

The Depository Trust Company

IMPORTANT

B#: 0117

DATE: June 13, 2000

TO: All Participants, Managing Partner/Officer, Cashier,
Operations Manager, Bank/Trust/Dealer

CATEGORY: Settlement/Underwriting

FROM: Denise Russo, Director, Underwriting Department

ATTENTION: Portfolio/Clearing Officer, Settling Bank Officer

SUBJECT: Specialized Ownership Restrictions on Nelvana Limited
Subordinated Voting Shares

Effective immediately, the above-referenced security is eligible for DTC's "Segregation Account #100" (SEG-100) program.

(A) CUSIP Number:	64042V107
(B) Security Description:	Nelvana Limited Subordinated Voting Shares
(C) Offer Amount:	3,750,000
(D) Managing Underwriter:	Bear, Stearns & Co. Inc.
(E) Transfer Agent:	Chase Mellon Bank
(F) Closing Date:	June 6, 2000

Special Instructions

DTC has been informed by the issuer of the above-captioned issue that Participants are required to follow the instructions below:

The issuer has informed DTC that the above shares are subject to alien ownership restrictions that limit the beneficial ownership of the Restricted Stock by "foreign persons" as defined below to no more than 10% of the aggregate issued and outstanding shares of such stock. For purposes of this limitation, the term "foreign person" means (i) an individual who is not a citizen of **Canada**; (ii) a partnership in which any general partner is a foreign person or the partner or partners having a majority interest in partnership profits are foreign persons; (iii) a foreign government or representative thereof; (iv) a corporation, partnership, trust,

company, association or other entity organized or incorporated under the laws of a jurisdiction outside of **Canada**; and (v) a corporation, partnership, trust, company, association or other entity that is controlled directly or indirectly by any one or more of the foregoing. For purposes of this limitation, the term “person” shall include natural persons, corporations, partnerships, companies, associations, trusts, joint venture and other entities.

Participants should transfer foreign-owned shares of common stock to their SEG-100 accounts and maintain them there. The “Certifications” page in the Reference Directory identifies the issues which are and are not eligible for SEG-100 program.

Questions regarding this notice should be addressed to Karen Cender, Underwriting Supervisor, at (212) 855-4704 or Robin Bainlardi, Manager, at (212) 855-3793.

Denise Russo
Director
Underwriting Department