

The Depository Trust Company
IMPORTANT
EXPANSION OF PAPERLESS LEGALS

B#: 9787-06

DATE: June 21, 2006

TO: All Participants and Transfer Agents

CATEGORY: Operations

FROM: Joe Clemente

ATTENTION: Officers/Cashiers/Operations Management

SUBJECT: Paperless Legal Program:
Expansion to Include All Participants
and Transfer Agents

The Paperless Legal Program began as a pilot in October of 2004. Participants and transfer agents recognized the benefits of the program and it quickly gained widespread participation, growing from 60 percent of all DTC legal deposits to over 93 percent today. Through incremental steps the program grew, and now includes all industry-accepted signature guarantee medallion programs, all transfer types and presentations whether through DTC or direct to the transfer agents. Noticeable processing savings and efficiencies were quickly realized by transfer agents, DTCC participants, and, ultimately, the investors.

The vast majority of DTCC's participants have now taken advantage of Paperless Legal Deposits. This has allowed them to realize sizeable reductions in both deposit fees and transfer agent reject fees estimated conservatively at greater than \$1 million annually.

DTCC, the Securities Industry Association (SIA) and the Securities Transfer Association (STA) wholeheartedly agrees that the program has been a resounding success, with the only remaining industry hurdle being universal acceptance as there are still some participants and transfer agents who do not participate and have not reaped the benefits of the program.

DTCC is seeking to bridge the gap in participation by moving to an "all-in" approach for the Paperless Legal Program by January 1, 2007. By seeking 100 percent participation, the industry and investors will

eliminate the overhead associated with the existing bifurcated process and extend the benefits of the Paperless Legal program to the entire industry.

The SIA and STA have jointly published a letter fully endorsing the Paperless Legal program, which can be found on the STA's web site at <http://www.stai.org/index.php>. The Shareholders Services Association (SSA) has also participated in all discussions involving the Paperless Legal program and continues to strongly endorse it with its membership. DTC will continue to work with them, as well as with other industry groups, to progress paperless legal transfers to 100 percent participation.

Copies of previous DTC Important Notices addressing the Paperless Legal program can be found on the DTC corporate web site at <http://www.dtc.com>. Once on the site, look for "Quick Links" on the right hand side and click on "Important Notices." Use the advanced search feature, using "paperless" as the key word.

Transfer agents wishing to join the Paperless Legal program should contact DTCC's Sharon Pope at (212) 855-4462 / spope@dtcc.com or Karen Robinson at (813) 470-1059 / krobinson@dtcc.com.

DTC participants looking to increase processing efficiencies and reduce deposit related costs should contact either their DTCC relationship manager or Robert Petrizzo, director of Operations, at (212) 855-2565 / rpetrizzo@dtcc.com.