

Note: This Alert was sent to those issuers that NASDAQ understands were not eligible for a Direct Registration Program as of June 26, 2007.

June 29, 2007

Issuer Alert #2007- 001A

Action Required: New Rules Require NASDAQ-Listed Companies To Be Eligible For A Direct Registration Program By January 2008

NASDAQ

Action Required:

- New rules require that by January 1, 2008, NASDAQ-listed securities must be eligible for a Direct Registration Program.
- NASDAQ's records indicate that your company does not yet evidence compliance with these new rules.
- If you are not yet eligible for a Direct Registration Program, you must contact your transfer agent to assure compliance.

Last summer NASDAQ and the other major exchanges adopted rules to require that by January 1, 2008, listed securities be eligible for a Direct Registration Program operated by a clearing agency registered under Section 17A of the Exchange Act, such as the one offered by The Depository Trust Corporation ("DTC").¹ A Direct Registration Program permits an investor's ownership to be recorded and maintained on the books of the issuer or the transfer agent without the issuance of a physical stock certificate.

The [new rule](#)² does not require issuers to actually participate in a Direct Registration Program or to eliminate physical stock certificates. However, listed securities must be *eligible* for such a program. To be eligible, an issuer is required to use a transfer agent that meets DTC's requirements for direct registered securities. Further, the transfer agent must instruct DTC to designate the company's securities as "direct registered eligible securities."³ A list of transfer agents that meet the DTC requirements can be found on the [DTC website](#). If your transfer agent is not on this list, it can contact DTC to discuss the requirements. Please note that to be eligible, a company's corporate documents must: (i) allow for the issuance of securities that are not represented by physical certificates or; (ii) not prohibit such issuances. Some companies may need to adopt amendments to their corporate documents to become eligible.

Based on information provided to us by DTC, it appears that **your company does not yet evidence compliance with this upcoming requirement**. As such, we encourage you to contact your transfer agent now and ask them to designate your company's securities as direct registered eligible securities. Please keep in mind that the compliance deadline is January 1, 2008.

Additional Information

For more detailed information, please see the following:

- SEC Order approving NASDAQ's rule change – http://nasdaq.complinet.com/file_store/pdf/rulebooks/SR-NASDAQ-2006-008_Approval.pdf
- List of transfer agents that meet the DTC requirements for direct registration – https://login.dtcc.com/dtcorg/binary/19247DRS_Limited.pdf
- Securities Industry Association's Immobilization & Dematerialization Guide – <http://www.sifma.org/services/techops/pdf/SIADematerializationImpGuide.pdf>
- Information regarding the Direct Registration System – <https://login.dtcc.com/dtcorg/prod-serv/page18938.html>
- NASDAQ Issuer Alert #2007-001 – http://www.complinet.com/file_store/pdf/rulebooks/NASDAQ_IA_2007-001.pdf

If you have any questions, please contact your Listing Qualifications Analyst or your Relationship Manager.

¹ If an issuer acts as its own transfer agent, it also needs to meet these requirements.

² NASDAQ Rule 4350(l).

³ This designation can be either "Eligible and Participating" or "Eligible and Not Participating."

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