

The Depository Trust Company
IMPORTANT
EXECUTIVE IMPORTANT NOTICE

B#: 3157
DATE: June 26, 2002
TO: All Participants
CATEGORY: Operations
FROM: Joseph Clemente - Product Management
ATTENTION: Managing Partners/Cashiers/Offices
SUBJECT: 2002 Mid-Year Fee Revisions

The DTC Board of Directors recently approved fee revisions for the Custody Reorganization (Reorg) Service, draft SCL billing charges and Government Securities processing. The fee revisions are consistent with DTC's longstanding policy to set service fees at a level of full cost recovery.

DTC CUSTODY REORG

Systems enhancements, process improvements, economies of scale and the increased demand for Custody Services afforded the Depository an opportunity to reduce the Custody fees for service offerings within this product line.

SERVICE	CURRENT FEE PER ITEM	REVISED FEE PER ITEM
Custody Reorganization Deposit	\$101.50	\$65.00
Custody Reorg Research	\$125.61	\$85.00
Custody Reorg Reject	No reject fee assessed	\$37.93

These revised fees will be effective July 1, 2002.

DRAFT SHIPMENT CONTROL LIST (SCL) PAYMENTS

These payments represent the fees paid by the depository to transfer agents to effect the re-registration of fee-bearing issues for deposits and withdrawals-by-transfer transactions. Previously, participants have paid a fixed "blended" charge based upon the actual fee threshold as represented below:

Deposits: When the transfer agent fee is \$20.00 or less = \$13.00
When the transfer agent fee is \$20.01 or more = \$22.00

Withdrawals: When the transfer agent fee is \$20.00 or less = \$22.00
When the transfer agent fee is \$20.01 or more = \$33.00

Effective July 1, participants will receive a direct charge back for the actual expenses as incurred in the processing of their fee-bearing transfers. Additionally, a \$1.00 transaction fee per activity will be charged to fully recover the expense associated with the draft processing, bank charges, and handling costs for all re-registration activities in fee-bearing securities.

GOVERNMENT SECURITIES PROCESSING

The Government Securities service enables participants to hold securities positions of U.S. government securities in their DTC accounts. DTC's free of payment interface with the Federal Reserve book-entry interface has been automated via a new Fed Book-Entry Deliver Order process to accommodate changes directed by the FRBNY for fail tracking, Repo tracking and interim accounting.

The deliver order fee for government securities will be set at \$2.25. This fee recovers the \$0.70 fee surcharged by FRBNY. Monthly long position fees for government securities will be set at \$1.00 per position. This fee recovers the \$0.45 fee surcharged by the Fed.

These fees will be effective November 1, 2002.

Questions regarding the fee changes outlined in this notice should be directed to your relationship manager.