## Certain Tax Information for U.S. Shareholders[(1)]

**The following is of a general nature only and is not, and should not be interpreted as, legal or tax advice to any particular U.S. shareholder of the Company. Due to the complexity and potentially adverse effect of the applicable tax rules summarized below, U.S. shareholders are strongly urged to consult their own tax advisors concerning the impact of these rules on their investment in the Company and on their individual situations.**

Under rules enacted by the Tax Reform Act of 1986, the Company became a "passive foreign investment company" (a "PFIC") on December 1, 1987. The manner in which these rules apply depends on whether a U.S. shareholder (1) elects to treat the Company as a qualified electing fund ("QEF") with respect to the shareholder's Company shares, (2) elects to "mark-to-market" those shares as of the close of each taxable year, or (3) makes neither election.

In general, if a U.S. shareholder of the Company does not make either of those elections, any gain realized on the disposition of his or her Company shares would be treated as ordinary income. In addition, such a shareholder would be subject to an "interest charge" on part of his or her tax liability with respect to such gain as well as with respect to an "excess distribution" made by the Company (as explained in the following paragraph). Furthermore, shares held by such a shareholder might be denied the benefit of any otherwise applicable increase in tax basis at death. Under proposed regulations, a "disposition" would include a U.S. taxpayer's becoming a nonresident alien.

As noted, the general tax consequences described in the preceding paragraph apply to an "excess distribution" on Company shares, which means the total distributions by the Company a shareholder receives during a taxable year that are more than 125% of the average amount it distributed for the three preceding taxable years.* If the Company makes an excess distribution in a year, a U.S. shareholder who has not made a QEF or mark-to-market election would be required to allocate the excess amount ratably over the *entire* holding period for his or her shares. That allocation would result in tax being payable at the highest applicable rate in the prior taxable years to which the distribution is allocated and interest charges being imposed on the resulting "underpayment" of taxes made in those years. In contrast, a distribution that is not an excess distribution would be taxable to a U.S. shareholder as a normal dividend,** with no interest charge.

If a U.S. shareholder elects to treat the Company as a QEF for the first year in which the shareholder holds Company shares, the rules described in the preceding paragraphs generally would not apply. Those rules also would not apply to a U.S. shareholder who makes the QEF election after such first year and also elects to treat his or her shares generally as if they were sold for their fair market value on the first day of the first taxable year of the Company for which the QEF election is effective, in which event the gain from the "deemed sale" would be treated as an excess distribution (and taxed as described above). Instead, the electing U.S. shareholder would include annually in gross income his or her pro rata share of the Company's ordinary earnings and net capital gain (his "QEF inclusion"), regardless of whether such income or gain was actually distributed. A U.S. shareholder who makes a valid QEF election will recognize capital gain on any profit from the actual sale of his or her shares if those shares were held as capital assets.

Alternatively, if a U.S. shareholder makes a mark-to-market election with respect to Company shares, the shareholder would be required annually to report any unrealized gain with respect to his or her shares as ordinary income, and any unrealized loss would be permitted as an ordinary loss, but only to the extent of previous inclusions of ordinary income. Any gain subsequently realized by an electing U.S. shareholder on a sale or other disposition of his or her Company shares also would be treated as ordinary income, but the shareholder would not be subject to an interest charge on the resulting tax liability. Special rules apply to a U.S. shareholder who held his or her PFIC stock prior to the shareholder's first taxable year for which the mark-to-market election was effective.

A U.S. shareholder with a valid QEF election in effect would not be taxed on any distributions paid by the Company to the shareholder to the extent of any QEF inclusions, but any distributions out of accumulated earnings and profits in excess thereof would be treated as taxable dividends. Such a shareholder would increase the tax basis in his or her Company shares by the amount of any QEF inclusions and reduce such tax basis by any distributions to the shareholder that are not taxable as described in the preceding sentence. Special rules apply to U.S. shareholders who make the QEF election and wish to defer the payment of tax on their annual QEF inclusions.

A QEF election is effective for a shareholder's taxable year and may not be revoked without the consent of the Internal Revenue Service ("IRS"). A shareholder who first

(1) Excluding qualified retirement plans, individual retirement tax-exempt U.S. shareholders.

* For example, the Company paid annual dividends (restated for the 3-for-1 stock split in May 2010) of $0.38, $0.36, and $0.34 per share during 2012, 2011, and 2010, respectively, an average per year of $0.36 per share. Because the dividends the Company paid during 2013, $0.18 per share, amounted to less than $0.45 per share (125% of $0.36), no part of those dividends would be treated as an excess distribution for that year. However, the Company has paid dividends in prior years that were treated as "excess distributions." (All amounts in U.S. currency.)

** Because the Company is a PFIC, dividends it pays will not qualify for the 15% and 20% maximum federal income tax rates on "qualified dividend income" that individuals and certain other non-corporate taxpayers receive and instead will be taxed at marginal rates up to 39.6%.

held Company shares after November 30, 2012, and who files his or her tax return on the basis of a calendar year may make a QEF election on his or her 2013 federal income tax return. A shareholder who first held Company shares on or before that date may also make the QEF election on that return but should consult his or her tax advisor concerning the tax consequences and special rules that apply when a QEF election could have been made with respect to the Company for an earlier taxable year.

A QEF election must be made by the due date, with extensions, of the federal income tax return for the taxable year for which the election is to apply. Under Treasury regulations, a QEF election is made on IRS Form 8621, which must be completed and attached to a timely filed federal income tax return in which the shareholder reports his or her QEF inclusion for the taxable year to which the election applies. In order to enable U.S. shareholders to make QEF elections and to comply with the applicable annual reporting requirements, the Company annually provides a “PFIC Annual Information Statement” containing certain information required by Treasury regulations.

In early 2014, the Company will send to U.S. shareholders a PFIC Annual Information Statement for its 2013 taxable year. That statement may be used for purposes of completing Form 8621. A shareholder who either is subject to a prior QEF election or is making a QEF election for the first time must attach a completed Form 8621 to his or her federal income tax return each year. Other U.S. shareholders also must attach completed Forms 8621 to their federal income tax returns each year, but shareholders not electing QEF treatment will not need to report QEF inclusions thereon.

The Internal Revenue Code was amended in 2010 by the addition of a new subsection (section 1298(f)) that requires U.S. shareholders of a PFIC to file an annual report containing information the IRS requires. The Department of the Treasury and the IRS announced in 2010 that they intended to develop further guidance under that section and in 2011 that they intended to issue regulations thereunder and to release a revised Form 8621 modified to reflect the requirements thereof. They went on to state that, pending the release of the revised form, the new reporting requirement was suspended for PFIC shareholders who or that are not otherwise required to file Form 8621 as provided in the then-current instructions to the existing form. PFIC shareholders with Form 8621 reporting obligations as provided in those instructions (*e.g.*, upon disposition of stock of a PFIC or with respect to a QEF) must continue to file the current Form 8621 with a return filed before the release of the revised form.

*Information that Might Affect your 2013 Federal Income Tax Filing*. After the end of the fiscal year covered by these financial statements (specifically, on December 30, 2013), the Treasury Department and the IRS promulgated temporary regulations providing, in general, that PFIC shareholders are not required to file Form 8621 under section 1298(f) with respect to taxable years ended before December 31, 2013—so the filing requirement does apply for individuals and entities that have calendar taxable years. Those regulations also set forth filing requirements under that section, including the time and manner of filing the form for taxable years ending on or after that date, as well as complex rules for determining who is required to file the form. U.S. shareholders of the Company are urged to consult their tax advisors regarding the application of these regulations to them.

Special rules apply to U.S. persons who hold Company shares through intermediate entities or persons and to U.S. shareholders who directly or indirectly pledge their shares, including those in a margin account.

Ordinarily, the tax basis that is obtained by a transferee of property on the property owner’s death is adjusted to the property’s fair market value on the date of death (or alternate valuation date) (“Fair Market Value”). If a U.S. shareholder dies owning Company shares with respect to which the shareholder did not elect QEF treatment (or elected such treatment after the first taxable year in which he or she owned shares in which the Company was a PFIC and did not elect to recognize gain, as described above), the transferee of those shares would not be entitled to adjust the tax basis in such shares to their Fair Market Value. In that case, in general, the transferee of such shares would take a basis in the shares equal to the shareholder’s basis therein immediately before death. If a U.S. shareholder dies owning Company shares for which a valid QEF election was in effect for all taxable years in the shareholder’s holding period during which the Company was a PFIC (or the shareholder made a “deemed sale election”), then the basis increase generally would be available.