

# IMPORTANT NOTICE



**Z#** 0018

**DATE:** January 27, 2006

**TO:** All Participants

**FROM:** Donald F. Donahue, Chief Operating Officer

**SUBJECT:** DTCC's Business Continuity Planning - Avian Flu

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To all DTCC Customers:

We're all aware of news reports tracking the spread of the avian or "bird" flu virus in Asia and recently in Turkey. At this time, health officials indicate that the virus still appears to be spread only through direct contact with infected poultry and not from direct person-to-person contact.

We understand that the mutation of this flu strain into one that becomes easily communicable between human beings is only a possibility. It is not a fact.

However, in keeping with DTCC's extensive business continuity practices, we have begun contingency planning to prepare in the event that this virus would ever become a potential threat to our industry and our customers. A principal goal, of course, with business continuity and contingency planning, is to safeguard our ability to support the critical clearing, settlement and asset servicing operations required by our customers -- no matter what.

It is impossible to predict if the avian flu virus would ever mutate into a form that can easily spread from person to person, but DTCC believes it is only prudent that we and our customers have adequate response plans in place. The business impact of an outbreak can be lessened if preparations are made ahead of time.

Accordingly, DTCC continues to plan and develop responses that will prevent any significant disruptions to our business operations. DTCC is working closely with federal authorities and with state and local agencies where we have facilities as they prepare for the potential of a widespread outbreak of illness from this virus. Our response also includes planning for employee absenteeism rates and conditions in the industry in general.

DTCC's plans are keyed to the "pandemic phases" identified by the World Health Organization, with specific actions to be implemented as and if the WHO announces that higher-level phases are occurring. (This information is available on the WHO web site at [www.who.int/csr/disease/avian\\_influenza/phase/en/index.html](http://www.who.int/csr/disease/avian_influenza/phase/en/index.html).)

DTCC's plans focus on preserving the continued operation of all of our essential services throughout the period of any avian-flu-related emergency. In the event of a widespread outbreak (that is, at the WHO's pandemic phases 5 and 6), DTCC will be using "social distancing" techniques to distribute staff in key areas among several locations, reducing their concentration. DTCC would also introduce other internal actions to reduce exposure to the spread of the illness, and curtail business travel and meetings, both internally and with customers and others from outside the organization.

At the WHO's pandemic phase 6, DTCC may, depending on how severely our own staff is affected, curtail or suspend certain support activities (e.g., reviewing older issues for eligibility or online or telephonic support for customer training activities). In an extreme situation, DTCC may restructure physical certificate services to provide only limited processing capabilities (e.g., processing deposits or withdrawals only one or two days a week). Any such actions would be announced in advance. Our expectation, of course, is that we will not need to take such steps.

We recognize that many of our customers are also working on continuity and contingency plans to deal with affects of a virus outbreak, and they are prudent in doing so. We will keep you informed of our progress, and will be happy to discuss with you any questions your firm may have regarding our plans.

Thank you.