

The Depository Trust Company

IMPORTANT

Executive, Reminder

B#: 2529R

DATE: October 18, 2001

TO: All Participants and DRS Transfer Agents

CATEGORY: Executive Notices

FROM: Joe Trezza, Product Manager

ATTENTION: Partner/Officer, Ops Mgrs, IS Support, Transfer Mgrs

SUBJECT: Direct Registration System (DRS) Processing System

As previously conveyed in Important Notice B# 2366, dated August 17, 2001, at the bequest of industry members, including the Securities Industry Association (SIA) and the Securities Transfer Association (STA), DTCC filed a rule change with the Securities and Exchange Commission (SEC) to implement two processing enhancements relative to DRS and the Profile Modification System (Profile):

1. All participant Withdrawal-by-Transfer (WT) requests that do not specify a preference for a certificate will default to a request for a DRS book-entry position (an "S" transaction) on the books of the issuer or its agent.
2. All securities issues currently eligible for DRS but not yet in Profile must migrate to Profile.

DTCC filed a rule change with the SEC in May 2001 (Release No. 34-44696; File No. SR-DTC-2001-7), to implement the new processing rules. In mid-August 2001, the SEC approved the rule filing.

Pursuant to the approved rule, beginning November 1, 2001, all DRS eligible securities issues must participate in Profile, and all WT transactions will default to "S" for statement unless specified by the initiating participant.

Agent Information

The DTCC Agent Liaison group has been actively working with their DRS transfer agent contacts to support and encourage the DRS to Profile migration efforts. The DRS transfer agents have been active in contacting their issuers to share additional information about DRS and Profile and to set migration schedules. At a meeting of the DRS Joint Industry Committee on October 10, 2001, the DRS transfer agent attendees expressed confidence that all DRS eligible securities issues will migrate to Profile on/or before November 1, 2001. Currently, there are slightly over 300 DRS eligible issues with over 100 issues participating in Profile.

As Profile was always envisioned to be an integral part of DRS, it is anticipated that all eligible DRS securities issues will be part of Profile on/or before November 1, 2001. However, if an eligible DRS securities issue does not migrate to Profile by the November due date, that issuer will be prohibited from establishing any new DRS book-entry positions (see footnote 9 in the SEC approval of the rule filing). For example, DTC will default all future WT requests for that issuer to certificate form and all future corporate action entitlement distributions and secondary public offerings for that issuer will be made in certificate form as well.

Transfer agents who have questions about this notice or about the migration of DRS securities issues to Profile should contact their Agent Liaison:

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|-------------------|--------------|--|
| Amat Jallo | 212-855-4437 | ajallo@dtcc.com |
| Barbara Besdansky | 212-855-4432 | besdansky@dtcc.com |
| Sal DiPaola | 212-855-4431 | sdipaola@dtcc.com |
| Charles Blake | 212-855-4433 | cblake@dtcc.com |

Participant Information

The DRS Joint Industry Committee anticipates that participants will take steps to default their WT processing system to “S” for statement for all eligible DRS securities issues unless otherwise instructed by the investor. DTCC is in the process of making programming changes that will automatically default to “S” any DRS WT transaction request that does not contain a statement or certificate indicator. This programming change will go into effect with WT transactions received beginning with the processing cycle of November 2, 2001.

While not directly related to the rule approval, DTCC has learned that certain transfer agents intend to no longer accept paper based transaction requests from DTCC participants. Instead, these transfer agents intend to require DTCC participants to process requests through Profile to transfer investor DRS book-entry positions to street accounts. Equiserve, a major commercial transfer agent, recently notified DTCC that beginning immediately they will no longer accept participant paper based transaction forms for one of their securities issues, Phoenix Companies, CUSIP # 71902E109. Participants who contact Equiserve will be instructed to process the request through Profile.

For certain issuers, Mellon Investor Services, another major commercial transfer agent, has also begun to phase out the use of paper instructions in favor of the electronic use of Profile to convey investor instructions to move from one form of securities ownership, such as DRS book-entry holdings, to another form of securities ownership, street holdings for example. DTCC announced Mellon's choice of "Profile-only" transactions in Important Notice B# 2502 dated October 4, 2002, for Genesis Health Ventures, CUSIP 37183F107. It is anticipated that over the next few months DRS agents will continue to phase out the use of 'paper" DRS/Profile instructions in favor of electronic Profile Instructions.

Participants and limited participants must be part of the Profile Surety Program (PSP) and have a valid PSP number to process transaction requests through Profile. For more information on PSP and for an application to join the program, please contact your relationship manager or refer to Important Notice B# 1058 dated February 21, 2001 and reprinted on March 21, 2001. You can access a copy of the notices on the web site, www.dtc.org.

Participants with general questions about DRS, Profile and Surety should contact their relationship manager.

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