



INFORMATION REGARDING THE SCIGEN SPINOUT

The Board of Sonic Healthcare (SHL) is pleased to advise that the mechanics of the Spinout of SciGen Limited (SciGen) (SIE) shares has proceeded smoothly, with deferred trading commencing on 15 November and normal trading 28 November 2002. To assist shareholders with the administration of holdings in Sonic Healthcare/SciGen we have set out below and in the attachment relevant information including details of the Class Order and Tax Cost base.

1. Tax Cost Base And Class Order

Please refer to the attached letter dated 10 December 2002 from PriceWaterhouseCoopers dealing with taxation issues relating to the Spinout.

2. Final Capital Reduction Amount

Sonic has now finalised the amount of the capital reduction relating to the Spinout, being \$38,801,966. This equates to \$0.148 per share.

3. Sonic's Current Ownership Of SciGen

Post the Spinout, Sonic holds 48,104,885 SciGen CUFS/shares, equating to 11.48% of SciGen's issued capital of 418,965,443 shares.

4. Ineligible Shareholders

All SciGen shares which were unable to be issued to certain Sonic shareholders due to their ineligible status have now been sold on market by the Nominee for an average price of \$0.038 (trade date 2 December 2002). Sonic's share registry Computershare Investor Services Pty Ltd, are currently arranging for distribution of the net proceeds to the relevant Sonic shareholders.

5. Changes To Option Exercise Prices

Pursuant to the Optionholder Scheme, all holders of options over unissued Sonic shares now have received one SciGen option for each Sonic option they hold. In accordance with the Scheme, the exercise price of Sonic options have been adjusted as set out below:

Pre-scheme Sonic Exercise Price	Post Scheme Sonic Exercise Price	Related SciGen Option Exercise Price
\$3.37	\$3.26	\$0.11
\$5.50	\$5.32	\$0.18
\$5.59	\$5.41	\$0.18
\$7.63	\$7.38	\$0.25

For further information regarding this announcement, please contact Dr Colin Goldschmidt on (02) 98 555 333 or Chris Wilks on (02) 98 555 404.

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The Shareholders - Sonic Healthcare Limited

10 December 2002

Dear Sir or Madam

Taxation Information for the Demerger of SciGen Limited

The demerger of SciGen Limited occurred on 27 November 2002. The transfer of SciGen shares and issue of SciGen CUFS to Sonic shareholders and issue of SciGen options to Sonic option-holders was implemented on this date.

The transfer of SciGen shares from Sonic Healthcare Limited to Sonic shareholders will not be treated as a dividend for Australian taxation purposes. The Australian Taxation Office Class Ruling which confirms this is in the process of being published. We expect that the ruling will be made available on the ATO website, www.ato.gov.au, on 18 December 2002.

The demerger of SciGen will result in a reduction of Sonic shareholders' cost base of the shares held in Sonic. The cost base of shares in Sonic will be reduced by an amount equal to the relative proportion of the market value of the SciGen shares received just after the demerger to the total group value and this amount will be deemed to be the cost base of the new shares held in SciGen.

To assist Sonic shareholders in determining the cost base for capital gains tax ("CGT") purposes of SciGen and Sonic shares after the demerger, the closing price on 28 November 2002 of SciGen shares on the Australian Stock Exchange was \$0.042, and Sonic shares was \$6.36.

More detailed comment on the taxation implications including cost base calculations, is contained in section 6 of the Information Memorandum which can be found at www.sonichealthcare.com/sonic/internet/html_corporate/announcements/asx/SciGenSpinout141002.pdf, and in the Class Ruling to be published.

By way of summary:

- Non-resident shareholders holding Sonic shares on capital account will not be subject to capital gains or income tax on the distribution of SciGen shares;
- Shareholders not holding their Sonic shares on capital account, eg, a share trader, will not be subject to tax on the distribution of SciGen shares as a dividend but will need to confirm with their own advisers if there could be any general income tax liability or CGT implications based on their specific circumstances;
- Shareholders holding Sonic shares on capital account will have their cost base in Sonic and SciGen shares reset. A reasonable basis for this could be:

New Post-demerger SciGen cost base = 0.66% of your Sonic shares' pre demerger cost base.

Calculated as follows:

$$\frac{X}{Y} \times Z$$

Where:

X = 4.2c (market value of SciGen on 28 November)

Y = \$6.36 + 4.2c (sum of market value of Sonic and SciGen shares on 28 November)

Z = cost base of Sonic share pre demerger

New Post-demerger Sonic cost base =

[Total cost base of Sonic shares pre-demerger] – [New SciGen cost base post-demerger]

These formula have the effect that the new cost base of Sonic shares will be 99.34% of their pre-demerger cost base and the cost base of the new SciGen shares will be 0.66% of the cost base of the Sonic shares pre-demerger.

- It is highly improbable that shareholders holding Sonic shares on capital account will have any other CGT liability. This could only arise if they do not elect for the demerger rollover (which is unlikely) and they have a cost base in the Sonic shares less than 12¢ being the ATO's stated deemed return of capital amount. (It may be arguable that this 12¢ return of capital could be reduced to 4.2¢ and, therefore, you should seek further advice if your cost base is less than 12¢).

A return of capital will only have a tax impact if you do not elect for the demerger tax roll-over.

The above statements are for guidance purposes only. Independent advice should be sought as to the taxation consequences of the SciGen demerger in light of current tax laws and individual circumstances.

Yours sincerely



Craig Lawn
Authorised Representative
PricewaterhouseCoopers Securities Limited

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