

The Depository Trust Company

IMPORTANT

B#: 3755-08

DATE: July 18, 2008

TO: All DTC Participants, Paying Agents, and Issuing Paying Agents

CATEGORY: Operations

FROM: DTC Asset Services

ATTENTION: Operations Manager/Reorganization Manager/Corporate Trust Officer

SUBJECT: Maturity-for-Stock Transactions

The purpose of this notice is twofold. First, it alerts participants to problems DTC is encountering with the maturity of certain corporate bond derivative securities known as Reverse Convertible Notes or Reverse Exchangeable Notes Linked to Common Stock (“Reverse” securities). The structure of these securities includes triggering events that can result in what has become known as maturity-for-stock reorganization activities (in lieu of the payment at maturity of redemption proceeds). This notice secondly sets forth certain procedures for affected issuers, their agents, and other parties to follow in order to minimize processing problems that can adversely impact DTC participants and the beneficial owners of these securities at maturity.

Background

Reverse securities are corporate bond derivative issues that generally mature six to 18 months after issuance. These securities are eligible for routine DTC services. Some of them are eligible in DTC’s Money Market Instrument (“MMI”) Program; more discussion on MMI eligibility follows later in this notice.

Reverse securities share a common characteristic of being linked to the performance of another issuer’s common stock (or in some cases to a basket of common stocks), as specified in the governing documents of the securities. Their structure includes a formula

to determine whether holders at maturity will receive payment of redemption proceeds (at 100% of principal) or payment of shares of the linked common stock. Among other factors, the formula takes into account the market price of the linked common stock shortly before maturity date – often only a few business days prior to the maturity date. A notice to holders indicating what the holder is entitled to receive at maturity is only issued if the entitlement is determined to be shares of the linked common stock; in the absence of such a notice, it is assumed that the holder will receive payment of redemption proceeds.

In the event the entitlement is determined to be shares of the linked common stock, the issuer of the Reverse security takes market action (if not previously taken) to purchase the required number of entitlement shares. The issuer and/or trustee arranges for the participant holding the entitlement shares in its depository account on behalf of the issuer to instruct DTC to deduct the entitlement shares from the participant's account. The entitlement shares are then allocated by DTC to the holders of, and in exchange for, the Reverse securities.

The short window of time between the date on which the entitlement determination is made and the actual maturity date leaves little room for the ensuing processing steps that agents, DTC and participants alike must take to ensure the timely allocation of entitlement shares. It may also preclude the issuer and its agent from complying with applicable provisions of DTC's **Operational Arrangements Necessary for an Issue to Become and Remain Eligible for DTC Services** with respect to giving DTC timely notification of such events. As a result, the allocation of common stock to which participants are entitled often occurs after the scheduled maturity date.

Current Process

Forty-five calendar days before maturity date (or, for MMI securities, upon their issuance), DTC's corporate action announcement system automatically generates and disseminates to participants a redemption payment announcement for each maturing corporate and municipal security. These announcements include maturing Reverse securities, identified as a Reorganization Inquiry for Participants ("RIPS") code 75M maturity announcement, the RIPS code for all corporate bond maturities.

As noted earlier, the structure of Reverse securities provides little notification lead time to holders if common stock is being distributed. DTC generally receives notices announcing the payment of common stock for Reverse securities within a day or two of the maturity date, and, in some cases, on or after the maturity date (when the redemption proceeds may have already been allocated to participants). This late notification problem has been exacerbated by a steady rise in volumes: the number of maturity-for-stock transactions has grown from approximately 60 transactions per month last year to 200 transactions per month this year.

Once DTC receives notice of the payment of common stock, DTC cancels the original code 75M corporate bond maturity announcement (and reverses the allocation of

redemption proceeds, if need be) and creates a RIPS code 93 maturity-for-stock announcement to prepare for the allocation of common stock and to provide notice thereof to participants. DTC must also receive a letter from the participant holding the entitlement shares authorizing DTC to deduct the common stock position from the participant's account. In some cases, the participant's letter is not delivered in time or, when it is delivered, DTC determines that the participant's common stock position is not sufficient to satisfy the quantity of entitlement shares DTC needs to allocate to participants. These conditions lead to further allocation delays.

Processing Procedures

The procedures issuers, agents and participants holding the entitlement shares must follow to help ensure timely allocation of maturity-for-stock transactions are described below. These procedures are designed to increase the likelihood that maturity-for-stock announcements are disseminated to participants prior to maturity date and that common stock entitlements are allocated on maturity date. The procedures and timeframes described herein have been the subject of prior discussions DTC has individually held with issuers and/or trustees servicing these securities. While the structure of some Reverse securities may prevent the issuer and/or trustee from fully complying with these procedures and timeframes, failure to do so may result in allocations of entitlement shares occurring one or more days after the maturity date.

1. As soon as possible but no later than three business days prior to the maturity date, the agent must e-mail to DTC the notice of maturity-for-stock payment to DTC's Announcement group e-mail address at:

reorgannouncements@dtcc.com

Delivery of the notice to an e-mail address other than the above e-mail address will not constitute a valid notification.

2. The e-mail subject line must state the maturing CUSIP number, the maturity date and that it is a maturity-for-stock (e.g., 123456AB0, due 10/05/07, maturity-for-stock).
3. The notice shall state the following:
 - CUSIP number of the maturing security, the maturity date, and that it is a maturity-for-stock.
 - CUSIP number of the entitlement stock, number of shares to be paid, and the rate of payment per \$1,000 principal amount.
 - Name and DTC participant account number of the participant holding the entitlement shares at DTC.
 - Cash in lieu of fractions payment amount and rate, if applicable.
 - Interest payment amount and rate, if applicable.

4. In addition to the notice, DTC must receive the holding participant's letter authorizing DTC to reduce their position in the entitlement security by the total quantity of shares to which DTC's nominee name, Cede & Co., is entitled. Such letter must be on the participant's letterhead, and include both an indemnity statement and a medallion signature stamp. The letter should be scanned into PDF format and included as an attachment to the notice e-mail (as described in step 1). The format of the participant's authorization letter is attached as an Exhibit to this Important Notice.

In the event the participant's letter is sent separately from the notice e-mail, it must be e-mailed to DTC no later than 3:00 p.m. (Eastern Time) on the business day prior to the maturity date to the following e-mail address:

reorgannouncements@dtcc.com

The e-mail subject line must reflect the same information as indicated in step 1, followed by "participant's letter" (e.g., 123456AB0, due 10/05/07, maturity-for-stock, participant's letter).

5. The holding participant must ensure that the total quantity of shares needed by DTC to fund the distribution of common shares is on deposit in the holding participant's DTC General Free Account no later than 10:00 a.m. (Eastern Time) on the maturity date.

MMI Eligibility

As noted earlier, some Reverse securities have been made eligible in the MMI program by Issuing Paying Agents ("IPAs") even though the securities are linked to equity issues that are not eligible in the MMI program. MMI issuer programs that have a maturity-for-stock feature cannot issue such securities through DTC's MMI program. The IPA, issuer and/or underwriter shall obtain a non-MMI CUSIP number and submit the appropriate documentation to DTC's Underwriting Department in accordance with normal requirements and procedures for non-MMI new issuance eligibility.

The aforementioned procedures regarding maturity-for-stock transactions and MMI eligibility are effective immediately.

Any questions or comment regarding this notice may be directed to your Relationship Manager.

Participant's Letterhead

Date

Depository Trust & Clearing Company
Mandatory Reorganization
55 Water Street – 25th floor
New York, NY 10041

Re: Name of issue _____ CUSIP #: _____

Please accept this letter as your authorization to debit our participant account (#_____) for TK shares of CUSIP _____ in payment of the maturity of CUSIP _____.

In consideration of your processing this adjustment, we agree to indemnify you, officers, and employees against any and all claims, liabilities, losses, expenses, suits, or damages resulting there from. We represent and warrant that we are duly authorized to execute this indemnity.

Yours truly,

Signature

Print Name

Title

Telephone Number

**AFFIX AND SIGN MEDALLION
GUARANTEE STAMP HERE**