

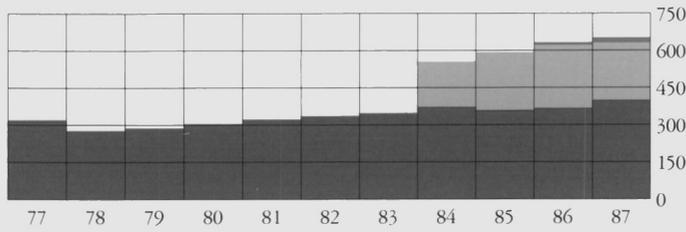
Contents

Financial Charts	1
To Our Participants	3
Financial Review	5
Participating Organizations	12
NSCC Board of Directors	16
ISCC Board of Directors	19
GSCC Interim Board of Directors	20

Financial Charts

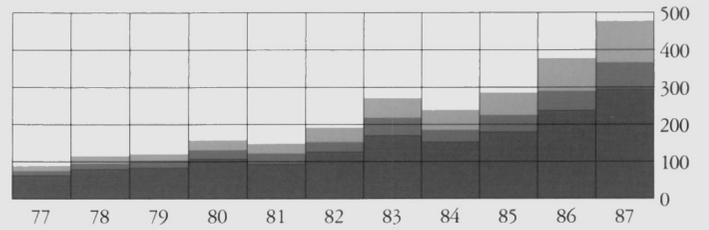
PARTICIPATION

- Fund/SERV Participants
- Municipal Comparison Only
- Full Service Participants



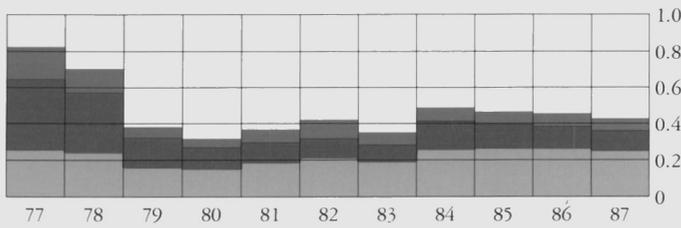
AVERAGE DAILY VOLUME OF TRANSACTIONS PROCESSED (In thousands)

- Municipal Bonds & Others
- OTC Stocks & Bonds
- NYSE & Amex



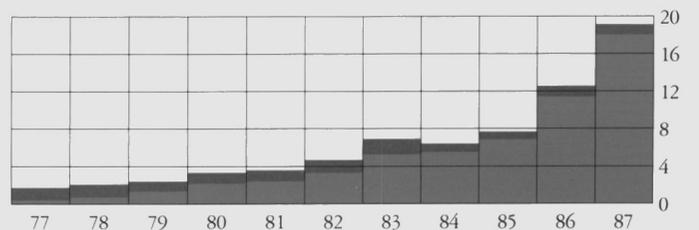
AVERAGE COST PER TRANSACTION (In dollars)

- Other Costs
- Clearance Settlement
- Trade Processing



AVERAGE DAILY VALUE OF TRANSACTIONS SETTLED (In billions)

- Balance Order & Other
- Continuous Net Settlement (CNS)





The high volume and volatility that characterized the marketplaces in 1987 challenged NSCC's systems to perform far beyond what was anticipated. NSCC's and SIAC's programs for expanding capacity levels proved invaluable and enabled the vast array of systems to function quite well given the stress of several consecutive days in which over 1.5 million sides were processed.

Nineteen eighty-seven truly proved to be a challenge for NSCC and the securities industry with generally rising markets, high volumes and volatility capped by the unprecedented events in October. NSCC's processing volume in mid-October peaked at 1.7 million sides on October 20, nearly triple the daily average and almost double the highest previous single day. The foresight of those in the industry who encouraged and supported NSCC's programs for expanding capacity levels proved invaluable. The vast array of systems functioned quite well; however, the period caused NSCC to recognize that change of significant proportions lay ahead. In spite of lower volumes, restructuring and cost-cutting programs throughout the broker/dealer community, NSCC must continue to be well prepared to handle peak volume periods.

Many of us thought we had learned much about risk over the years, and that we had done a good job of dealing with it. While events such as those that occurred in October had been chronicled before, few in the industry fully anticipated the far-reaching effects of such events. Those events have presented the industry and NSCC with an opportunity to forge change in systems and procedures which will increase efficiency and capacity and give us a better understanding of risk.

Various industry committees have been established to provide the forum for change where necessary. We are pleased to be a part of that self-regulatory process and are working closely with the NYSE, Amex, NASD and member firms toward improving the post-trade process. The interdependency among participants in the financial services industry was strongly reinforced and was more pronounced than ever in mid-October.

Globalization of the markets for financial services was never more in evidence than in 1987. Our efforts have taught us much and have increased our understanding of the international clearance and settlement processes. However, much is to be done to resolve many of the issues resident in the less-than-efficient processes which exist today. Consequently, we will pursue a course that will enable our markets and broker/dealers to process their transactions more efficiently.

An annual letter would be remiss if it did not mention many of the accomplishments of the past year and recognize the systems and services developed to meet the industry's processing needs.

In early 1987, NSCC established two new sub-accounts within the Continuous Net Settlement (CNS) System to allow the processing of securities undergoing corporate reorganizations. Initially limited to processing mandatory reorganizations, by June, participants were able to process voluntary tender and exchange offers as well. At year end, NSCC had processed 898 mandatory and 25 voluntary offers.

Participants worked closely with NSCC in implementing the Reconfirmation and Pricing Service (RECAPS), a new service designed to help participants reconfirm aged fails. Offered on a periodic basis, participants can submit equity, municipal bond and zero coupon fails for comparison and settlement. Over 5,321 fails were compared in 1987 with a value of over \$221 million.

The Municipal Bond System was expanded through a pilot program for settling when-issued trades of book-entry only municipals through CNS. After reviewing

In addition to achieving new processing records, NSCC continued to respond to the industry's domestic and international needs by implementing several new services, enhancing existing systems and supporting the work of its subsidiaries, ISCC and GSCC.

the results of the initial pilot program, which showed that netting reduced the number of book-entry movements by 78%, NSCC expanded the pilot in 1988 to allow compared trades of all DTC book-entry only issues to settle in CNS.

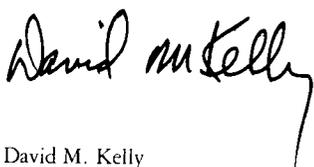
The interface between NSCC's Automated Customer Account Transfer (ACAT) Service and The Options Clearing Corporation (OCC) became fully operational in 1987 enabling participants of NSCC and OCC to transfer their options positions through ACATs. NSCC also made the service available to participants of regional clearing corporations in 1987 through its Regional Interface Operation (RIO).

Fund/SERV, NSCC's mutual fund processing system, saw continued growth with 23 broker/dealers and 13 fund groups joining the system. NSCC received a record mutual fund settlement of \$708 million in March, and order processing reached a record high on April 15 when 18,567 confirmed orders were processed. While NSCC implemented several system enhancements in 1987, perhaps the most significant development was NSCC's work with participants and The Investment Company Institute on the development of a networking system to allow the continuous flow of non-trade information between broker/dealers and funds.

Membership continued to grow in 1987 when 32 brokerage firms, representing 90% of the Pacific Stock Exchange's trading volume, joined NSCC in August following the Exchange's decision to discontinue its clearing and depository operations. In September, 29 Specialist Firms representing 74 separate posts on the Pacific Stock Exchange made a smooth conversion to NSCC. To accommodate these new participants, NSCC opened its 13th full-service facility in Seattle in August.

In 1987, NSCC continued its role in the development of services for new and growing markets. ISCC worked closely with The International Stock Exchange in London on the development and operational testing of the London-to-New York clearing link. In addition, ISCC pursued discussions with Singapore's Central Depository (Pte.) Ltd., Cedel and Japan Securities Clearing Corporation regarding clearing and custody links. GSCC completed several netting tests and installed the comparison software at several pilot firms with the goal of providing comparison and netting services to the government securities industry by the end of 1988.

We are proud of our accomplishments and thankful to the many who have given their leadership, wisdom and support to us. We are especially grateful to the staff at NSCC and SIAC who are responsible for these accomplishments. The strong infrastructure of the industry served the markets well last year, particularly in October, and has given NSCC the confidence to continue its commitment to serve the industry through innovative system developments and services.



David M. Kelly
President and Chief Executive Officer



Raymond J. Kalinowski
Chairman of the Board

Financial Review

Consolidated Balance Sheet	6
Consolidated Statement of Income and Retained Earnings	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9
Report of Independent Accountants	11

Consolidated Balance Sheet

National Securities Clearing Corporation

<i>(in thousands)</i>	December 31,	
	1987	1986
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 28,628	\$ 9,086
Temporary investments at cost (approximates market)	108,996	119,750
Accounts receivable, net	5,767	5,066
Settlement accounts receivable	4,746	5,576
Other current assets	1,318	763
Total current assets	149,455	140,241
Clearing Fund	244,669	288,202
Fixed assets, less accumulated depreciation of \$1,553 and \$1,180 at December 31, 1987 and 1986	1,286	1,254
Deposits and other noncurrent assets	7,490	3,217
Total assets	\$402,900	\$432,914
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current Liabilities:</i>		
Accounts payable	\$ 7,440	\$ 7,212
Settlement accounts payable	44,574	60,674
Accrued taxes and other expenses	6,967	3,976
Total current liabilities	58,981	71,862
Clearing Fund:		
Participants' cash deposits	85,312	60,800
Balance of requirement	244,669	288,202
	329,981	349,002
Notes payable	3,250	3,250
Commitments and Contingent Liabilities (See Note 5)		
<i>Shareholders' Equity:</i>		
Common stock authorized, issued and outstanding; 30,000 shares of \$.50 par value	15	15
Capital in excess of par	885	885
Retained earnings	9,788	7,900
	10,688	8,800
Total liabilities and shareholders' equity	\$402,900	\$432,914

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

Consolidated Statement of Income and Retained Earnings

National Securities Clearing Corporation

<i>(in thousands)</i>	For the year ended	
	December 31,	
	1987	1986
Revenue from clearing services	\$72,335	\$62,316
Interest income	3,990	3,088
Total revenues	76,325	65,404
<i>Expenses:</i>		
Securities Industry Automation Corporation processing expenses	39,761	34,184
Regional facility fees	1,674	1,640
The Depository Trust Company fees	15,464	11,356
General and administrative	16,241	11,768
Total expenses	73,140	58,948
Income before income taxes	3,185	6,456
Provision for income taxes	1,297	3,056
Net income	1,888	3,400
Retained earnings, beginning of the year	7,900	4,500
Retained earnings, end of the year	\$ 9,788	\$ 7,900

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

Consolidated Statement of Cash Flows

National Securities Clearing Corporation

	For the year ended December 31,	
<i>(in thousands)</i>	1987	1986
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
<i>Cash Flows from Operating Activities:</i>		
Cash settlement received from participants	\$296,837,283	\$234,880,926
Cash settlement paid to participants	(296,852,535)	(234,868,738)
Clearing Fund cash received from participants	49,165	30,003
Clearing Fund cash refunded to participants	(24,653)	(13,155)
Cash received from billings to participants	71,633	61,539
Cash paid to processing agents	(54,689)	(44,330)
Cash paid to suppliers and employees	(14,735)	(11,644)
Interest received	10,542	7,339
Interest remitted to participants	(4,792)	(3,948)
Income taxes paid	(4,103)	(2,277)
Cash rental concession received	1,203	—
Net cash provided by operating activities	14,319	35,715
<i>Cash Flows from Investing Activities:</i>		
Purchases of temporary investments	(186,624)	(229,248)
Sales and redemptions of temporary investments	193,903	197,067
Purchases of software and fixed assets	(2,056)	(210)
Net cash provided (used) by investing activities	5,223	(32,391)
<i>Cash Flows from Financing Activities:</i>		
Proceeds from issuance of long-term debt	—	3,250
Net cash provided by financing activities	—	3,250
Net increase in cash and cash equivalents	19,542	6,574
Cash and cash equivalents at beginning of year	9,086	2,512
Cash and cash equivalents at end of year	\$ 28,628	\$ 9,086
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net income	\$ 1,888	\$ 3,400
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</i>		
Depreciation and amortization	374	409
Increase in accrued interest receivable	(262)	(374)
Amortization of premiums	2,022	677
Increase in accounts receivable	(701)	(777)
Decrease in settlement accounts receivable	830	3,476
Increase in other current assets	(555)	(409)
Increase in deferred taxes receivable	(908)	—
Increase in accounts payable	228	2,182
(Decrease) increase in settlement accounts payable	(16,100)	8,712
Increase in accrued taxes and other expenses	2,991	1,571
Increase in Clearing Fund cash deposits	24,512	16,848
Net cash provided by operating activities	\$ 14,319	\$ 35,715

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

NOTE 1 ORGANIZATION AND OPERATIONS:

National Securities Clearing Corporation (NSCC — the Company), a clearing agency registered with the Securities and Exchange Commission (SEC), provides various services to the financial community, consisting principally of trade comparison, clearance and settlement. The Company's common stock is owned equally by the New York Stock Exchange, Inc. (NYSE), American Stock Exchange, Inc. (Amex) and the National Association of Securities Dealers, Inc. (NASD). The Company is controlled by an independent user Board of Directors which is responsible for its policies, operations and financing.

The Company is the sole shareholder of International Securities Clearing Corporation (ISCC), which was established in late 1985 to support U.S. brokers, dealers and banks through bilateral linkages with central clearing and depository organizations in other countries.

The Company is also currently the sole shareholder of Government Securities Clearing Corporation (GSCC), which was formed to provide automated comparison and netting services to brokers, dealers and banks trading in U.S. Government securities. GSCC operations are currently being conducted on a pilot basis with certain selected participants, with the expectation of commencing operations in 1988 for qualified organizations. The Company also plans to offer to sell approximately 80% of its ownership interest in GSCC during the course of 1988.

The Board of Directors of the Company determines any additions to retained earnings it wishes to establish in a given year, having due regard to current and anticipated needs. The Company does not plan to declare dividends to shareholders, but has provided rebates on its billings to participants of \$10,398,000 and \$6,121,000 in 1987 and 1986, respectively. Revenue from clearing services is shown net of such rebates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) *Principles of consolidation:* The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

(b) *Cash and cash equivalents:* The Company expanded its investment policy in 1987 to include the use of overnight repurchase agreements. Such agreements provide for the delivery versus payment of the underlying collateral of 102% to an independent custodian designated by the Company. Investments under repurchase agreements amounted to \$25,000,000 at December 31, 1987.

(c) *Temporary investments:* Temporary investments consist of U.S. Treasury securities maturing primarily in less than one year, and are carried at cost adjusted for amortization of premiums and accretion of discounts. At December 31, 1987, \$29,972,000 of such investments were held in an account for the exclusive benefit of participants to facilitate participants' compliance with the customer segregation rules of the SEC (\$50,986,000 at December 31, 1986).

(d) *Settlement accounts:* Settlement accounts receivable and payable generally arise from one-day time lags in the cash settlement process

between the Company and participants and other registered clearing agencies. The nature of the Company's business involves significant money transfers on a daily basis, certain of which are executed via Federal Funds and given effect in the financial statements on the basis of one-day earlier Clearing House Funds.

(e) *Notes payable:* Notes payable consist of \$3,250,000 of ten-year Notes due June 15, 1996. The 9% per annum stated interest rate is being amortized over a ten-year period resulting in an annual effective rate of 8.1%; the first interest payment is due June 15, 1988. Deferred interest payable, which is included in accrued taxes and other expenses, amounted to \$406,000 and \$143,000 at December 31, 1987 and 1986, respectively.

(f) *Income taxes:* The Company and its wholly owned subsidiaries file consolidated Federal, New York State and City income tax returns. The difference between the 40.7% effective tax rate for the year ended December 31, 1987 (47.3% for the year ended December 31, 1986) and the 40.0% federal statutory tax rate (46.0% for the year ended December 31, 1986) is primarily attributable to state and local taxes.

(g) *Statement of cash flows:* In 1987, the Company adopted Statement of Financial Accounting Standards No. 95, "Statement of Cash Flows," which calls for the presentation of a statement of cash flows in place of a statement of changes in financial position. The 1986 consolidated financial statements have been restated for comparative purposes.

NOTE 3 CLEARING FUND:

The rules of the Company require certain participants to maintain minimum Clearing Fund deposits based on calculated requirements. The consolidated Clearing Fund balance includes the NSCC and ISCC Clearing Funds, which are available to secure respective participant obligations and certain liabilities of NSCC and ISCC, should they occur. Aggregate Clearing Fund amounts at December 31, 1987, of \$329,981,000 (\$349,002,000 at December 31, 1986) were met by deposits of \$85,312,000 in cash, \$59,881,000 in market value of securities issued or guaranteed by the U.S. Government, its states and their political subdivisions, and \$318,902,000 in Letters of Credit issued by authorized banks; comparative amounts at December 31, 1986 were \$60,800,000, \$53,045,000 and \$275,595,000, respectively.

NOTE 4 TRANSACTIONS WITH RELATED PARTIES:

NSCC collects regulatory fees on behalf of NYSE, Amex and NASD. At December 31, 1987, amounts collected and not yet remitted were \$1,707,000 due to NYSE and \$173,000 due to NASD. At December 31, 1986, amounts due to NYSE were \$1,717,000 and amounts due to NASD were \$145,000.

Under the terms of an agreement, the Securities Industry Automation Corporation (SIAC), an entity owned by NYSE and Amex,

provides facilities, personnel and services in support of the Company's operations. SIAC charges NSCC for these services based on its direct, computer and overhead costs arising from providing such services. The agreement has no expiration date and continues in effect unless notice of cancellation is given by either party.

Prior to May 1, 1987, the Company rented certain office space from SIAC. Rental payments amounted to \$203,000 and \$602,000 in 1987 and 1986, respectively. Effective May 1, 1987, the Company entered into a lease agreement directly with the landlord and subsequently sublet a portion of the space to SIAC. Rental reimbursements amounted to \$1,016,000 in 1987.

NYSE, Amex and NASD own minority interests in The Depository Trust Company (DTC), whose facilities are used by the Company. DTC fees included \$11,547,000 and \$7,830,000, net of rebates, in 1987 and 1986, respectively, relating to charges for NSCC participants which the Company sponsors at DTC. NSCC passes through these charges to the sponsored participants. In addition, the Company rents certain office space from DTC. Rental payments amounted to \$651,000 in 1987 (\$45,000 in 1986).

Amounts payable at December 31, 1987, to SIAC and DTC were \$4,173,000 and \$908,000, respectively (\$3,768,000 and \$778,000 at December 31, 1986).

NOTE 5 COMMITMENTS AND CONTINGENT LIABILITIES:

On May 1, 1987, NSCC advanced the time at which its guarantee of Continuous Net Settlement (CNS) trades is effective. As a result, CNS transactions are guaranteed as of midnight on the day they are reported as compared, or recorded in the case of trades entering CNS from automated execution systems. Such transactions had previously been guaranteed on the day prior to settlement date. The basis upon which participants' Clearing Fund requirements are calculated was correspondingly modified to compensate for changes in perceived risk patterns.

The failure of participants to deliver securities to the Company on settlement day, and the corresponding failure of the Company to redeliver such securities, results in open positions. Open positions are marked-to-the-market daily, and such marks are debited or credited through the settlement process to participants involved. At the close of business on December 31, 1987, open positions due the Company approximated \$727,000,000 (\$963,000,000 at December 31, 1986), and the amounts due from the Company approximated \$539,000,000 (\$626,000,000 at December 31, 1986) for unsettled positions and \$188,000,000 (\$337,000,000 at December 31, 1986) for securities borrowed through the Company's Stock Borrow Program.

In connection with an agreement ISCC has with The International Stock Exchange (ISE) in London, ISCC guarantees the settlement obligations of its members at ISE. ISCC's members collateralize such obligations by depositing Clearing Fund amounts with ISCC as required pursuant to the ISCC Member's Agreement.

Under the terms of the agreement with SIAC noted above, the Company is contingently liable in the event of cancellation for com-

puter equipment leases in the amount of \$5,964,000 at December 31, 1987. This contingent liability under the current agreement decreases to zero in 1991.

Additionally, in connection with SIAC's contemplated establishment of a dual processing site, the Company has entered into an agreement indemnifying NYSE, the guarantor, for NSCC's proportionate share of proposed long-term lease obligations. The terms, conditions and amounts of the leases have not yet been finalized.

At December 31, 1987, future minimum annual rental payments under all noncancellable operating leases through 1992 amounted to \$13,299,000, payable in amounts decreasing from \$2,804,000 in 1988 to \$2,607,000 in 1992. Rental expense amounted to \$1,463,000 and \$939,000, which is net of rental reimbursements of \$1,145,000 and \$10,000 in 1987 and 1986, respectively.

NOTE 6 PENSION PLAN:

The Company has a trustee noncontributory pension plan. Benefits under this plan are generally based on employees' years of service and compensation during the years immediately preceding retirement. In 1987, the Company adopted Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions." Pension cost for 1987 is summarized as follows:

Service cost	\$ 295,256
Interest cost	176,494
Actual return on investment	(154,054)
Amortization of transitional liability	57,146
Total pension cost	\$ 374,842

The funded status of the defined benefit plan covering employees at December 31, 1987, was as follows:

Actuarial present value of benefit obligations:	
Vested benefit obligation	\$ (829,548)
Nonvested benefit obligation	(145,338)
Accumulated benefit obligation	(974,886)
Effect of salary projections	(1,206,240)
Projected benefit obligation	(2,181,126)
Fair value of plan assets	1,823,521
Plan assets less than projected benefit obligation	(357,605)
Unrecognized net gain	(505,560)
Unrecognized transitional liability	488,323
Accrued pension cost	\$ (374,842)

The expected rate of return on plan assets was 8%. The discount rate and rate of increase in future compensation levels used in determining the actuarial present value of accumulated benefit obligations at December 31, 1987, were 9% and 8%, respectively.

Price Waterhouse

153 East 53rd Street
New York, NY 10022



February 29, 1988

To the Board of Directors and Shareholders of
National Securities Clearing Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and retained earnings and of cash flows present fairly the financial position of National Securities Clearing Corporation and its subsidiaries at December 31, 1987 and 1986, and the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting

principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

- ABD Securities Corporation
 Adams, Harkness & Hill, Inc.
 Adler, Coleman & Co., Inc.
 Advest, Inc.
 Agora Securities, Inc.
 J. Alexander Securities, Inc.
 Fred Alger & Company Incorporated
 Allen & Company Incorporated
 Alpine Associates
 Amalgamated Bank of New York
 American Securities Corporation
 American Stock Exchange Clearing Corporation
 Arnhold and S. Bleichroeder, Inc.
 Asiel & Co.
 BHF Securities Corporation
 B & S Financial Services Inc.
 BT Brokerage Corporation
 Julius Baer Securities Inc.
 Baird, Patrick & Co., Inc.
 Robert W. Baird & Co., Incorporated
 Bank of Montreal, New York Branch
 The Bank of New York
 The Bank of New York – Brokers Clearance
 Bankers Trust Broker Clearing Unit
 Bankers Trust – Clearance
 Bankers Trust Company
 Adams, McEntee & Company
 BGK Securities Co.
 Buchanan & Co., Inc.
 Cantor, Fitzgerald & Co., Inc. – Retail Dealer
 Citizens First National Bank of New Jersey
 Citizens Trust Company
 Langdon P. Cook Incorporated
 Crestar Bank
 Faherty, Aliaga & Co., Incorporated
 First Commercial Bank of Little Rock
 First Interstate Bank of Nevada, N.A.
 First Wisconsin National Bank of Milwaukee
 Fleet National Bank
 Glickenhau – LTG & Co.
 Grigsby, Brandford & Co., Inc.
 The Leedy Corporation
 Midland Montagu Securities Inc.
 Midlantic National Bank
 E. A. Moos & Co. Incorporated
 National City Bank, Cleveland
 D. A. Pincus & Co., Inc.
 Southeastern Municipal Bonds, Inc.
 Sterling, Grace Municipal Securities Corporation
 Strahsmeier Securities Co.
 The Summit Trust Company
 Tollner & Bean, Inc.
 Wheeler Municipals Corp.
 Bankers Trust/Investment Services
 Barclays Bank International Limited
 Barrett & Company
 George K. Baum & Co.
 Bear, Stearns & Co., Inc.
 Bear, Stearns Specialist
 Beauchamp & Co.
 Beckman & Co., Inc.
 Benton & Company
 Sanford C. Bernstein & Co., Inc.
 Bidwell & Company
 Blackmore & Co., Inc.
 Charles M. Blair & Co., Inc.
 William Blair & Company
 Blinder, Robinson & Co., Inc.
 Bocklett & Co.
 Boston Stock Exchange Clearing Corp.
 Bodell Overcash Anderson & Co., Inc.
 Buell Securities Corp.
 Cantella & Co. (Retail)
 Robert C. Carr & Co., Inc.
 Clayton, Polleys & Co.
 Datek Securities Corp.
 Diamant Investment Corp.
 F. W. Doyle & Co.
 Gage-Wiley & Co., Inc.
 Gowell Securities Corporation (Retail)
 Instant Funds Incorporated
 Investors Discount Corporation
 Kimball & Cross
 Linsco Corp.
 Merrimack Valley Investment Inc.
 H. M. Payson & Co.
 Shelter Rock Securities Corp.
 Sunrise Capital Corporation
 Trusted Funds, Inc.
 Arthur W. Wood Company
 Boston Stock Exchange Specialist Account
 ABD Securities Corp.
 BHF Securities Corp.
 Blodgett & Co., Inc.
 Cantella & Co.
 The Chicago Corporation
 Dean Witter Reynolds Inc.
 Dietrich & Company
 Feigelman Securities
 Gus N. Ganoudis
 Garden State Securities, Inc.
 Gowell Securities Corp.
 Hawthorne Securities Corporation
 K. and S., Inc.
 King, Keller & Co.
 Meadowbrook Securities Inc.
 Mermelstein & Co.
 Merrill Lynch, Pierce, Fenner & Smith Inc.
 National Financial Services Corp.
 Ocean Hill Equities Inc.
 Pershing Division of Donaldson Lufkin & Jenrette Securities Corporation
 J. C. Bradford & Co.
 Branch, Cabell & Co.
 Broadcort Capital Corporation
 Brokerage Clearance Services Inc.
 Brounoff, Claire & Co., Inc.
 Alex. Brown & Sons Incorporated
 Brown Brothers Harriman & Co.
 Brown & Company Securities Corporation
 Brown, Lisle/Cummings, Inc.
 P. R. Burke & Co.
 Burns Fry & Timmins Inc.
 Burns, Pauli & Co., Inc.
 Cable, Howse & Ragen
 D. A. Campbell Company, Inc.
 Campbell, Waterman, Inc.
 Canadian Depository for Securities Limited
 Andras Research Capital Inc.
 Alfred Bunting & Company Ltd.
 Burns Fry Limited
 Connor, Clark & Company Ltd.
 Darier Canada Inc.
 Davidson Partners Limited
 Deacon, Morgan, McEwen, Easson Limited
 Dean Witter Reynolds (Canada) Inc.
 Deragon Langlois Ltd.
 Disnat Investment Inc.
 Dominick & Dominick Securities Inc.
 Dominion Securities Pitfield Limited
 First Canada Securities Corporation
 First Marathon Securities Limited
 Gardiner Group Stockbrokers Inc.
 Geoffrion, Leclerc & Co. Ltd.
 Geoffrion, Leclerc Inc.
 Gordon Capital Corporation
 Guardian Trust Company
 Lafferty, Harwood & Partners Ltd.
 Levesque, Beaubien Inc.
 Loewen, Ondaatje, McCutcheon & Company, Ltd.
 MacDougall, MacDougall & MacTier Ltd.
 McCarthy Securities Limited
 McLeod Young Weir Limited
 McNeil, Mantha, Inc.
 Merit Investment Corporation
 Merrill Lynch Canada Inc.
 Midland Doherty Limited
 Odlum Brown Limited
 Osler Inc.
 Pemberton Houston Willoughby Bell Gouin Lock Inc.
 Pictet (Canada) and Company, Limited
 Richardson Greenshields of Canada Limited
 Thomson Kernaghan & Co. Ltd.
 Walwyn Stodgell Cochran Murray Limited
 Wood Gundy Inc.
 Yorkton Securities Inc.
 Canadian Imperial Bank of Commerce
 Cantor, Fitzgerald & Co., Inc.
 Cantor, Fitzgerald Corporate Brokers, Inc.
 S. B. Cantor & Co., Inc.
 Capital Shares, Inc.
 Carolina Securities Corporation
 Carr Securities Corp.
 Carr & Thompson, Inc.
 Carroll McEntee & McGinley Incorporated
 Cenpac Securities Corporation
 Challenge Securities, Inc.
 J. W. Charles-Bush Securities Inc.
 Chase Dealer & Investment
 The Chase Manhattan Bank, N.A.
 Chase/Syndicate
 Chemical Bank
 Chemical Bank – Municipal Dealer
 The Chicago Corporation
 The Cincinnati Stock Exchange
 Citibank Dealer – Municipal Operations
 Citibank/IFI Custody
 Citibank, N.A.
 Simmons First National Bank
 Citibank – Private Banking Division
 Coast Options Inc.
 Common Back Office Inc.
 Conklin, Cahill & Co.
 The Connecticut Bank and Trust Company, N.A./Municipal Bond Dealer Department
 The Connecticut Bank and Trust, N.A.
 Coughlin & Co., Inc.
 County Securities Corporation USA
 Cowen & Co.
 Craig-Hallum, Inc.
 Craigie Incorporated
 Cresvale International, Inc.
 Crowell, Weedon & Co.
 Custodial Trust Company (affiliate of Bear, Stearns & Co., Inc.)
 DLJ Fixed-Income
 Dain Bosworth Incorporated
 Daiwa Securities America Inc.
 Daugherty, Cole Inc.
 Davenport & Co. of Virginia, Inc.
 D. A. Davidson & Co. Inc.
 Shelby Cullom Davis & Company
 Dean Witter Reynolds Inc.
 deCordova, Cooper & Co.
 Deltec Securities Corporation
 The Depository Trust Company
 The First National Bank of Cincinnati
 First National Bank of Louisville
 Manufacturers National Bank of Detroit – Municipal Bond Dept.
 Wachovia Bank & Trust Company, N.A.
 Deutsche Bank Capital Corporation
 Dillon, Read & Co. Inc.
 Dillon Securities
 Doft & Co., Inc.
 Dominick Investor Services Corp.
 Dominion Securities Pitfield Inc.
 Drexel Burnham Lambert Incorporated
 E. I. Loan Services
 Easton & Co.
 Eberstadt Fleming Inc.
 A. G. Edwards & Sons, Inc.
 Einhorn & Co.
 Engler-Budd & Company, Inc.
 Eppler, Guerin & Turner, Inc.
 Equity Securities Trading Co., Inc.
 Ernst & Company
 EuroPartners Securities Corporation
 Evans & Co., Incorporated
 Exchange Services, Inc.
 Execution Services Incorporated
 Fagenson & Company, Inc.
 Fagenson & Company, Inc. – Retail
 Fahnestock & Co., Inc.
 George R. Fairweather Securities, Inc.
 Fechtor, Derwiler & Co., Inc.
 Fernandez, Bartsch & Mirra
 Financial Clearing & Services Corporation

First Albany Corporation
 First Birmingham Securities Corporation
 The First Boston Corporation
 First Financial Group
 First Jersey National Bank
 First Jersey Securities, Inc.
 First Manhattan Co.
 First of Michigan Corporation
 First Options of Chicago, Inc.
 First Southwest Company
 First Wachovia Brokerage Service Corporation
 Fossett Corporation
 Walter N. Frank & Co.
 Wm. V. Frankel & Co., Inc.
 Freeman Securities Company, Inc.
 Freeman Welwood & Co., Inc.
 French American Banking Corp.
 Albert Fried & Company
 Fundamental Corporate Bond Brokers, Inc.
 J.W. Gant & Associates, Inc.
 Gintelco, Inc.
 Goldberg Securities, Inc.
 Goldman, Sachs & Co.
 Gordon & Co.
 Gradison & Company Incorporated
 Greenfield Partners
 Oscar Gruss & Son Incorporated
 Halcyon Investments
 Hanifen, Imhoff Inc.
 J.F. Hartfield & Co., Inc.
 The Heitner Corporation
 Henderson Brothers, Inc.
 Herzog, Heine, Geduld, Inc.
 Hill, Thompson, Magid & Co., Inc.
 J.J.B. Hilliard, W.L. Lyons Inc.
 Hirshon, Roth & Co.
 Hopper Soliday & Co., Inc.
 Howard, Weil, Labouisse, Friedrichs Incorporated
 Wayne Hummer & Co.
 E.F. Hutton & Company Inc.
 IBJ Schroder Bank & Trust Co.
 INC Trading Corporation
 Icahn & Co., Inc.
 The Illinois Company Incorporated
 Ingalls & Snyder
 Interstate Securities Corporation
 InvestNet Corporation
 Irving Trust Company
 The First National Bank in Albuquerque
 Mitsui Manufacturers Bank
 United Bank of Arizona
 Irving Trust/Investment/Dealer
 JMS Execution Services
 Benjamin Jacobson & Sons
 Jamie Securities Co.
 Janney Montgomery Scott Inc.
 Jefferies & Co., Inc.
 Jesup & Lamont Clearing Corp.
 Johnson, Lane, Space, Smith & Co., Inc.
 Johnston, Lemon & Co. Incorporated
 Edward D. Jones & Co.
 Josephthal & Co. Incorporated
 S.A. Judah & Co., Inc.
 Kalb, Voorhis & Co.
 Kaufmann, Alsberg & Co., Inc.
 Kavanewsky and Associates
 H. Kawano & Co., Inc.
 Kellner, DiLeo & Co.
 J.J. Kenny Co., Inc.
 Kidder, Peabody & Co. Incorporated
 C.L. King & Associates, Inc.
 Koonce Securities Inc.
 Henry Krieger & Co.
 LaBranche & Co.
 Lafer Amster & Co.
 Emmett A. Larkin Co., Inc.
 Lashco, Inc.
 Lasker, Stone & Stern
 Laterman & Company
 Cyrus J. Lawrence Incorporated
 Lawrence, O'Donnell & Co.
 Lazard Freres & Co.
 Lewco Securities Corp.
 S.B. Lewis & Company
 MKI Securities Corp.
 MN Services
 MS Securities Services Inc.
 Mabon, Nugent & Co.
 MacAllaster Pitfield Mackay Inc.
 Bernard L. Madoff
 Manufacturers and Traders Trust Company
 Manufacturers Correspondent Clearing Services
 Manufacturers Hanover Trust Company
 Alamo National Bank
 Arizona National Bank
 Banco Popular de Puerto Rico
 BancOhio National Bank
 Bank of Virginia
 Bankers Trust of South Carolina
 Boatmen's National Bank of St. Louis
 Central Fidelity Bank
 Central Fidelity Bank – Investments
 Central Fidelity Bank (Lynchburg, Va.)
 Corpus Christi National Bank
 The Exchange National Bank of Chicago
 The First National Bank of Shreveport
 First National Bank of South Carolina
 First Union National Bank
 Hibernia National Bank in New Orleans
 Imperial Bank (Los Angeles)
 Landmark First National Bank
 NCNB National Bank of North Carolina
 Old Stone Corporation
 Pittsburgh National Bank
 South Carolina National Bank
 Southeast Bank, N.A.
 Southtrust Bank of Alabama, N.A.
 Sovran Bank, N.A.
 Sovran Bank, N.A. – Trading Account
 UnibancTrust
 United Bank and Trust Company
 Manufacturers Hanover Trust Company – Municipal Dealer Operations
 Marcus & Company
 Marcus Schloss & Co., Inc.
 Marine Midland Bank, N.A. – Capital Markets Clearance
 Marine Midland Bank – New York
 First National Bank of Toms River, N.J.
 Second National Bank of Saginaw
 United Jersey Bank
 Carl Marks & Co., Inc.
 Mayer & Schweitzer, Inc.
 McCourtney-Breckenridge & Company
 McDaniel Lewis & Co.
 McDonald & Company Securities, Inc.
 C.L. McKinney & Co., Inc.
 McLeod Young Weir Incorporated
 M.J. Meehan & Co.
 Mellon Securities Trust Co.
 Mercator Partners
 Mericka & Co., Inc.
 Merrill Lynch, Pierce, Fenner & Smith Inc.
 Merrill Lynch, Pierce, Fenner & Smith Inc. – Securities Lending
 Mesirow and Company, Inc.
 Midland Doherty Inc.
 Midwest Clearing Corporation
 Bartlett & Co.
 Equitable Securities Corporation
 Howe, Barnes & Johnson, Inc.
 IK Securities, Ltd.
 Lomas Securities USA, Inc.
 The Milwaukee Company
 The Ohio Company
 Montgomery Securities
 Morgan Guaranty Trust Company of New York
 Morgan Guaranty Trust Company of New York – Muni Bond Dealer
 Morgan, Keegan & Company, Inc.
 Morgan, Olmstead, Kennedy & Gardner Incorporated
 Morgan Stanley & Co. Incorporated
 Muller and Company, Inc.
 MuniCorp of California
 Murphey Favre, Inc.
 Murphey, Marseilles, Smith & Nammack, Inc.
 Murphy & Durieu
 NB Clearing Corporation
 NASD Market Services Inc.
 National Financial Services Corporation
 National Westminster Bank USA
 Neuberger & Berman
 New Japan Securities International, Inc.
 Newbridge Securities Inc.
 Newhard, Cook & Co. Incorporated
 The Nikko Securities Co. International, Inc.
 Nippon Kangyo Kakumaru International, Inc.
 Nomura Securities International, Inc.
 The Northern Trust Company
 John Nuveen & Co. Incorporated
 O'Connor & Associates
 O'Connor Securities
 Offerman & Co., Inc.
 Olde Discount Corporation
 Oppenheimer & Co., Inc.
 Outwater & Wells, Inc.
 Pacific Brokerage Services, Inc.
 Pacific Stock Exchange Specialist Account
 ABD Securities Corporation
 AGF Securities Inc.
 Adams-Fastnow Company, Inc.
 Bateman Eichler, Hill Richards Incorporated
 The Chicago Corporation
 Crowell, Weedon & Co.
 D.A. Davidson & Co. Inc.
 Donaldson, Lufkin & Jenrette Securities Corp.
 Easton & Co.
 Garat & Co.
 Goldberg Securities, Inc.
 Shields Hoelscher & Co.
 Hopkins, Harbach & Co.
 Jefferies & Company, Inc.
 K.J. Keeley & Co. Inc.
 Ronald E. Melville, Inc.
 Merrill Lynch Specialists Inc.
 Mitchum Jones & Templeton Inc.
 PaineWebber Specialists Inc.
 Post 63 Partners
 Seidler Amdec Securities Inc.
 Shearson Lehman Brothers, Inc.
 TCW Inc.
 Wedbush Securities, Inc.
 Weedon & Co.
 Don C. Whitaker Inc.
 L.W. Wilson & Co., Inc.
 Yamaichi International (America), Inc.
 PaineWebber Incorporated
 S.C. Parker & Co., Inc.
 Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation
 Pflueger & Baerwald Inc.
 Carl H. Pforzheimer & Co.
 Piper, Jaffray & Hopwood Incorporated
 Pittock Financial Corporation
 Porter, White & Yardley, Inc.
 Preferred Technology, Inc.
 Prescott, Ball & Turben, Inc.
 Prudential-Bache Securities Inc.
 Purcell, Graham & Co.
 Q & R Clearing Corporation
 E.J. Quinn & Co., Inc.
 F.P. Quinn & Co.
 R.F.G. Co.
 R.J. Stock Lending
 RSF Partners
 T.J. Raney & Sons, Inc.
 Rauscher Pierce Refsnes, Inc.
 Raymond, James & Associates, Inc.
 W.H. Reaves & Co., Inc.
 Refco Securities, Inc.
 Refco Securities, Inc./Stock Loan
 Regional Clearing Corp.
 Reich & Co. Inc.
 Richardson Greenshields Securities Inc.
 M. Rimson & Co., Inc.
 Robb, Peck, McCoey Clearing Corporation
 Robertson, Colman & Stephens
 Rodman & Renshaw, Inc.

- Roney & Co.
 Rose & Company Investment Brokers, Inc.
 L.F. Rothschild and Co. Incorporated
 Roulston Research Corp.
 R. Rowland & Co., Incorporated
 Ryan, Beck & Co.
 Sage Clearing Corporation
 Sage, Rutty & Co., Inc.
 Salomon Brothers Inc
 M.A. Schapiro & Co., Inc.
 Charles Schwab & Co., Inc.
 Scott & Stringfellow, Inc.
 Seasongood & Mayer
 Allen Securities Corp.
 Securities Settlement Corporation
 Security Pacific Clearing & Services Corp.
 Adams, Block & Coe Securities
 James Baker & Company
 Berghoff, Marsh & Company
 A.F. Best Securities, Inc.
 Bowman & Company, Incorporated
 Bryan, Worley & Co., Inc.
 Capitol Municipal Securities, Inc.
 Carty & Company, Inc.
 Chase Lincoln First Bank, N.A.
 Chilton & O'Connor, Inc.
 Dayton, Kahn, Heppel, Hancock & Co.
 Dolphin & Bradbury Incorporated
 A. Webster Dougherty & Co. Incorporated
 Drizos Investments, Inc.
 Duncan-Williams, Inc.
 R.W. Ellwood & Co., Inc.
 Emmet & Co., Inc.
 FinSer Investment Company
 First Eastern Bank, N.A.
 First Miami Securities
 First St. Louis Securities, Inc.
 Gibraltar Securities Co.
 Griffin, Kubik, Stephens & Thompson, Inc.
 Hammond & Borzum, Incorporated
 Henry/Kearns Municipals, Inc.
 Horizon Securities, Inc.
 A.D. Jack & Company
 M.G. Lewis & Co., Inc.
 Matthews & Wright Capital, Inc.
 Matthews & Wright, Inc.
 McGowan, O'Meara & Company, Inc.
 Meuse, Rinker, Chapman, Endres & Brooks
 Mid-State Securities Corp.
 Municipal Securities, Inc.
 National Bank of Commerce (Birmingham, Ala.)
 National Bank of Commerce (Memphis, Tenn.)
 Leo Oppenheim & Co., Inc.
 Pacific Securities Inc.
 Plansmith Securities, Inc.
 R H Investment Corporation
 RMG Capital L.P.
 Arch W. Roberts & Co.
 Russell, Rea & Zappala, Inc.
 Scharff & Jones, Inc.
 R. Seelaus & Co., Inc.
 Spelman & Co., Inc.
- Taylor Byrne Securities, Inc.
 Townes & Co., Inc.
 United Capital Corporation
 Vining-Sparks Securities, Inc.
 Michael A. Weisser, Inc.
 Westcap Securities, Inc.
 A.H. Williams & Co., Inc.
 B.C. Ziegler & Company
 Ziegler Securities, Inc.
 Security Pacific Loan Group
 Morton Seidel & Co., Inc.
 Seligman Securities, Inc.
 Shatkin Investment Corp.
 Shatkin-Lee Clearance
 Shatkin-Lee Securities Co.
 Shearson Lehman Brothers, Inc.
 Sherwood Securities Corp.
 I.M. Simon & Company, Inc.
 Smith Barney, Harris Upham & Co. Incorporated
 Smith, Moore & Co.
 Southwest Securities Incorporated
 Spear, Leeds & Kellogg
 Spear Securities & Co., Inc.
 State Street Bank and Trust Company, N.A.
 R.J. Steichen & Co.
 Stern & Kennedy
 Sterne, Agee & Leach, Inc.
 Stifel, Nicolaus & Company Incorporated
 Stock Clearing Corporation of Philadelphia
 Butcher & Singer Inc.
 StockCross, Inc.
 Stokes, Hoyt & Co.
 Stone & Youngberg
 J. Streicher & Co.
 The Stuart-James Company, Inc.
 Henry F. Swift & Co.
 Swiss American Securities, Inc.
 Swiss Bank Corporation International Securities Inc.
 Thomson McKinnon Securities Inc.
 Timber Hill, Inc.
 The Toronto-Dominion Bank
 Transaction Services, Inc.
 Transatlantic Securities Company
 Tucker, Anthony & R. L. Day, Inc.
 UBS Securities Inc.
 Underwood, Neuhaus & Co., Incorporated
 United Missouri Bank of Kansas City, N.A.
 United States Trust Company of New York
 Universal Securities Corporation
 Vail Securities Investment, Inc.
 Van Kampen Merritt Inc.
 Vickers da Costa Securities Inc.
 Edward J. Viner & Co., Inc.
 W & D Securities, Inc.
 Wachtel & Co., Inc.
 Wagner, Stott & Co.
- Wagner Stott Clearing Corp.
 Wall Street Clearing Company
 Wall Street Equities, Incorporated
 Wall Street Trust, A Bank of New York Division
 Jefferson Guaranty Bank
 Maryland National Bank
 NCNB National Bank of North Carolina - a/c Cape Securities
 Walsh, Greenwood & Co.
 S.G. Warburg & Co., Inc.
 Weber, Hall, Sale & Associates, Inc.
 Wechsler & Krumholz, Inc.
 Wedbush Securities, Inc.
 Weiss, Peck & Greer
 H.G. Wellington & Co., Inc.
 Wells Fargo Bank, N.A.
 Wheat, First Securities, Inc.
 Thomas F. White & Co., Inc.
 Williams Securities Group, Inc.
 Wilshire Associates
 Windsor Associates
 Wolfe & Hurst Bond Brokers, Inc.
 Wood Gundy Corp.
 Yamaichi International (America), Inc.
 Yamaichi International (America), Inc. (L.A.)
 Ziegler Thrift Trading, Inc.
- FOR MUNICIPAL COMPARISON ONLY:
- Acker, Wolman Securities Corp.
 Allied Bank of Texas
 M.E. Allison & Co., Inc.
 American Municipal Securities Inc.
 American National Bank - St. Paul
 American Security Bank, N.A. (Washington, D.C.)
 AmSouth Bank, N.A.
 A.E. Aub & Co.
 BancTexas Dallas N.A.
 Bank IV Topeka, N.A.
 Bank IV Wichita, N.A.
 Bank of America, BIRD
 Dealer-Portfolio
 Bank of California
 Bank of Hawaii
 Bank of New England, N.A. Dealer Bank
 Bank of Oklahoma, N.A.
 Bank One, Indianapolis, N.A.
 Bank South, N.A. (Atlanta)
 Bankers' Bank of Wisconsin
 Bankers Trust Company - Investment Dealer
 Barnett Bank of Jacksonville, N.A.
 Barr Brothers & Co., Inc.
 BayBank Boston, N.A.
 Birr, Wilson Securities, Inc.
 Branch Banking & Trust Co.
 K.R. Butler, Inc.
 Cain Brothers, Shattuck & Company
 Cal State Securities Corp.
 Cantor, Fitzgerald Municipal Brokers, Inc.
 Capital Markets Corporation
 Carolan & Co., Inc.
 Centerre Bank, N.A. St. Louis
 Central Bank of Denver
 Central Bank of the South
- The Central Trust Co. N.A. (Cincinnati)
 Chapdelaine & Co.
 Citizens Fidelity Bank & Trust Company (Louisville, KY)
 The Citizens & Southern National Bank - Dealer Account
 City National Bank, Beverly Hills, California
 Colorado National Bank of Denver
 Comerica Bank - Detroit
 Commerce Bank of Kansas City, N.A.
 Commerce Bank of St. Louis, N.A.
 Commercial National Bank of Peoria
 Commonwealth Securities and Investments, Inc.
 Connecticut National Bank - Investment Dealer
 Conners & Company
 Continental Illinois National Bank & Trust Co. - Dealer Account
 Coogan, Gilbert & Co., Inc.
 R.W. Corby & Company, Inc.
 Cotham & Co., Inc.
 Country Club Bank, Kansas City
 R.L. Cray & Co., Inc.
 Crews & Associates, Inc.
 Cumberland Securities Company, Inc.
 Dahlke & Company, Inc.
 Denver National Bank - Investment Dept.
 Deposit Guaranty National Bank, Jackson, MS
 Ladd Dinkins & Company
 Discount Corporation of New York Municipals
 Doley Securities Inc.
 Dominion Bank, N.A. (Roanoke, VA)
 Douglas & Co. Municipals, Inc.
 Harry Downs & Co., Inc.
 Clifford Drake & Company, Inc.
 Duke McElroy & Company, Inc.
 R.J. Edwards, Inc.
 Egan, Marrin & Rubano, Inc.
 Ehrlich-Bober & Co., Inc.
 Equibank, N.A.
 Essex Company
 W.N. Estes & Company, Inc.
 European American Bank
 Fidelity Bank, N.A.
 The Fifth Third Bank
 First Alabama Investments, Inc.
 First American National Bank - Nashville
 First Bank (N.A.) Milwaukee
 First Charlotte Corporation
 First Citizens Bank & Trust Company
 First City National Bank of Houston - Safekeeping
 First Commercial Bank
 First Fidelity Bank, N.A., New Jersey Municipal Dealer

First Interregional Equity Corp.
 First Interstate Bank of Arizona, N.A.
 First Interstate Bank of California
 First Interstate Bank of Denver, N.A.
 First Interstate Bank of Oklahoma
 City – Investment Division
 First Interstate Bank of Oregon, N.A.
 First Interstate Bank of Washington
 – Bank Investment Department
 First Investment Securities, Inc.
 First Missouri Bank & Trust Company
 First National Bank in Palm Beach –
 Bond Department
 First National Bank of Atlanta
 The First National Bank of Boston –
 Dealer
 First National Bank of Chicago
 First National Bank of Commerce
 (New Orleans)
 First National Bank of Maryland
 First National Bank of Minneapolis –
 Bond Dealer
 First National Bank of Springfield
 The First National Bank of St. Paul
 The First National Bank & Trust Co.
 of Tulsa – Investment Division
 First of America Bank – Detroit, N.A.
 First Republic Bank Dallas
 First Southern Securities, Inc.
 First Tennessee Bank, N.A.
 First Union National Bank of Florida
 Florida National Bank (Jacksonville)
 Fox Reusch & Co., Inc.
 The Frazer Lanier Company
 Frost National Bank – Bond Dept.
 GIMB
 Glickenhau & Co.
 A.F. Green & Co., Inc.
 Halliburton & Associates, Inc.
 Halpert, Oberst and Company
 Harper, McLean & Company
 Chester Harris & Co., Inc.
 Hattier, Sanford & Reynoir
 Frank Henjes & Company, Inc.
 William R. Hough & Co.
 The Huntington National Bank
 Hutchinson, Shockey, Erley & Co.
 Independent State Bank of Minnesota
 Indiana National Bank
 International Bank
 JMC Securities, Inc.
 Johnston, Brown, Burnett
 & Knight, Inc.
 Lex Jolley & Co., Inc.
 Joe Jolly & Co., Inc.
 KMS Corporate Brokers
 Kaiser & Company
 Kansas State Bank & Trust Company
 (Wichita, KS)
 Keenan & Clarey, Inc.
 Kemper Sales Company
 Kirchner, Moore & Company
 W.L. Knox & Company
 Landmark Bank of Fort Worth
 LaSalle National Bank/Dealer
 Operations
 Lebenthal & Co., Inc.
 David Lerner Associates, Inc.
 Liberty National Bank and Trust
 Company (Louisville, KY)

Liberty National Bank & Trust
 Company Investment Dept.
 (Oklahoma City, OK)
 MBank Austin N.A.
 MBank Houston, N.A.
 MCG Portfolio Management Corp.
 M&I Marshall & Ilsley Bank
 Manufacturers and Traders Trust Co.
 – Muni Trading & Safekeeping
 Manufacturers Hanover Securities
 Corporation
 Marcotte Hume & Associates
 Incorporated
 Marine Bank, N.A. (Milwaukee)
 Mark Twain National Bank
 (St. Louis, MO)
 Hugo Marx & Co., Inc.
 Masterson & Company
 McLaughlin, Piven, Vogel Inc.
 McLiney and Company
 Mellon Bank (East), N.A.
 Mellon Bank, N.A.
 Mercantile Bank, N.A.
 Merchants National Bank & Trust
 Company of Indianapolis
 Merit Financial Corporation
 N.D. Meyer & Co., Inc.
 Michigan National Bank of Detroit
 Miller & Schroeder Financial Inc.
 Mountaineer Securities Co.
 Municipal Investors Service, Inc.
 NCNB National Bank of Florida
 National Bank of Commerce Trust &
 Savings Association – Dealer
 National Bank of Detroit
 National Bank of Georgia – Dealer
 The National Bank of Washington
 Newman and Associates, Inc.
 Norstar Bank, N.A./Buffalo
 Norstar Bank of Upstate New York
 (Albany)
 Norwest Investment Services
 O'Brien & Shepard, Inc.
 Old National Bank of Washington
 Oregon Bank
 J.A. Overton & Co.
 Park Investment Corporation
 Peoples National Bank of Washington
 R.W. Peters, Rickel & Co., Inc.
 Philadelphia National Bank –
 Corestates Capital Markets Group
 Rainier National Bank
 RepublicBank First National
 Midland (TX)
 Rhode Island Hospital Trust National
 Bank
 Rogers & Lamb
 Roosevelt & Cross, Incorporated
 Ross Capital Group, Inc.
 SSB – Bank Portfolio
 Schaffer, Necker & Co.

Scheetz, Smith & Company, Inc.
 Schmidt Securities, Inc.
 Seattle First National Bank
 Seattle Northwest Securities
 Corporation
 SecuriCorp, Inc.
 Security Bank of Kansas City
 Security Pacific National Bank
 Shawmut Bank – Investment Division
 Shawmut Worcester County Bank,
 N.A.
 Signet Bank/Virginia
 Herbert J. Sims & Co., Inc.
 Sisung Securities, Inc.
 R. W. Smith & Associates, Inc.
 Society National Bank
 Sovran Bank/Central South
 J. W. Sparks Municipals, Inc.
 M.L. Stern & Co., Inc.
 Stoeber, Glass & Co. Inc.
 Sun Bank, N.A. (Orlando, Florida)
 TMA Government Securities, Ltd.
 Texas American Bank/Fort Worth,
 N.A.
 Texas Commerce Bank – El Paso
 Texas Commerce Bank, N.A.
 Texas Independent Bank
 Texas State Securities, Inc.
 Third National Bank in Nashville
 Thorn, Alvis, Welch, Inc.,
 Investment Securities
 Thornton, Farish & Gauntt Inc.
 Titus & Donnelly Inc.
 Trust Company Bank – Investment
 Banking Division
 Trustmark National Bank
 UMIC, Inc.
 Union Bank – Treasury Department
 Union Planters Investment Bankers
 Group
 United Bank of Denver, N.A.
 United States Bank of Oregon/Dealer
 Valley National Bank of Arizona
 St. Denis J. Villere & Co.
 J.H. Wagner & Co. Inc.
 Wells Fargo Bank, N.A. – Funding
 Group
 Westpac Banking Corporation
 R.D. White & Company
 Whitney National Bank of
 New Orleans
 Wolfe & Hurst Bond Brokers, Inc. –
 Muni Division
 Worthen Bank & Trust Co., N.A.,
 (Little Rock, AR)
 A.W. Zucker & Co.

FOR FUND/SERV:
Brokers

Bear, Stearns & Co., Inc.
 J.C. Bradford & Co.
 Branch, Cabell & Co.
 Alex. Brown & Sons Incorporated
 J.W. Charles-Bush Securities Inc.
 Dain Bosworth Incorporated
 Dean Witter Reynolds Inc.
 A.G. Edwards & Sons, Inc.
 Eppler, Guerin & Turner, Inc.
 Ernst & Company

First Albany Corporation
 Herzog, Heine, Geduld, Inc.
 J.J.B. Hilliard, W.L. Lyons Inc.
 Howard, Weil, Labouisse, Friedrichs
 Incorporated
 Interstate Securities Corporation
 Johnson, Lane, Space,
 Smith & Co., Inc.
 Edward D. Jones & Co.
 Josephthal & Co. Incorporated
 Merrill Lynch, Pierce, Fenner &
 Smith Inc.
 Morgan, Keegan & Company, Inc.
 Newbridge Securities Inc.
 Oppenheimer & Co., Inc.
 Piper, Jaffray & Hopwood
 Incorporated
 Prescott, Ball & Turben, Inc.
 Prudential-Bache Securities Inc.
 Rauscher Pierce Refsnes, Inc.
 Raymond, James & Associates, Inc.
 Regional Clearing Corp.
 Shearson Lehman Brothers, Inc.
 Smith Barney, Harris Upham & Co.
 Incorporated
 Thomson McKinnon Securities Inc.
 Tucker, Anthony & R. L. Day, Inc.
 Wall Street Clearing Company

FOR FUND/SERV:
Funds

Alliance Fund Distributors, Inc.
 American Capital Marketing Inc.
 American Funds Distributors, Inc.
 Colonial Investors Service Center, Inc.
 Criterion Distributors, Inc.
 Eaton Vance Distributors, Inc.
 Franklin Distributors, Inc.
 GT Global Financial Services
 Kemper Financial Services, Inc.
 Keystone Massachusetts
 Distributors Inc.
 Lord, Abbett & Co.
 MFS Financial Services Company
 MetLife State Street Investment
 Services, Inc.
 Nuveen Securities & Co. Incorporated
 Oppenheimer Fund Management, Inc.
 Phoenix Equity Planning Corporation
 The Pioneer Group, Inc.
 Plymouth Investments Division of
 Fidelity Distributors Corporation
 Putnam Investor Services, Inc.
 RNC/Midvale Securities Corp.
 Seligman Marketing, Inc.
 Van Eck Securities Corporation
 Van Kampen Merritt Inc.

► **The Board of Directors guides NSCC in its development and enhancement of systems and services for financial instruments and marketplaces to ensure that they address the needs of the industry and meet regulatory requirements. Board members are selected from participating broker/dealers and banks because of their expertise in particular areas of the financial securities industry.**

As a user-driven cooperative, NSCC relies on the expertise of its Board of Directors whose members represent the broad diversity of the financial services industry and bring a breadth of knowledge and experience to the Board's decision-making processes. The Board works closely with NSCC's senior management to establish corporate goals and to guide NSCC in its development and enhancement of systems and services for financial instruments and marketplaces.

The Board is comprised of 17 members. Thirteen of these members, including Chairman of the Board Raymond J. Kalinowski, are elected from participant firms representing brokers, dealers and banks. The remaining members are NSCC's President and CEO, David M. Kelly, and three Shareholder Directors designated by the NYSE, Amex and NASD: Richard A. Grasso, Paul G. Stevens and C. Richard Justice, respectively.

In 1987, the Board maintained five standing committees whose members are selected from the Board because of their expertise in specific areas and are elected on an annual basis by a vote of the full Board of Directors.

After reviewing suggestions from participants for prospective directors, the Nominating Committee selected four candidates to serve three-year terms as Participant Directors. William P. Behrens, Ernst & Company; Gates H. Hawn, Donaldson, Lufkin & Jenrette Securities Corporation; David L. Roscoe III, Morgan Guaranty Trust Company of New York; and Fenton R. Talbott, The First Boston Corporation became Participant Directors at the Board's Annual Meeting in May 1988 replacing Jeremiah M. Callaghan, Raymond J. Kalinowski, Bruce T. Muddell and Melvin B. Taub.

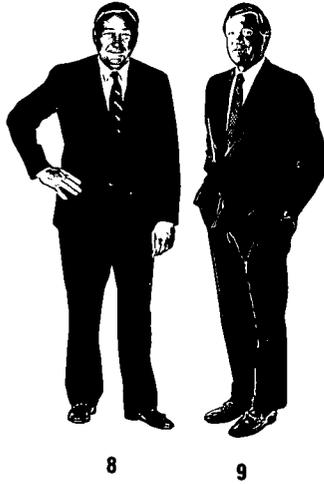
NSCC Board of Directors

- 1. Howard A. Shallcross**
Senior Vice President & Director of Operations
Merrill Lynch, Pierce, Fenner & Smith Inc.
- 2. Richard J. Stream**
Managing Director
Piper, Jaffray & Hopwood, Incorporated
- 3. Richard A. Grasso**
Executive Vice President
New York Stock Exchange, Inc.
- 4. Paul G. Stevens**
Executive Vice President
American Stock Exchange, Inc.
- 5. Wilbert A. Thiel**
Executive Vice President & Treasurer
The Chicago Corporation

- 6. Herbert I. Levitt**
General Partner
Spear, Leeds & Kellogg
- 7. Bernard L. Madoff**
Sole Proprietor
Bernard L. Madoff
- 8. Raymond J. Kalinowski**
Chairman of the Board
Vice Chairman & Director
A.G. Edwards & Sons, Inc.
- 9. David M. Kelly**
President & CEO
National Securities Clearing Corporation
- 10. Ronald W. Readmond**
Managing Director
Alex. Brown & Sons Incorporated
- 11. Ronald D. Upton**
Executive Vice President
Irving Trust Company

- 12. Jeremiah M. Callaghan**
Managing Director
Bear, Stearns & Co., Inc.
- 13. Melvin B. Taub**
Executive Vice President
Shearson Lehman Hutton Inc.
- 14. C. Richard Justice**
Executive Vice President
National Association of Securities Dealers, Inc.
- 15. Leonard V. Haynes**
Senior Executive Vice President
Shearson Lehman Hutton Inc.
- 16. J. Kevin Kenny**
President & CEO
J.J. Kenny Co., Inc.
- Bruce T. Muddell***
President & CEO
Chemical Bank (Delaware)
(not pictured)

*Resigned in December 1987





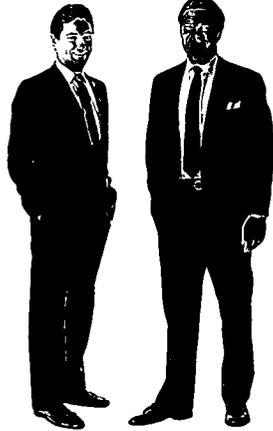
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◀ **The ISCC Board of Directors is responsible for guiding ISCC in its mission to provide U.S. participants with locally accessible clearing services for non-U.S. securities, and to provide non-U.S. clearing and depository organizations with links into NSCC and The Depository Trust Company.**

The ISCC Board is comprised of 14 senior executives representing participant firms involved in global securities markets. The ISCC user board is charged with guiding ISCC in its efforts to support international trading by U.S. brokers, dealers and banks through the establishment of bilateral clearing and custody links with central clearing and depository organizations in other countries.

Gerard P. Lynch was elected Chairman of the Board to replace Roger E. Birk who resigned in November 1987 to become President of the Federal National Mortgage Association.

In 1987, the Board supported ISCC in its continuing discussions with Cedel, a major clearing and safekeeping organization in Luxembourg, regarding the establishment of a clearance and settlement link which would allow ISCC participants access to Cedel and all of its marketplaces and services. ISCC and Cedel signed a contract in May 1988, and the link will become operational following approval by the Securities and Exchange Commission. The Board also continued to support ISCC throughout the second half of 1987 in the implementation of a securities custody service with Singapore's Central Depository (Pte.) Ltd. for the Stock Exchange of Singapore's new market-making system in NASDAQ issues. The service was implemented in early 1988.

The clearing link with The International Stock Exchange in London is expected to become bilateral in 1988. ISCC also anticipates the establishment of a custody link with Japan Securities Clearing Corporation in 1988. With the help of its Board of Directors, ISCC will continue to work with clearing and depository organizations around the world to develop a standardized global clearance and settlement system.

ISCC Board of Directors

- | | | |
|--|--|--|
| <p>1. Joseph Anastasio
Director, International Operations
Salomon Brothers Inc</p> <p>2. David M. Kelly
President & CEO
International Securities Clearing Corporation</p> <p>3. Michael T. Reddy
Senior Vice President
Merrill Lynch, Pierce, Fenner & Smith Inc.</p> <p>4. Mark T. Smith
Vice President
American Stock Exchange, Inc.</p> | <p>5. C. Robert P. Meyjes
Senior Vice President
Citibank, N.A.</p> <p>6. Joseph L. Gitterman III
Managing Partner
LaBranche & Co.</p> <p>7. C. Richard Justice
Executive Vice President
National Association of Securities Dealers, Inc.</p> <p>8. Fenton R. Talbott
Managing Director
The First Boston Corporation</p> <p>9. Gerard P. Lynch
Chairman of the Board
Managing Director
Morgan Stanley & Co. Incorporated</p> <p>10. David L. Roscoe III
Senior Vice President
Morgan Guaranty Trust Company of New York</p> | <p>11. Nicola L. Caporale
General Partner
Goldman, Sachs & Co.</p> <p>12. Stephen E.J. Raven
Managing Director
County Securities Limited</p> <p>13. Bernard L. Madoff
Sole Proprietor
Bernard L. Madoff</p> <p>Christopher Keith
Senior Vice President
New York Stock Exchange, Inc.
<i>(not pictured)</i></p> |
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The Interim Board of Directors of GSCC, which was established by the NSCC Board of Directors in December 1986, maintained a close advisory relationship with GSCC's senior management and staff throughout the company's first full year of operation guiding GSCC in its efforts to establish an automated comparison and netting system for government securities.

The Interim Board is comprised of Chairman William J. Tierney, Jr., Managing Director, Salomon Brothers Inc, and Charles A. Moran, President and COO, GSCC, as well as several members of NSCC's Government Securities Committee of the Board of Directors.

In December 1987, the Interim Board approved GSCC's plan to issue a Private Placement Memorandum for subscription to purchase common stock in GSCC. This Memorandum, which described the common stock offering in GSCC, along with a Shareholder's Agreement, was subsequently sent to 60 brokers, primary dealers, aspiring primary dealers and clearing agent banks in early 1988. Closing on the offering took place in May. GSCC will shortly elect its first user board from participant shareholders.

GSCC Interim Board of Directors

1. Howard A. Shallcross
Senior Vice President & Director of Operations
Merrill Lynch, Pierce, Fenner & Smith Inc.

2. Melvin B. Taub
Executive Vice President
Shearson Lehman Hutton Inc.

3. Herbert I. Levitt
General Partner
Spear, Leeds & Kellogg

4. Ronald D. Upton
Executive Vice President
Irving Trust Company

5. Charles A. Moran
President & COO
Government Securities Clearing Corporation

6. David M. Kelly
Vice Chairman & CEO
Government Securities Clearing Corporation

7. Ronald W. Readmond
Managing Director
Alex. Brown & Sons Incorporated

8. William J. Tierney, Jr.
Chairman of the Board
Managing Director
Salomon Brothers Inc



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NSCC OFFICERS

Bernard L. Madoff
Chairman of the Board

David M. Kelly
President and CEO

Robert J. Woldow
Executive Vice President,
General Counsel and Secretary

Walter H. Cushman
Senior Vice President

John F. Elberfeld
Senior Vice President

Armand Keim
Senior Vice President

Steve M. Labriola
Senior Vice President

Robert A. Schultz
Senior Vice President

Marvin B. Koehler
First Vice President

Sandy Manata
First Vice President

Henry J. Belusa
Vice President

Catherine A. Craig
Vice President

John D. Fitzgerald
Vice President

Michael J. Kelleher
Vice President

John M. Lanning
Vice President

Kevin F. Maloney
Vice President

Thomas K. McCarthy
Vice President

Michael M. Molloy
Vice President

Neil Outcault
Vice President

Karen L. Saperstein
Vice President and
Associate General Counsel

William H. Thomas
Vice President

David F. Hoyt
Assistant Secretary

ISCC OFFICERS

Gerard P. Lynch
Chairman of the Board

David M. Kelly
President and CEO

Richard W. Myers
Executive Vice President
and COO

Mary Ann Callahan
Vice President

John F. Elberfeld
Chief Financial Officer and Treasurer

Robert J. Woldow
Secretary and General Counsel

GSCC OFFICERS

William J. Tierney, Jr.
Chairman of the Interim Board

David M. Kelly
Vice Chairman and CEO

Charles A. Moran
President and COO

Thomas F. Costa
First Vice President

Frederick B. Roemer
First Vice President

John F. Elberfeld
Chief Financial Officer and Treasurer

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Chicago, Illinois 60603

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TCB Tower
Dallas, Texas 75201

Denver
Dominion Plaza
600 17th Street
Denver, Colorado 80202

Detroit
3153 Penobscot Building
Detroit, Michigan 48226

Jersey City
One Exchange Place
Jersey City, New Jersey 07302

Los Angeles
727 West 7th Street
Los Angeles, California 90017

Minneapolis
IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

New York
55 Water Street
New York, New York 10041

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St. Louis, Missouri 63101

San Francisco
250 Montgomery Street
San Francisco, California 94104

Seattle
1525 Fourth Avenue
Seattle, Washington 98101

Toronto
Two First Canadian Place
Toronto, Ontario, Canada M5X1A9

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**GOVERNMENT SECURITIES
CLEARING CORPORATION**

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Design:
Bloch Graulich Whelan Inc.
New York

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