

The Depository Trust Company
IMPORTANT
Executive Important Notice

B#: 4418

DATE: March 07, 2003

TO: DTC PARTICIPANTS, PLEDGE BANKS AND MBS PARTICIPANTS

CATEGORY: Executive Notices

FROM: Richard Macek, Managing Director & Chief Financial Officer

ATTENTION: Operations Manager/Managing Partner/Officer

SUBJECT: YEAREND REFUNDS FOR 2002

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 \$0.9 million after taxes for the payment of a preferred stock dividend and the refund to users of DTC's remaining excess revenues. Accordingly, the yearend refund for DTC will be approximately \$31.1 million. This refund, together with the monthly dividend and interest and reorganization investment income refunds of some \$5.0 million, will bring total 2002 refunds to DTC users to about \$36.1 million. In addition to these refunds, participants received approximately \$13.9 million of interest income on their cash deposits to the DTC participants' fund in 2002.

Included in the yearend refund is \$4.7 million from the MBS Division attributable to income earned from the investment of principal and interest received under the GNMA I program. Each participant's share of this amount will be proportional to its share of total GNMA I allocations to participants during 2002. The remainder of the yearend refund (approximately \$26.4 million) will be paid to DTC Participants and pledgee banks in proportion to their share of total fees paid in 2002 (exclusive of pass-through charges for PTS terminals and lines, transfer agent fees and reject fees).

The refund will be made through DTC settlement on March 14, 2003. If you have any questions on this notice, please contact your Relationship Manager or Edmund Schemitsch, Vice President, Finance, at (212) 855-3420.