

The Depository Trust Company
IMPORTANT
EXECUTIVE IMPORTANT NOTICE

B#: 2908
DATE: February 01, 2002
TO: DTC PARTICIPANTS, PLEDGE BANKS AND MBS PARTICIPANTS
CATEGORY: Finance
FROM: Richard Macek, Managing Director & Chief Financial Officer
ATTENTION: Operations Manager/Managing Partner/Officer
SUBJECT: YEAREND REFUNDS FOR 2001

It is DTC's policy to return to its users such revenues as the Board of Directors believes exceed the funds required for the depository's operations.

At its December meeting, the Board approved the retention of approximately \$2.0 million after tax for the payment of a preferred stock dividend and the refund to users of DTC's remaining excess revenues. At this time, it is estimated that DTC will refund approximately \$13.9 million, about 1.9% of fees paid to DTC for the year 2001. This refund is entirely due to an increase in the Continuous Net Settlement (CNS) deliver order fee. As outlined in Executive Important Notice #1908, dated April 27, 2001 revenues attributable to this increase in fees to process CNS deliver orders will be first refunded to users of this service. As the total additional revenue generated by this fee increase (approximately \$18 million) exceeds the available refund, there will be no other general refund. This refund, together with the monthly dividend interest and reorganization investment income refunds of some \$35.6 million, will bring total 2001 refunds to DTC users to approximately \$49.5 million.

The above amounts include a refund of about \$11.5 million from the MBS Division attributable to interest income earned from the investment of principal and interest received under the GNMA I program. Each Participant's share of this refund will be proportional to its share of total GNMA I allocations to Participants during the year 2001.

Refunds will be made during the week of February 25, 2002. If you have any questions, you can contact your Relationship Manager or Edmund Schemitsch, Vice President, Finance, at (212) 855-3420.