continues to have sufficient unrestricted contributed reserves available for distribution).

Consequently, the 0% Swiss withholding tax rate should continue to apply to future dividend distributions by the Group until all of the existing unrestricted contributed reserves available within ARYZTA AG have been utilized.

## **Personal Income Tax Analysis**

### **1. Shareholders resident in Switzerland for tax purposes**

In accordance with Art. 20 Para. 3 DBG , Art. 7b StHG of the Swiss tax code and §20 Para 3 Zurich tax law (not yet enacted), to the extent that future dividend distributions are made out of unrestricted contributed reserves, these dividend distributions should, effective from 1 January 2011, be exempt from personal income tax in Switzerland for shareholders holding the ARYZTA shares as “private” assets.

This applies for dividend distributions by the Group for the year ended 31 July 2010 (as these were paid on or after 1 January 2011) and future periods. This has been confirmed in a ruling with the Zurich tax authorities (applying to all Zurich resident shareholders, holding the ARYZTA shares as “private assets”, for both Zurich Cantonal as well as for Federal income tax).

There is a risk that cantons other than Zurich may take a different view for local Cantonal tax purposes. However, ARYZTA has sought to include the dividend for the year ended 31 July 2010 in the 2011 stock list maintained by the Federal Tax Authorities. Consequently, it is likely that all Cantons will follow the Federal guidance. We will follow the same process for the year ended 31 July 2011. However, you should consult your personal tax advisor if in any doubt.

Future dividend distributions by the Group which are not paid out of unrestricted contributed reserves will continue to be subject to Swiss personal income tax.

### **2. Shareholders NOT resident in Switzerland for tax purposes**

If you are not a resident of Switzerland for tax purposes your normal local tax rules in your country of residence will continue to apply.

Shareholders should consider applicable local legislation in the country of residence to determine whether the ARYZTA dividend is taxable at the date the dividend is approved at the ARYZTA AGM or whether it only becomes taxable at the subsequent date of payment.

*The above guidance does not constitute personal tax advice and shareholders should continue to engage personal tax advisors to the extent necessary.*

**This section sets down the procedures for seeking a refund of Swiss dividend withholding tax deducted on the payment of dividends by ARYZTA AG for the year ended 31 July 2009.**

**If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser**

## **Dividend Payment and Swiss Withholding Tax**

The following paragraphs, which are intended as a general guide only, are based on Swiss tax law and current Irish, UK and US tax law and practice. The following paragraphs are intended for use by individual shareholders, and do not address categories of shareholders who may be subject to special rules (such as banks, dealers or traders in securities, insurance companies, etc.), or any shareholders who are not resident or ordinarily resident in Switzerland, Ireland, the United Kingdom or the United States.

To the extent it pertains to US tax issues, this analysis applies only to US individuals who own (or are deemed to own) stock of the Company and who qualify for benefits under the double tax treaty between Switzerland and the United States. Also, it describes only the US federal income tax consequences of the dividend; it does not discuss any state tax or non-US tax issues. Finally, it is assumed for this analysis, that the company paying the dividend is not a “passive foreign investments company” for US federal income tax purposes.

The summary below does not purport to constitute a comprehensive analysis of the relevant tax issues and it does not consider any individual shareholder’s particular circumstances. It is not a substitute for tax advice. If you are in any doubt about your taxation position, or you are resident other than in Switzerland, Ireland, the United Kingdom or the United States, you should consult an appropriate professional advisor.

### **Tax Analysis**

#### **3. Shareholders resident in Switzerland for tax purposes**

Withholding tax may be fully refunded or fully credited against your Swiss income tax liability if:

- You are/were the beneficial holder of ordinary shares at the time of payment of the dividend; and
- You duly report/reported the gross distribution received on your personal tax return.

#### **4. Shareholders NOT resident in Switzerland for tax purposes**

If you are not a resident of Switzerland for tax purposes and you do not hold shares in Arysza AG in connection with the conduct of a trade or business in Switzerland through a permanent establishment or a fixed place of business, any entitlement to a refund of the withholding tax will depend on the existence of a bilateral double tax treaty between your country of residence and Switzerland.

##### **(i) Irish tax resident shareholders**

The current double tax treaty between Ireland and Switzerland may entitle you to a partial reclaim of Swiss withholding tax on the dividend. Qualifying shareholders resident in Ireland will be able to claim back 4/7ths of the 35% Swiss withholding tax, leaving a net tax cost in Switzerland of 15% of the gross dividend.

Depending on your personal circumstances, you may be able to secure a tax credit in Ireland for the remaining 15% Swiss withholding tax.

(ii) UK tax resident shareholders

The current double tax treaty between the United Kingdom and Switzerland may entitle you to a partial reclaim of Swiss Withholding Tax on the dividend. Qualifying UK resident shareholders will be able to claim back 4/7ths of the 35 per cent Swiss Withholding Tax, leaving a net tax cost of 15 per cent of the taxation levied by the Swiss authorities. This is on the basis that you are, under UK taxation law, already obliged to pay tax on the gross amount of the dividends (which are treated as income for taxation purposes) received from the Company.

Depending on your personal circumstances, you may be able to secure a tax credit in the UK for the remaining 15% Swiss withholding tax

(iii) US tax resident shareholders

The current double tax treaty between the United States and Switzerland may entitle you to a partial reclaim of Swiss Withholding Tax on the dividend. Qualifying US resident shareholders who own (or are deemed to own) stock of the Company will be able to claim back 4/7ths of the 35 per cent Swiss Withholding Tax, leaving a net tax cost in Switzerland of 15% of the gross dividend.

Depending on your personal circumstances, you may be able to secure a tax credit in the US for the remaining 15% Swiss withholding tax

(iv) Other non-Swiss resident shareholders

If you are resident outside Switzerland, Ireland, the United Kingdom or the United States, you may be able to take advantage of a refund or reduction of Swiss withholding tax if your country of residence has a double tax treaty in place with Switzerland. You should seek appropriate professional advice on the options available to you.

### **Procedure for Claiming a Refund from the Swiss Authorities**

**(i) Swiss tax resident shareholders**

Claims for credit/refunds may be submitted to the respective cantonal tax authorities on the official tax return for income taxes after the expiration of the calendar year in which the taxable payment becomes due, but no later than 31 December of the third year following the calendar year in which the income tax became due. The tax administration may require additional information relevant for the credit or refund. The withholding tax will be credited to your income tax paid, or the excess withholding tax over your tax liability will be refunded in the following year.

**(ii) Irish tax resident shareholders**

Three copies of Swiss tax Form 91, duly completed and signed, must be sent to the Inspector of Taxes in Ireland to whom your income tax return is made (or to the Inspector of Taxes for the district in which you reside, if you have not made such a return) no later than 31 December of the third year following the calendar year in which the dividend became due. All rights to repayment in one calendar year must be claimed in a single claim. Two copies of the forms will be sent by the Inspector of Taxes to the Federal Tax Administration of Switzerland, Eigerstrasse 65, CH-3003 Bern, Switzerland. The relevant form can be found on the homepage of the Swiss Federal Tax Administration (<http://www.estv.admin.ch/verrechnungssteuer/dienstleistungen/00253/00626/index.html?lang=en>).

The claim must be accompanied by evidence of deduction of Swiss withholding tax. In general, a certificate of deduction, signed bank voucher or credit slip will satisfy this requirement. A respective

dividend voucher will be provided at the time of payment. However, the Swiss administration reserves the right to request further evidence and information.

The claim form may be filed by a representative on behalf of the beneficial owner, provided that the representative is formally authorised by a power of attorney (which must be attached to the form).

Please note: If your shares are held through a custodian, then the reclaim may be automatically generated on your behalf. You should therefore check with your custodian whether the reclaim will be made on your behalf.

ARYZTA AG have been advised by the Swiss tax authorities that refunds may take some months to obtain, so you are advised to make your application as soon as possible. Refunds will be paid in Swiss Francs.

### **(iii) UK resident shareholders**

Three copies of Swiss tax Form 86, duly completed and signed, must be sent to the Inspector of Taxes in the United Kingdom to whom your income tax return is made (or to the Inspector of Taxes for the district in which you reside, if you have not made such a return) no later than 31 December of the third year following the calendar year in which the dividend became due. Rights to repayment arising in one calendar year must be claimed in a single claim. Two copies of the forms will be sent by the Inspector of Taxes to the Federal Tax Administration of Switzerland, Eigerstrasse 65, CH 3003 Berne, Switzerland. The relevant Form 86 can be found on the homepage of the Swiss Federal Tax Administration

(<http://www.estv.admin.ch/verrechnungssteuer/dienstleistungen/00253/00626/index.html?lang=en>).

The claim must be accompanied by evidence of deduction of Swiss Withholding Tax. In general, a certificate of deduction, signed bank voucher or credit slip will satisfy this requirement. A dividend voucher will be provided at the time of payment. However, the Swiss administration reserves the right to request further evidence and information.

The claim form may be filed by a representative on behalf of the beneficial owner, provided that the representative is formally authorised by a power of attorney (which must be attached to the form).

Please note: If your shares are held through a custodian, then the reclaim may be automatically generated on your behalf. You should therefore check with your custodian whether the reclaim will be made on your behalf.

ARYZTA AG have been advised by the Swiss tax authorities that refunds may take some months to obtain, so you are advised to make your application as soon as possible. Refunds will be paid in Swiss francs.

### **(iv) US resident shareholders**

Three copies of the Swiss tax Form 82-I, duly completed and signed before a notary public of the United States, must be sent to the Federal Tax Administration of Switzerland, Eigerstrasse 65, CH 3003 Berne, Switzerland, no later than 31 December of the third year following the calendar year in which the dividend became due. Rights to repayment arising in one calendar year must be claimed in a single claim. If, at the time of claiming, you are outside the United States, the declaration may be made before a United States consular office. The relevant Form 82-I can be found on the homepage of the Swiss Federal Tax Administration

(<http://www.estv.admin.ch/verrechnungssteuer/dienstleistungen/00253/00626/index.html?lang=en>).

The claim must be accompanied by evidence of deduction of Swiss Withholding Tax. In general, a certificate of deduction, signed bank voucher or credit slip will satisfy this requirement. A dividend voucher will be provided at the time of payment. However, the Swiss administration reserves the right to request further evidence and information.

The claim form may be filed by a representative on behalf of the beneficial owner, provided that the representative is formally authorised by a power of attorney (which must be attached to the form).

Please note: If your shares are held through a custodian, then the reclaim may be automatically generated on your behalf. You should therefore check with your custodian whether the claim will be made on your behalf.

ARYZTA AG have been advised by the Swiss tax authorities that refunds may take some months to obtain, so you are advised to make your application as soon as possible. Refunds will be paid in Swiss francs.

**(v) Other non-Swiss shareholders**

If you are resident outside Switzerland, Ireland, the United Kingdom or the United States you should contact the relevant tax office for the appropriate form and information on the reclaim procedure.