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Evolving Our Industry,
Focused on the Future
ANNUAL REPORT 2000



Eric Zalinkaskas
Member Services and Operations



Sharon Warner
Administrative Services



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MBS Clearing Corporation

evolving our industry, focused on the future



Murrey Targownik
Risk Management/Legal

MBS Clearing Corporation (MBSCC) is the sole provider of automated trade comparison, confirmation, risk management, netting and electronic pool notification services to the mortgage-backed securities market.

These securities, bought and sold in the over-the-counter cash, forward and options markets, are backed by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC) and Fannie Mae (FNMA). The key participants in this market – the nation's original secondary market for loan assets – are mortgage originators, government sponsored enterprises, registered broker/dealers, inter-dealer brokers, institutional investors, investment managers, commercial banks and insurance companies active in GNMA, FHLMC and FNMA.

MBSCC, established in 1979, is a clearing agency registered with the United States Securities and Exchange Commission and is affiliated with the National Securities Clearing Corporation (NSCC). MBSCC is majority-owned by its Participants.

to our participants and colleagues

The year 2000 was another record year for MBS Clearing Corporation – a year of record growth and achievements, record Participant benefits and record change that will fast forward the industry and corporation into the new century. And it was a year that saw new synergies develop within the industry, affecting the way we think, the way we work, and the way we will move into the future.

MBSCC's business was strong throughout 2000, and we can report:

- Record revenues of \$21.6 million, with almost half, or \$10.1 million, being returned to our Participants in the form of fee discounts for Clearing services.
- Record trade matching and confirmation of more than \$22.6 trillion par value.
- Record Electronic Pool Notification (EPN) volume of \$4.6 trillion current face value.
- Record netting, which, by a conservative estimate, saved Participants an estimated \$225 million in clearance costs.
- The addition of 26 new Participants during the year.

Impressive numbers. Since becoming a Participant-owned organization six years ago, we are proud to report that MBSCC has returned more than \$45 million to Participants in the form of discounts and saved an estimated \$1 billion in pool clearance and fail costs. To put these numbers into perspective, we'd like to point out that for every post-discount dollar spent in this same period, Participants received an estimated \$21 in benefits.

During the same period, our EPN service revolutionized the pool notification process and has become the recognized industry standard. Since beginning operations in 1995, EPN has transacted \$16.4 trillion in Participant pool notifications.

The theme of our annual report, "Evolving Our Industry, Focused on the Future," testifies to the initiatives undertaken this year to position MBSCC and the industry for future growth – growth in a market calling for increased certainty, lower costs and immediate information.

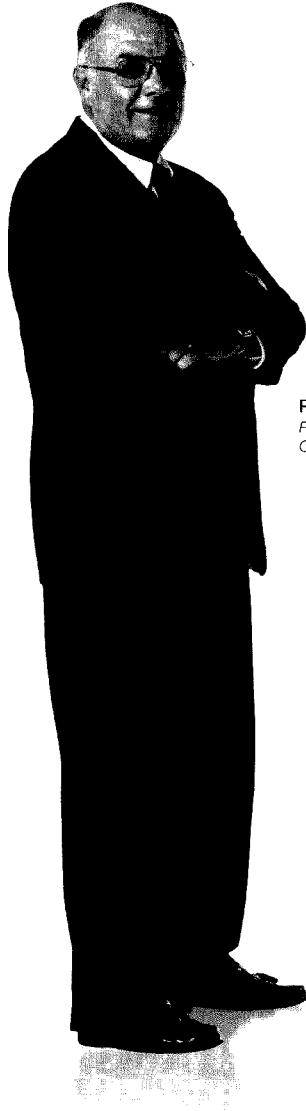
We issued two major white papers on our business and risk models that potentially could reinvent the entire post-execution trade process in the mortgage-backed securities industry, while paving the way for straight-through processing. Working with the Government Securities Clearing Corporation (GSCC), we committed to implementing Real-Time Trade Matching (RTTM) by the end of 2001, and most importantly, we collaborated with our related clearing corporations to determine whether synergies could be found that would serve the industry, particularly in the area of fixed income.

Synergy is not a new word at MBSCC. We like to think we wrote the book on it, since we and our partners in the industry have always collaborated and have always leveraged one another's capabilities. It's simply the smart way to work. Our Board knows that, and it's why we agreed in principle to explore the consolidation of our activities with our related clearing organizations. (Please see more about all our initiatives on pages 4-11.)

We'd like to thank our Board of Directors for all its valued guidance this year, and we particularly want to recognize Joseph P. Bzezinski, Patricia Dodson, David M. Kelly, Edwin F. Payne, R. Peter Sanchez and Michael Sullivan, all recently retired from the Board.

As you page through this annual report, you will see we have chosen to acknowledge a group of individuals whose tireless efforts contribute to the success of MBSCC everyday – our employees, the people of MBSCC. They are the lifeblood of the organization, and it's their integrity, energy and creativity that remain at the core of our success.

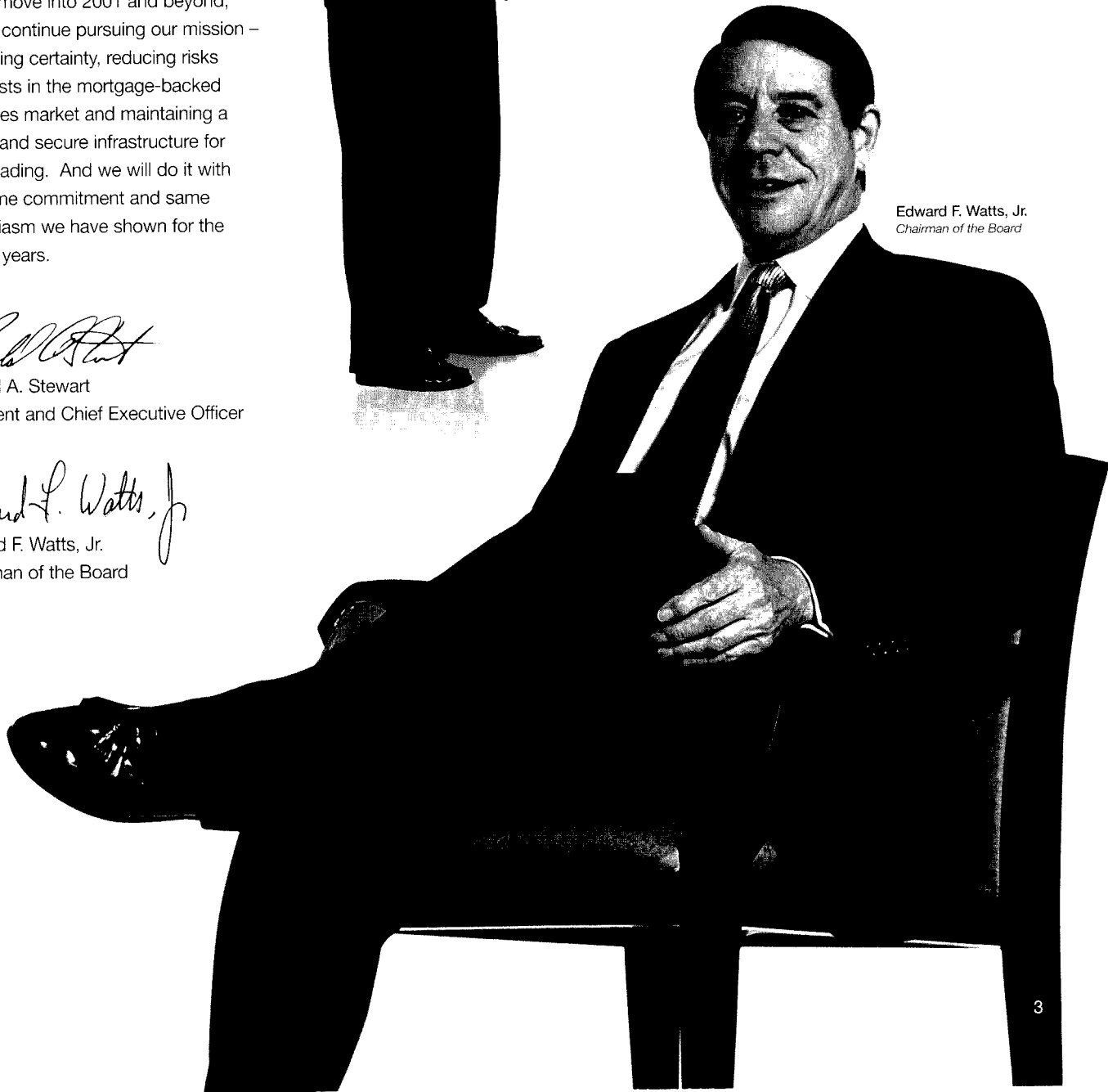
As we move into 2001 and beyond, we will continue pursuing our mission – increasing certainty, reducing risks and costs in the mortgage-backed securities market and maintaining a strong and secure infrastructure for MBS trading. And we will do it with the same commitment and same enthusiasm we have shown for the last 21 years.



Ronald A. Stewart
*President and
Chief Executive Officer*

Ronald A. Stewart
President and Chief Executive Officer

Edward F. Watts, Jr.
Chairman of the Board



Edward F. Watts, Jr.
Chairman of the Board

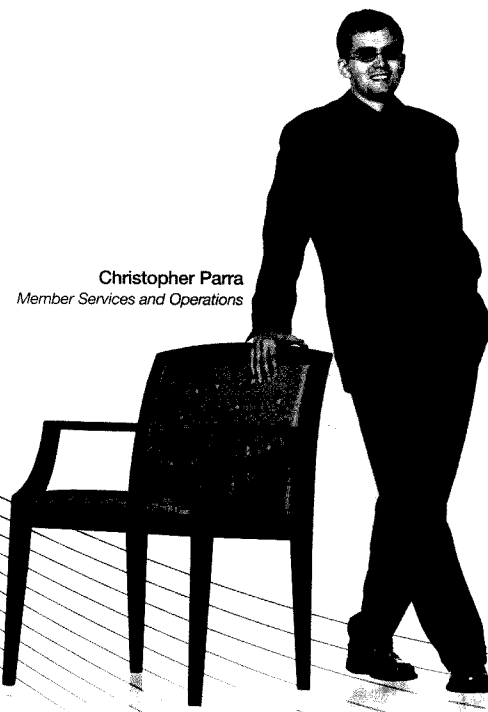
It's 1978. The growth and profitability of the MBS market are threatened by a full-blown paper crisis, a 70% fail rate and rampant claims for principal and interest.

Fast forward 22 years. In that time, MBSCC has:

- Standardized business practices for the MBS market.
- Introduced trade matching and created a 10b-10 compliant confirmation process, increasing certainty of settlement.
- Developed and implemented a comprehensive and uniform risk management system designed to

increase certainty of contra-side performance on trade obligations and minimize the potential for financial loss in the event of non-performance.

- Developed and implemented a netting system, which routinely eliminates almost 90 percent of pool clearance and related costs.
- Created the optimum model of business efficiency for the MBS market, netting both broker/dealer and institutional trades.
- Created a revolutionary EPN system that allows Participants to transmit and retrieve MBS pool information via standardized message formats.



Christopher Parra
Member Services and Operations

mbicc - evolving our industry, focused on the future

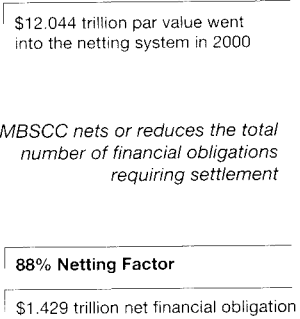
yesterday and today



Ramon Rodriguez
Clearing Development

Since its inception in 1979, MBSCC has developed and strengthened the industry infrastructure for MBS trading. Each new accomplishment made the market a safer, more efficient one to trade in and today, mortgage-backed securities represent one of the most attractive and most secure investments available in any national or international marketplace.

The Effect of Netting



Thomas Choi
Quality Assurance

Michele Hillery
Member Services and Operations



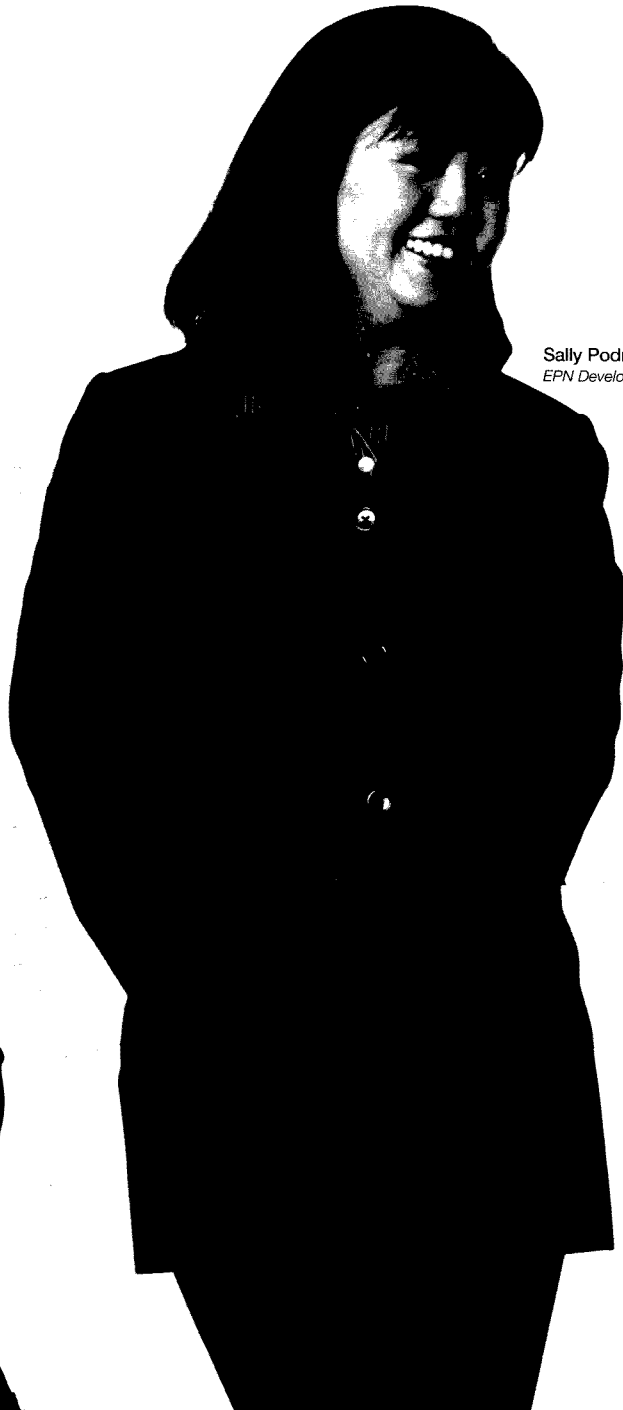
real-time trade matching for 2001

MBSCC took a giant step toward achieving straight-through processing when it announced it would introduce Real-Time Trade Matching (RTTM) services for the mortgage-backed securities industry in 2001.

The objective of RTTM is to reduce the risk associated with a prolonged period of time between trade execution and the achievement of a legal and binding confirmation. Reducing this elapsed time increases certainty and reduces execution risk.



Pasqualina Marafioti
Planning



Sally Podraza
EPN Development

RTTM, importantly, eliminates the manual and error-prone verbal confirmation of a trade, along with the associated costs.

With RTTM, buyers and sellers will submit trade terms for matching within minutes of execution, speeding the process and providing an immediate confirmation for trade execution that is legal and binding. To manage the introduction of RTTM without disruption of its current batch trade matching process, MBSCC will implement RTTM in two phases: beta and production. The beta phase will commence in the fourth quarter of 2001. Following a successful beta phase, RTTM will then move to production status.

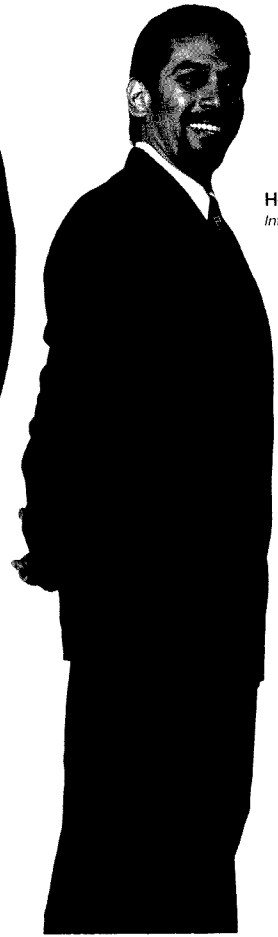
MBSCC and GSCC are leveraging and customizing existing RTTM technology that GSCC developed and implemented in 2000. This initiative is part of a broader plan for a fixed income trade matching hub. The RTTM technology also will interface with GSCC and NSCC's Access Network, allowing Participants to use interactive messaging if desired.

RTTM represents an important milestone in achieving straight-through processing. It replaces the twice-daily batch method of trade matching and is designed to integrate the verbal checkout process with the legal and binding confirmation, increasing certainty and reducing risk. In addition, RTTM will provide the foundation for other value-added services such as matching and netting of same day trades and more frequent risk assessments.

Anthony Davidson
Legal



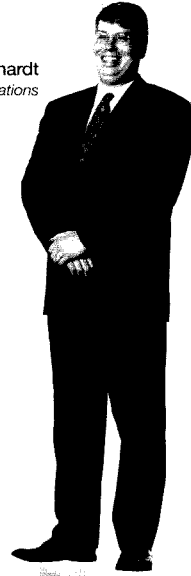
Henry De La Hoz
Information Technology



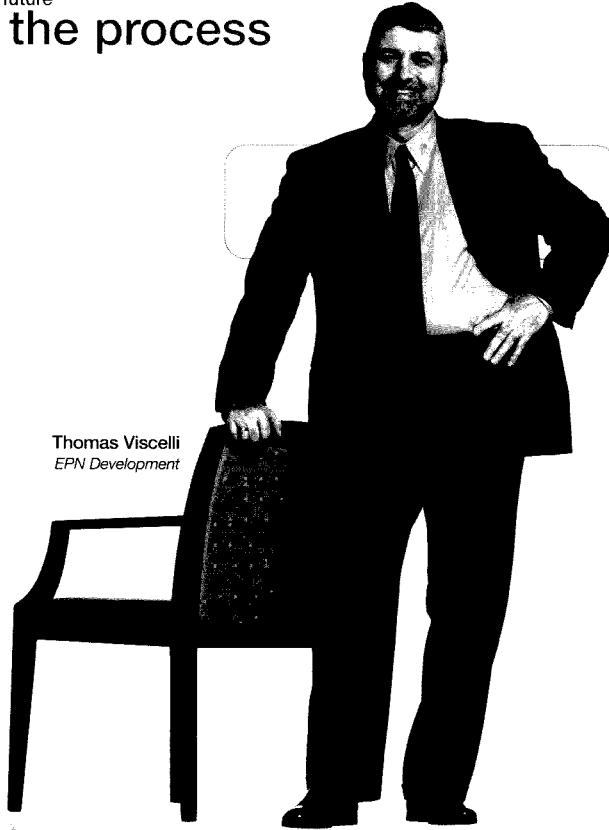
mbscc - evolving our industry, focused on the future

reinventing the process

Stephen Borghardt
Member Services and Operations



Thomas Viscelli
EPN Development



MBSCC's plan for the future is simple: reinvent the post-execution trade process and achieve straight-through processing.

The drive to achieve straight-through processing increasingly compels the back office to move closer to the point of trade execution. In 2000, MBSCC issued two white papers addressing important questions about the post-execution process. The most significant of these deals with the concept of settlement by novation.

In settlement by novation, a central counterparty (CCP) is created to facilitate trading by becoming the CCP to all transactions; in other words, the CCP puts itself between the seller and the buyer of each trade. The CCP takes on the responsibility to deliver the securities to the buyer, and it assumes responsibility to make payment to the seller.

Settlement by novation in the mortgage-backed securities market – whereby MBSCC becomes the CCP to all net pool settlements and guarantees

all trades – would literally reinvent the entire post-execution trade process for the industry and achieve the ultimate goal of straight-through processing.

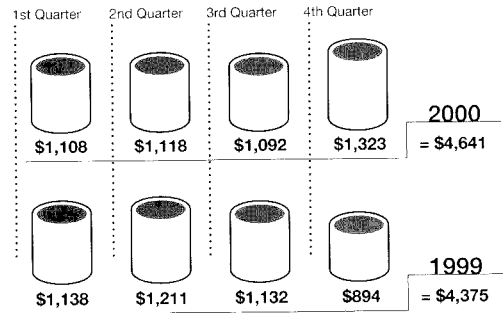
The unique characteristics associated with the MBS market, coupled with the nature of the To-Be-Announced (TBA) forward market, create several challenges that must be met for novation to occur. MBSCC would need to adopt an entirely new business model that would offer TBA matching, TBA netting, Pool notification, Pool netting and Net Pool Clearance. All these functions would center on a

fixed income hub, with a cash mark-to-market, appropriate risk model and a secure contingency plan in place.

The settlement by novation white paper brought a prompt and positive response from the industry and builds on the momentum created by RTTM. In the future, MBSCC will leverage its relationship with GSCC to help accomplish novation and the ultimate goal – straight-through processing.

Face Value of EPN Messages

(in billions)



Virginia Hanson
Planning



Christopher Tapol
Clearing Development



synergies for the new century

How does MBSCC plan to "fast forward" itself into the new century and achieve straight-through processing for the mortgage-backed securities market? The preceding pages tell you part of the story – initiating RTTM, becoming a CCP for all net pool settlements and developing the required business model with new risk management techniques and new technologies.

Another part of the plan rests with pooling talent and technologies; it rests in developing synergies within the industry infrastructure as we have so often done in the past. And MBSCC

is doing this by exploring the integration of its activities and sharing resources with its related clearing organizations, including GSCC, under the umbrella of the Depository Trust & Clearing Corporation (DTCC). For MBSCC, this integration is just the next logical step.

The initiative arose from discussions begun by the Boards of the clearing organizations last year. Each had concerns about the rapid pace of change in the industry, growing competition for IT resources and the challenge of managing risk in diverse and global markets. They saw opportunities to achieve greater strategic alignment through consolidation, particularly in the processing of fixed income instruments.

A Synergy Committee, composed of two members from each Board including DTCC and each of the three related clearing corporations, was appointed to study the question of integration and consolidation and was assisted by an independent study conducted by a leading consulting firm.

Board members came to the conclusion that there could be many advantages to the consolidation: streamlining core processes and information flows, a stronger industry focus, faster and better technological innovation, and enhanced infrastructure capabilities.



Ludmila Bernadkin
Clearing Development

So what does all this mean?

MBSCC has been highly successful in bringing automation, certainty and significantly lower costs to the MBS market for many years. And it will continue to do so, but with even greater resources to call on, new services to offer and a deeper, broader pool of talent to move it quickly and efficiently into the new century.



Deborah Romanski
Clearing Development



Dennis Paganucci
Marketing and Sales

William Corrigan
Marketing and Sales



balance sheets

December 31,	2000	1999
	(In thousands)	
Assets		
Cash and cash equivalents	\$ 9,609	\$ 6,499
Accounts receivable	14	1,077
Participants' deposits	1,250,041	714,867
Fixed assets, less accumulated depreciation of \$2,109,000 and \$1,685,000 at December 31, 2000 and 1999, respectively	698	811
Other assets	1,424	1,176
Total assets	\$ 1,261,786	\$ 724,430
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 6,745	\$ 4,563
Participants' deposits	1,250,041	714,867
Total liabilities	1,256,786	719,430
Stockholders' equity:		
Common stock, no par value:		
Class A: 50,500 shares authorized, 38,346 shares issued and outstanding at December 31, 2000 and 1999	1	1
Class B: 5,000 shares authorized, 4,260 shares issued and outstanding at December 31, 2000 and 1999	432	432
Retained earnings	4,567	4,567
Total stockholders' equity	5,000	5,000
Total liabilities and stockholders' equity	\$ 1,261,786	\$ 724,430

statements of income and retained earnings

For the Year Ended December 31,	2000	1999
	(In thousands)	
Revenue:		
Fees billed to participants	\$ 21,620	\$ 18,468
Discount to participants	(10,127)	(7,833)
Net revenue from operations	11,493	10,635
Interest income	423	408
Total revenue	11,916	11,043
Expense:		
Employee compensation	5,609	5,359
Systems and related support	2,728	2,863
Rent, maintenance and utilities	261	273
Professional and other services	2,166	1,263
General and administrative	728	821
Depreciation and amortization	424	464
Total expense	11,916	11,043
Income before income taxes	—	—
Income tax provision:		
Current	108	289
Deferred	(108)	(289)
Total income tax provision	—	—
Net income	—	—
Retained earnings, beginning of year	4,567	4,567
Retained earnings, end of year	\$ 4,567	\$ 4,567

The accompanying notes are an integral part of these statements.

statements of cash flows

For the Year Ended December 31,	2000	1999
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ —	\$ —
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	424	464
Decrease (increase) in operating assets:		
Accounts receivable	1,063	(184)
Other assets	(248)	(638)
Increase in operating liabilities — accounts payable and accrued liabilities	2,182	1,321
Net cash provided by operating activities	3,421	963
Cash flows from investing activity — purchase of fixed assets	(311)	(679)
Net increase in cash and cash equivalents	3,110	284
Cash and cash equivalents, beginning of year	6,499	6,215
Cash and cash equivalents, end of year	\$ 9,609	\$ 6,499
Supplementary disclosures — income taxes paid	\$ 159	\$ 86

The accompanying notes are an integral part of these statements.

notes to financial statements**Note 1 Organization and Operations**

MBS Clearing Corporation (MBSCC), a clearing agency registered with the Securities and Exchange Commission, provides trade comparison, confirmation, risk management, netting and electronic pool notification services to participants in the mortgage-backed securities market.

MBSCC provides discounts on billing for trade comparison services based upon the amount of earnings to be retained in a given year with due regard to current and anticipated needs, as determined by its independent user Board of Directors.

Note 2 Summary of Significant Accounting Policies

Cash Equivalents: MBSCC invests funds in overnight reverse repurchase agreements, which are considered cash equivalents. Such agreements provide for MBSCC's delivery of cash in exchange for securities having a market value which is at least 102% of the amount of the agreement. An independent custodian designated by MBSCC takes possession of the securities. Overnight reverse repurchase agreements are recorded at the contract amounts and totaled \$8,631,000 at December 31, 2000. At December 31, 2000, one major financial institution was counterparty to this agreement.

Fixed Assets: Fixed assets consist primarily of computer hardware which is depreciated on a straight-line basis over three or five years.

Income Taxes: Deferred tax assets and liabilities are provided for the expected future tax consequences of temporary differences between the carrying amount and tax basis of assets and liabilities.

Financial Instruments: Management believes that the carrying value of financial instruments approximates market value.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 Participants' Deposits

The rules of MBSCC require its participants to maintain a minimum deposit in cash and to make additional deposits to cover market differentials to secure participants' obligations. Additional amounts may be assessed against participants in accordance with MBSCC's rules.

notes to financial statements *continued*

Participants' deposits consist of cash, securities issued by the U.S. Government or Government sponsored enterprises and letters of credit. A summary of the deposits held at December 31, 2000 and 1999 follows:

	<u>2000</u>	<u>1999</u>
Cash	\$159,128,000	\$20,620,000
Securities issued by the U.S. Government or Government sponsored enterprises, at market	1,090,912,000	694,247,000
Letters of credit	607,256,000	662,769,000

MBSCC invests participants' cash deposits in overnight reverse repurchase agreements. The earnings on deposits in excess of the required minimum are passed through to participants. In 2000 and 1999, such earnings totaled \$5,791,000 and \$3,388,000, respectively.

MBSCC has entered into a limited cross-guaranty agreement separately with National Securities Clearing Corporation (NSCC) and Government Securities Clearing Corporation under which these entities have agreed to make payment to each other for any remaining unsatisfied obligations of a common defaulting participant to the extent that these entities have excess resources of the defaulting participant.

Note 4 Transactions with Related Parties

NSCC, a minority shareholder of MBSCC, provides various support services and office facilities to MBSCC. The costs of providing these services are charged to MBSCC in accordance with the provisions of a service agreement. The agreement continues in effect unless canceled by either party upon six months prior written notice. Charges to MBSCC pursuant to this agreement totaled approximately \$1,131,000 in 2000 and \$958,000 in 1999. Amounts payable to NSCC at December 31, 2000 and 1999 were \$413,000 and \$198,000, respectively.

MBSCC is contingently liable, under a service agreement, for a portion of NSCC's office lease which expires on December 31, 2012. At December 31, 2000, the contingent commitment of MBSCC for the remaining lease period is approximately \$2,250,000.


Note 5 Income Taxes

MBSCC files Federal, New York State and New York City income tax returns. The tax effect on temporary differences that give rise to significant portions of deferred tax assets consist primarily of depreciation and employee benefit costs.

Note 6 Post-Retirement Benefit Plans

All eligible employees of MBSCC participate in The Depository Trust & Clearing Corporation's (DTCC's) trustee, noncontributory defined benefit pension plan. DTCC owns 100% of the outstanding shares of NSCC. In addition, MBSCC also participates in DTCC's noncontributory supplemental executive retirement and benefit restoration plans which provide for certain benefits to identified executives of MBSCC upon retirement. Further, MBSCC also participates in DTCC's life insurance program which provides payment of death benefits to beneficiaries of eligible retired employees and DTCC's health insurance program which provides benefits to eligible retired employees. In 2000, costs for these plans aggregated \$371,000 and were determined based upon an actuarial calculation using information related to all eligible MBSCC employees. Disclosure of post-retirement benefit obligations, expense components and actuarial assumptions for the DTCC plans are included in DTCC's 2000 financial statements.

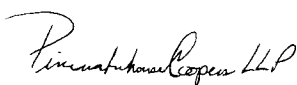
report of independent accountants

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, NY 10036

To The Board of Directors and Stockholders of MBS Clearing Corporation

In our opinion, the accompanying balance sheets and the related statements of income and retained earnings and of cash flows present fairly, in all material respects, the financial position of MBS Clearing Corporation at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.



February 9, 2001

***management's report on responsibility for
internal control over financial reporting***

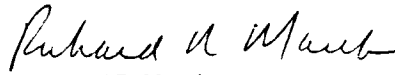
To The Board of Directors and Stockholders of MBS Clearing Corporation

MBS Clearing Corporation (MBSCC) maintains a system of internal control over financial reporting which is designed to provide reasonable assurance regarding the preparation of reliable published financial statements. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective internal control system, no matter how well designed, has inherent limitations — including the possibility of the circumvention or overriding of controls — and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control system effectiveness may vary over time.

MBSCC's management assessed its internal control over financial reporting as of December 31, 2000, in relation to criteria for effective internal control described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, MBSCC believes that, as of December 31, 2000, its system of internal control over financial reporting met those criteria.



Ronald A. Stewart
President and Chief
Executive Officer
February 9, 2001



Richard R. Macek
Chief Financial Officer
and Treasurer

***report of independent accountants on
internal control over financial reporting***

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, NY 10036


To The Board of Directors and Stockholders of MBS Clearing Corporation

We have examined management's assertion that MBS Clearing Corporation (MBSCC) maintained effective internal control over financial reporting as of December 31, 2000 which is included in the accompanying Management's Report on Internal Control Over Financial Reporting.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion that MBSCC maintained effective internal control over financial reporting as of December 31, 2000 is fairly stated, in all material respects, based upon criteria established in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.



February 9, 2001

participants

Member Name	Clearing	EPN	COP	Member Name	Clearing	EPN	COP
ABN AMRO, Inc.	•	•		Hillard Farber & Co., Inc.	•	•	
ABP Investments US, Inc.		•		HIMCO		•	
AEGON USA Investment Management, Inc.		•		HSBC Bank USA	•	•	
AFC Re Ltd.	•			III Finance Ltd.	•	•	
A.G. Edwards & Sons, Inc.		•		III Global Ltd.	•	•	
Alliance Capital Management L.P.		•		IndyMac Bank, F.S.B.	•		
Allianz of America, Inc.		•		Jennison Associates		•	
American Express Financial Advisors		•		J.P. Morgan Investment Management Inc.		•	
American General Investment Management, L.P.		•		J.P. Morgan Securities, Inc.	•	•	•
Atlantic Portfolio Analytics & Management, Inc.		•		LaSalle Bank N.A.	•		
AVM, L.P.		•		Lehman Brothers Inc.	•	•	•
Banc of America Securities LLC	•	•		Liberty Brokerage Inc.	•	•	
Bankers Trust Company		•		Lincoln Capital Management Co.		•	
Bank for International Settlements, The	•			Lord, Abbett & Co.		•	
Bank of America, N.A.		•		MBS Fund Alpha	•	•	
Barclays Global Investors		•		MBS Fund Caspian	•	•	
BB&T Capital Markets		•		MBS Fund Gamma	•	•	
Bear, Stearns & Company Inc.	•	•	•	MBS Total Return Fund	•		
BlackRock, Inc.		•		McDonald Investments Inc.		•	
BNY Clearing Services LLC	•	•		Merrill Lynch GSI	•	•	•
California Public Employees' Retirement System		•		Morgan Guaranty Trust Company of NY	•	•	
Cantor Fitzgerald & Company		•		Morgan Keegan & Company, Inc.	•	•	
Cantor Fitzgerald Securities	•			Morgan Stanley Dean Witter Investment Mgmt		•	
Capital Group Research, Inc.		•		Morgan Stanley Market Products, Inc.	•	•	•
Cargill Global Trading	•			New York Life Asset Management		•	
CDC Financial Products	•	•		New York Life Insurance and Annuity Corp.		•	
CDC Investment Management Corp.		•		New York Life Insurance Co.		•	
Chase Manhattan Bank	•	•		Nexstar Financial Corporation	•		
Chase Manhattan Mortgage Corp.	•			NISA Investment Advisors, LLC		•	
Chase Securities, Inc.	•	•	•	Nomura Securities International, Inc.	•	•	•
CitiMortgage, Inc.	•			Pacific Investment Management Company		•	
Citigroup Investments Inc.		•		PaineWebber Incorporated	•		
Clinton Group, Inc.		•		Prebon Securities (USA) Inc.	•		
CNA Financial Corporation	•	•		Prudential Insurance Co. of America, The		•	
Colonial Management Associates		•		Prudential Investment Corporation, The		•	
Compass Bank		•		Prudential Securities, Inc.	•	•	•
Countrywide Home Loans, Inc.	•	•		Putnam Investments		•	
Countrywide Securities Corp.	•	•		Raymond James & Associates, Inc.		•	
CPR (USA) Inc.	•			Republic Bank Delaware, N.A.		•	
Credit Suisse First Boston Corporation	•	•	•	Residential Funding Corporation	•		
Criterion Investment Management LLC		•		Residential Funding Securities Corporation	•		
Dain Rauscher Inc.		•		Salomon Smith Barney Inc.	•	•	•
DB Alex. Brown LLC	•	•		Sanford C. Bernstein & Co., Inc.		•	
Deutsche Bank Securities	•	•	•	Scudder Kemper Investments, Inc.		•	
Donaldson, Lufkin & Jenrette Securities Corp.	•	•	•	SG Cowen Securities Corp.	•	•	
Dreyfus Corporation, The		•		Spear, Leeds & Kellogg	•	•	•
Ellington Management Group LLC		•		Spinnaker I	•		
E*TRADE Capital Markets, Inc.		•		Standard Federal Bank		•	
Fannie Mae		•	•	Standish, Ayer & Wood, Inc.		•	
Federal Home Loan Mortgage Corp.	•	•		Stephens Inc.	•	•	
FFTW Funds, Inc. - Mortgage - Backed Portfolio	•			SunTrust Equitable Securities, Inc.		•	
FFTW - Total Return Trust	•			SwissRe Investors, Inc.		•	
FFTW - Mortgage Total Return Fund PLC	•			TimesSquare Capital Management, Inc.		•	
FFTW - Fixed Income Total Return Trust II	•			UBS Warburg LLC	•	•	•
First Chicago NBD Mortgage Company		•		Utendahl Capital Management		•	
First Horizon Home Loan Corporation		•		Vanderbilt Capital Advisors, LLC		•	
First Tennessee Bank N.A. (Capital Markets)		•		Van Kampen Asset Management Inc.		•	
First Union Corporation.	•	•		Vining-Sparks, IBG.		•	
First Union National Bank		•		Wachovia Securities, Inc.		•	
Fischer Francis Trees & Watts, Inc.		•		Weiss Peck & Greer		•	
Franklin Advisers, Inc.		•		Wellington Management Company, LLP		•	
Garban LLC	•	•		Wells Fargo Home Mortgage, Inc.	•	•	
GE Asset Management Incorporated		•		Western Asset Management Company		•	
GE Capital Mortgage Services, Inc.	•			WestLB Panmure Securities, Inc.	•	•	
Goldman Sachs Asset Management		•		William R. Hough & Co.	•		
Goldman, Sachs & Company	•	•	•	Zero Duration MBS Fund	•		
Greenwich Capital Markets, Inc.	•	•	•				

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