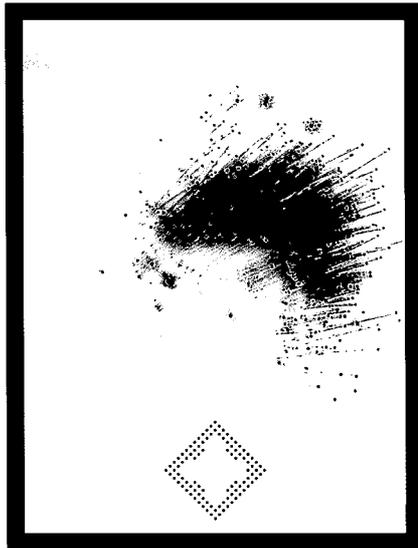


1995

The Depository Trust  
Company  
Annual Report



**ON THE COVER:**

Optical fibers and microchips, two of today's technological workhorses, are helping to pull businesses — particularly those in the financial industry (including DTC) — into tomorrow's global electronic village.

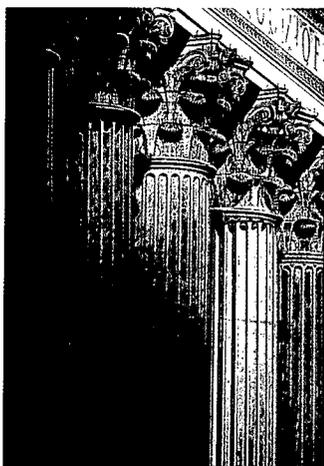
**T**he Depository Trust Company, a service company owned by members of the financial industry, is a national clearinghouse for the settlement of securities

trades and is a custodian for its Participant banks and broker-dealers. In 1995, those Participants delivered \$41 trillion of securities (up over 20% from 1994) through the depository's book-entry system, and securities in its custody grew to \$10 trillion (up almost 30% from 1994). ■ DTC's mission is to reduce its Participants' cost of processing securities. It does so by being an automated systems meeting ground for those who need to raise capital and those with capital to invest. Its telecommunications network links more than 500 Participants and thousands of other investors with additional thousands of firms that serve as transfer agents, paying agents, and exchange and redemption agents for securities issuers. ■ DTC has in its custody for Participants approximately:

- 80% of the shares of companies represented in the Dow Jones Industrial Average,
- 74% of the shares of all New York Stock Exchange-listed companies,
- 63% of the shares of issues included in The Nasdaq Stock Market and 50% of the American Stock Exchange-listed companies,
- 90% of the principal amount of outstanding corporate debt listed on the NYSE, and
- More than 95% of the principal amount of outstanding municipal bonds.

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Major changes affecting DTC and the securities industry combined to make 1995 the most extraordinary year since DTC was formed in 1973. This annual report touches on these developments. It also describes basic depository services.

DTC played a central role in the industry events with the broadest impact — the conversion to T+3 settlement in June and the conversion to same-day funds settlement completed in phases over a six-month period. These changes reflected industry and regulatory concern for risk reduction following the 1987 market break.

Despite apprehension by some, the three-day settlement conversion was highly successful, and T+3 became the industry standard with no significant complications. This seamless transition occurred despite heavier-than-normal settlement. To facilitate the conversion, trades were processed on two double-settlement days, June 9 and 12. Trading volume totaled nearly 3 billion shares. Settlement value for the two days was \$368 billion.

Most of the conversion to all same-day funds settlement — by far the largest project ever undertaken by DTC — occurred in the last few months of 1995, with its final phase in early 1996. The entire industry strove toward this goal throughout the year.

During the closing months of the year, the Chicago Stock Exchange announced its decision to exit the clearing and settlement business. DTC and its sister company, National Securities Clearing Corporation (NSCC), worked together to absorb the businesses of Midwest

Securities Trust Company (MSTC) and Midwest Clearing Corporation, reducing duplication and yielding cumulative savings approaching \$250 million over the next decade. By yearend — in less than three months' time — MSTC's \$130 billion inventory was moved to DTC, and soon thereafter most of MSTC's members had become DTC Participants. (A total of 101 MSTC participants joined DTC.)

Earlier in the year, in an agreement with Participants Trust Company (PTC) to reduce duplication and promote efficiency among depositories through shared facilities, DTC provided custody-related services for PTC's Government National Mortgage Association certificates. DTC also began discussions with PTC toward an interface between them in the event both depositories make additional securities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation eligible.

Throughout the year, efforts continued to respond to Participants' global needs. In March, DTC and the Brussels-based Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.) announced they would cooperate in providing international electronic trade confirmations based on DTC's Institutional Delivery (*ID*) system.

DTC opened an office in London to serve Participant affiliates in the United Kingdom and on the Continent.

And, as the year came to a close, work was under way at DTC, as well as NSCC, in support of the New York Stock Exchange's pilot for trading foreign ordinary shares. Discussions were also in progress toward the creation of a joint subsidiary of NSCC and DTC that would oversee the cross-border activities of the two organizations.

All of the year's developments took place in a highly charged market atmosphere

that saw equities values and transaction volumes reach record levels; average daily transaction volume at the depository broke through the 1 million mark for the first time, reaching 1.1 million at yearend. Participants communicate details of these transactions through various depository communications media, but by itself the number of terminals external to DTC that are connected to the Participant Terminal System — both DTC-owned equipment and various Participant-owned computer devices — provides a good indication of depository activity levels. At yearend 1995 that number exceeded 10,300, up from the previous year's high of 5,600 and more than triple 1993's total of 3,000.

The year ended with the depository sufficiently profitable, even with a 3.6% fee reduction that took effect in May, to provide Participants with a \$12.1 million general refund, or 4% of service fees. This was due mainly to the year's heavy transaction volume, but also to continued attention to cost controls. Occupancy-related cost-savings, in the form of a new lease at 55 Water Street and tax incentives from New York City, set the stage for future consolidations into this facility, and further savings.

Nineteen ninety-six will present additional challenges to virtually all segments of the securities industry, even with the T+3 and SDFS conversions behind us. With the continued active involvement of Participant personnel, our many industry partners, and the dedicated DTC staff of 2,525 employees, we will succeed in our efforts to help the industry meet those challenges.

  
William F. Jaenke  
*Chairman and Chief Executive Officer*

  
Thomas A. Williams  
*President*

RON MARSHALL  
*The Depository Trust Company*

VINCENT A. MAURO  
*The Depository Trust Company*

DJERIZZA WEISZ  
*The Depository Trust Company*

BRENT BLAKE  
*State Street Bank and Trust Company*

JAMES NOWICKI  
*Bankers Trust Company*

MICHAEL T. BROWN  
*BZW Barclays Global Investors*



**Hard work on the part of DTC and its Participants — including State Street Bank, Bankers Trust, and BZW Barclays — began many months before the February 1996 conversion to an all same-day funds environment. Because of these extensive preparations, the huge switch was made without being noticed, a key objective.**

DTC has for years met the settlement, custody, and securities information needs of the industry by developing new and cost-effective services, while reducing the cost of existing ones. But never before have those needs — in the context of maximizing industry safety and soundness —

been as pressing as they have recently become.

The conversion to T+3 settlement last June and the subsequent move to all same-day funds settlement are transforming how self-regulatory organizations, banks, and broker-dealers operate in fundamental ways.

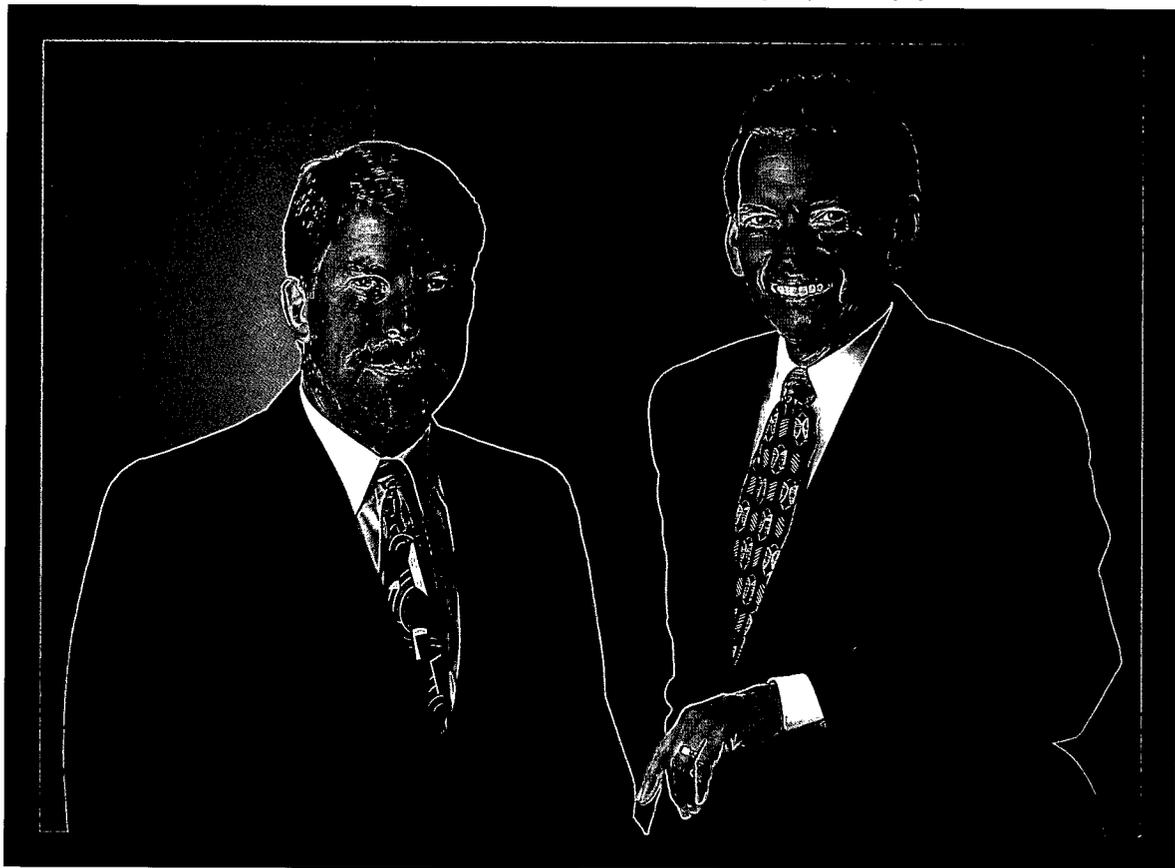
These changes, and other less sweeping ones, must occur seamlessly, without compromising the security and reliability of the American financial system — and with an eye toward reducing industry cost.

The T+3 conversion of 1995 was a model for any other changes of large proportions the industry might undertake. It went so smoothly, in fact, that many called it a nonevent — largely because of the dozens of person-years and almost \$10 million that DTC invested in preparation. DTC's systems easily handled the two double-settlement days that were scheduled in order to make the transition from T+5.

Heavier-than-normal settlement occurred as a result of the four separate trade dates involved. Deliveries totaled 623,000 and 671,000 for two double-settlement

VINCENT A. WALSH  
Donaldson, Lufkin & Jenrette Securities Corporation

STEPHEN J. MELANASKI  
The Depository Trust Company



The Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation was one of the first broker-dealers to link with DTC's Standing Instructions Database and to promote SID's use by its institutional clients and correspondent brokers.

days, representing \$368 billion. (Average daily figures are 460,000 deliveries, valued at \$148 billion.)

As 1995 wound to an end, the industry's attention had swung to the conversion to **all same-day funds settlement**. Trainers fanned out across the country, meeting — in over 100 sessions — with those who had never before used DTC's Same-Day Funds Settlement system to prepare them for the cutover, and educating those steeped in old procedures — employees from more than 300 Participants — in the details of new ones.

At DTC, this extraordinarily resource-consuming activity had to share attention with the

absorption of Midwest Securities Trust Company (MSTC), which late in the year decided to exit the depository business. By yearend, 36 formerly sole participants of MSTC — 35 brokers and one bank — joined DTC, bringing the total Participant base to 522. (The total number of MSTC participants that eventually joined DTC was 101 — 95 brokers and six banks.)

More than 1.3 million certificates, valued at approximately \$130 billion, had to be moved from MSTC. To help hold down costs, a portion of this amount — half the value of MSTC's registered inventory — was canceled and shipped without value to 10 large cooperating agents for

JAMES P. COMBS  
Manning & Napier Advisors, Inc.

STEPHEN L. WASSERMAN  
The Depository Trust Company



**M**anning & Napier Advisors, Inc., was the first investment manager to pilot Institution Instructions (II) and subsequently became the first to use II in everyday production.

transfer to Cede & Co., DTC's nominee name. Among other inventory movements, 14,500 book-entry-only certificates, valued at \$31 billion, were shipped directly to DTC.

**A**t the start of the year, the industry began to follow the recommendation of the Same-Day Funds Payment Task Force to the U.S. Working Committee of the Group of Thirty that **principal and income payments** be submitted by 2:30 p.m. ET. By yearend, compliance had grown to nearly 70%, up 52% from a year earlier, and efforts with agents and issuers continued to improve performance.

In March, DTC announced that it would **remain in downtown Manhattan**, sharing building

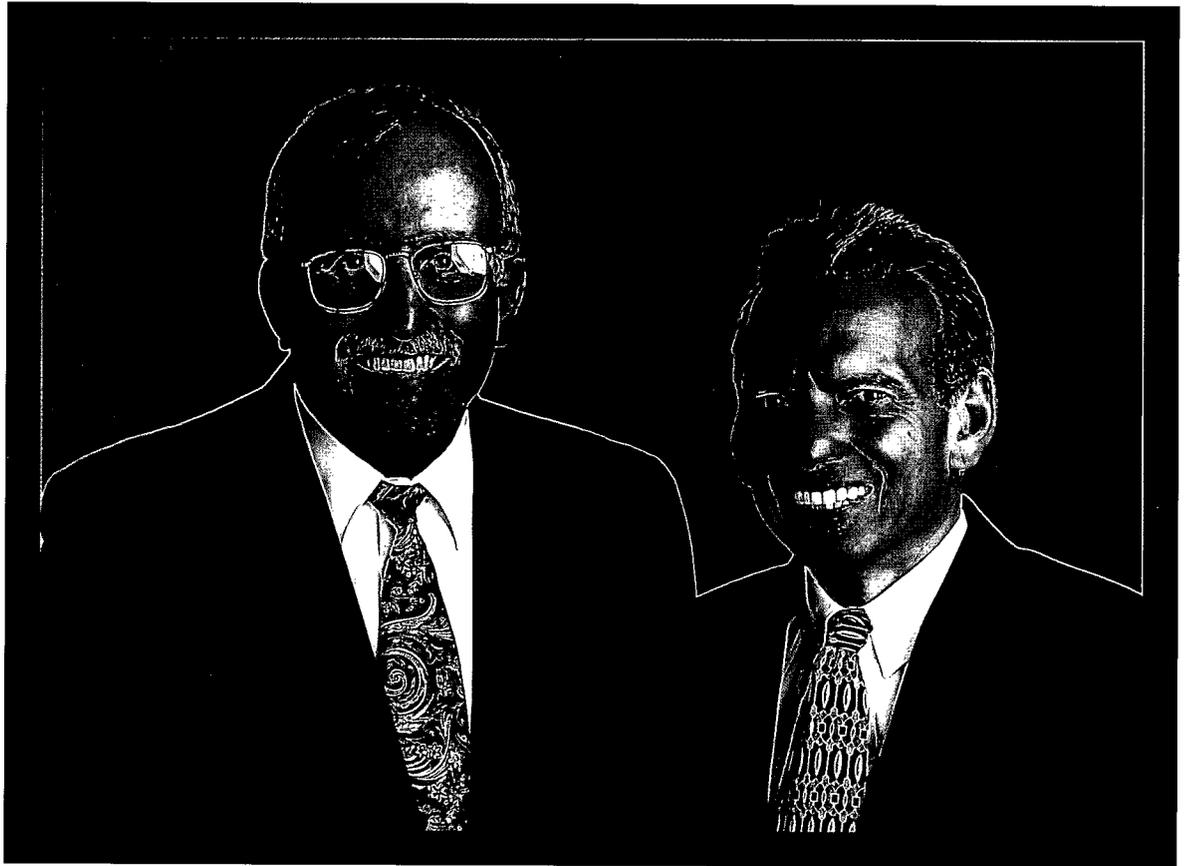
space with NSCC and Participants Trust Company (PTC) and bringing to the industry approximately \$26.5 million in savings in sales and real estate taxes and electrical costs. After personnel, building occupancy (including taxes) is the largest cost item in DTC's operating budget. This cost-control measure was a major reason why the depository service fee schedule, announced that same month, was reduced for the fourth year in a row — the ninth consecutive year without an increase. This decrease averaged 3.6% and was calculated to yield \$11.4 million less in annual operating revenue than the previous year's schedule.

**D**TTC also assumed, in May, **custody responsibilities for PTC**

WILLIAM F. GLYNN  
Merrill Lynch, Pierce, Fenner & Smith Incorporated

STEPHEN J. MELANASKI  
The Depository Trust Company

**M**errill Lynch, Pierce, Fenner & Smith Incorporated was one of the first Participants to build a machine-readable interface for DTC's Standing Instructions Database, totally automating and greatly accelerating the *ID* confirmation process. Any updates to *SID*, such as broker account number linkages, are also handled automatically.



when it relocated Government National Mortgage Association (GNMA) securities with a face value of \$998 billion from PTC's custodian to DTC's vault. GNMA custody operations have proceeded smoothly ever since.

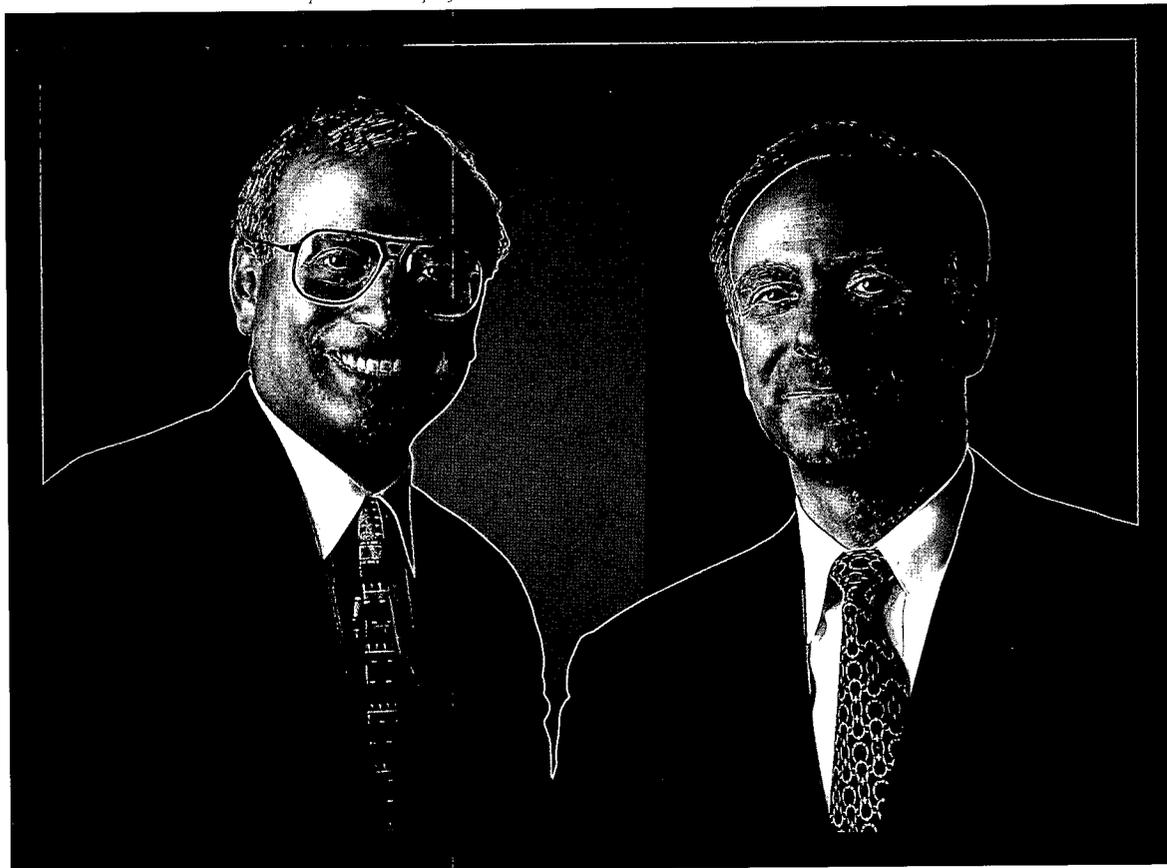
**S**avings, through reduced margin requirements and related costs of open option positions, have accrued to brokers using The Options Clearing Corporation's Stock Loan Hedge System. OCC clearing members can now borrow the underlying stock from another clearing member using DTC's deliver order (DO) service to facilitate the process. With OCC acting as the middleman to the transaction, in addition to a reduced margin requirement, the

borrowing and lending brokers obtain OCC's financial guarantee of the transaction. Additionally, DTC and OCC have begun discussions on the development of other systems that, when in operation, should reduce margin requirements and related costs of open option positions, while reducing systemic risk to the overall clearance and settlement system.

**M**ore savings to Participants are possible as more issues and issue types are made depository-eligible. Thus, depository efforts to increase eligibility continued during 1995 and 20,184 new issues, representing 110,856 CUSIP numbers — 99.96% of

LAWRENCE J. GALLAWAY  
Participants Trust Company

JOHN J. COLANGELO  
The Depository Trust Company



In May 1995,  
DTC assumed  
custody responsibil-  
ities for Participants  
Trust Company when  
it relocated to DTC's  
vault Government  
National Mortgage  
Association  
securities with a  
face value of  
\$998 billion.

all new-issue CUSIPs requested by underwriters — were made eligible. Almost 45,000 older issues were also made eligible. By December 31, the number of eligible issues totaled more than 1.24 million. These included:

- 31,419 equity securities;
- 140,756 corporate debt securities;
- 1,055,326 municipal debt securities; and
- 9,223 U.S. Government and Agency securities.

An **Issue Eligibility Task Force** formed in early 1994 neared its goal of bringing into the depository by mid-1996 all issues but those withheld for legal and regulatory reasons or for lack of industry consensus. The task force has concentrated on making eligible certain

fractional shares, dollar and cent-denominated issues, institutional certificates of deposit, State of Israel bonds, variable-rate demand obligations, Treasury Receipts, restricted securities (including private placements), Small Business Administration issues, Brady Bonds, and R&G Federal Mortgage Trust mortgage-backed securities.

Through the end of 1995, more than 50,000 CUSIPs have been made eligible through the task force's efforts, including 24,000 formerly CUSIP-less securities.

The year 1995 was also the first full year of operation for the depository's interactive **Institutional Delivery (ID)** system —

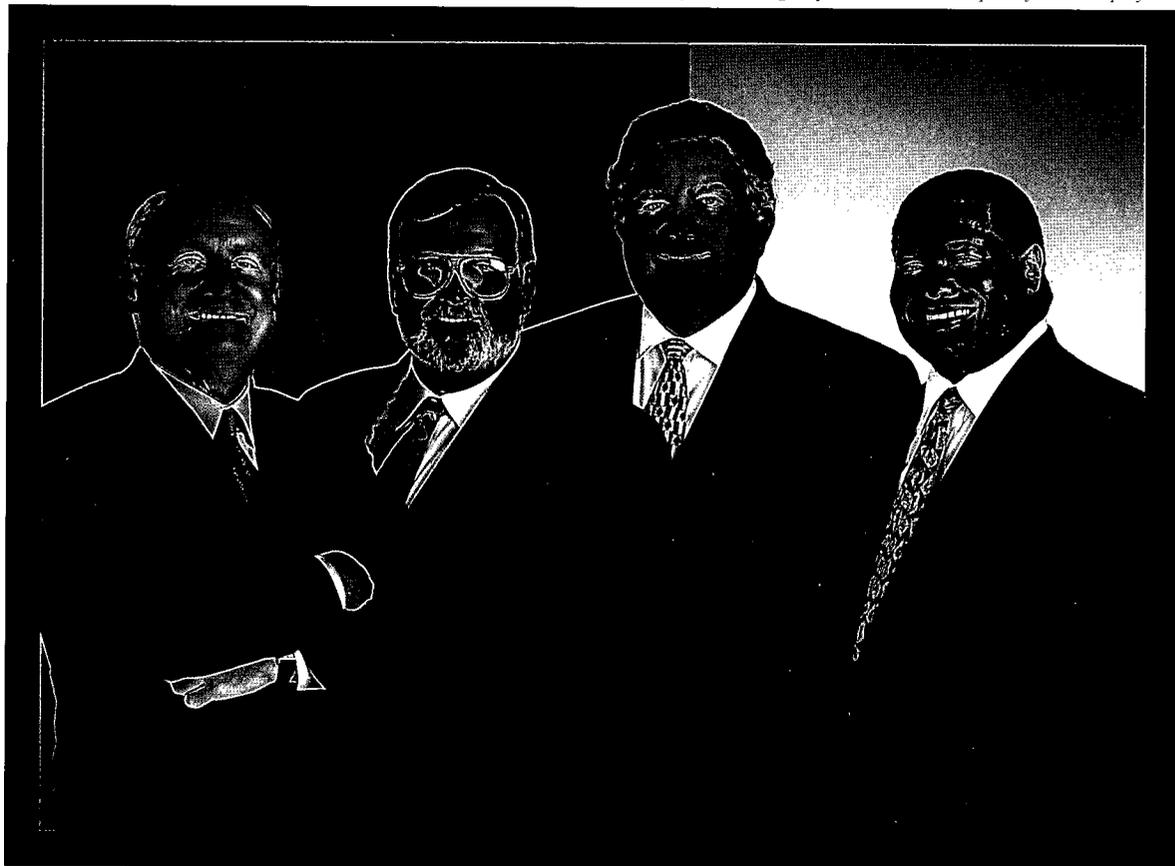
WAYNE P. LUTHRINGSHAUSEN  
*The Options Clearing Corporation*

FRED P. QUINN  
*The Options Clearing Corporation*

PAUL G. STEVENS, JR.  
*The Options Clearing Corporation*

LARRY E. THOMPSON  
*The Depository Trust Company*

The Options Clearing Corporation's Stock Loan Hedge System produces savings for brokers through reduced margin requirements and related costs of open option positions. Now, OCC clearing members can borrow the underlying stock from another clearing member using DTC's deliver order service to facilitate the process.



available to users all over the world for processing in close to real-time. *ID* generated a record 147 million confirmations, up 16% over 1994. Almost 200,000 trades a day resulted in 640,000 confirmations that were distributed to institutions, agents, and interested parties, compared with approximately 157,000 trades and more than 500,000 confirms per day in 1994.

Important new *ID*-related services became available in 1995, including **Notice of Order Execution (NOE)** — messages from brokers advising investment managers of the execution of a trade — and **Institution Instructions (II)** — messages that investment managers can use to communicate

block-trade allocations to their broker-dealers, send trade data to *ID*'s forthcoming trade confirmation matching facility, or both, in close to real-time.

A third service — messages called **Advice of Confirm Correction/Cancellation** — also began, which allows institutions to notify broker-dealers of problems with confirmations.

In addition, the new **Standing Instructions Database (SID)** grew during the year as the most effective method institutions have for relaying account and settlement information in a standard format to banks and brokers. *SID*, designed by a Task Force of industry experts, serves as a

central, up-to-date repository for all customer account and settlement information for all security types — domestic and global — maintained by institutions, banks, and brokers. By yearend, 116 institutions had loaded instructions, and 105 agent banks, plus 31 of the largest broker-dealers, were activated.

In 1995, DTC also pursued arrangements with a number of major service vendors to facilitate the use of SID, II, and NOE. These partnerships enable both DTC and vendors to provide the benefits of *ID*'s family of products to their mutual clients. During the year, the depository met monthly with an industry user group, including vendors, broker-dealers, and institutions, to help further the use of NOE, II, and other *ID* products.

During the second half of the year, work began on a new PC-based, Windows workstation application for institutions that will support all *ID* functions — confirms, affirms, SID, II, NOE, Advice of Confirm Correction/Cancellation, and matching. The first phase, in support of SID, is scheduled to be rolled out in the third quarter of 1996.

The depository's **Money Market Instrument (MMI) Program** expanded in 1995 when issuing/paying agent banks began using newly designed short-term bank

note (STBN) and medium-term note (MTN) capabilities in the MMI Program to issue those securities.

Over a three-month period, data on the more than 21,000 issued MTNs and STBNs with CUSIP numbers already on DTC's books were converted to new MMI files so these issues could qualify for the same program efficiencies as new issuances.

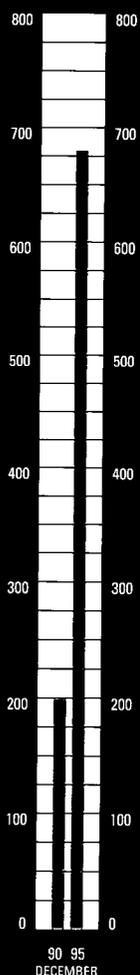
An **Operations Advisory Committee** was formed in January, and meets bimonthly, to provide counsel on programs and services and enable quicker depository response to Participant needs. The 12 senior executives on the Committee come from bank and broker-dealer Participants and investment managers. They represent the views of such industry groups as the Securities Industry Association and its Securities Operations Division, the Bank Depository User Group, and the New York Clearing House, as well as the investment management community. Three DTC senior executives work closely with the committee.

The year also began with Charles Schwab & Co., Inc.'s piloting a new **Branch Deposit Service (BDS)** and ended with the initial phase of the service fully operational for Schwab; Goldman, Sachs & Co.; and Smith Barney, Inc. BDS enables

**DTC also pursued arrangements with a number of major service vendors to facilitate the use of SID, II, and NOE. These partnerships enable both DTC and vendors to provide the benefits of *ID*'s family of products to their mutual clients.**

**DTC's plans to begin imaging in 1996 all certificates that it processes will lead to streamlined interactions with transfer agents, possibly resulting in the elimination of physical certificate presentations to some agents.**

Processing Capability  
Millions Of Instructions Per Second



Participant branch offices across the country to send their customers' securities deposits directly to DTC without having to first consolidate them in a central location of the firm. During the year a comparable service was begun for Merrill Lynch at what is now DTC's Harborside Services Division — an operation absorbed as part of MSTC's closing.

Another high priority during the year was **imaging**, and the plans being formulated to further integrate this technology into many of the depository's operations. Though imaging is not new to DTC, it entered a new phase in 1995 as a key part of Branch Deposit processing, and as the foundation for DTC's redesigned system for processing transferred certificates received from agents. DTC's plans to begin imaging in 1996 all certificates that it processes will lead to streamlined interactions with transfer agents, possibly resulting in the elimination of physical certificate presentations to some agents. Discussions with agents to develop plans for these initiatives began in 1995 and may lead to a pilot program in 1996.

In midyear, the Reorg Deposit Service expanded to accept deposits of any certificates subject to prior or current redemption — maturing, fully called, or partially called securities. By December, Partici-

pants could receive payment on the scheduled payable date for any deposits made as little as five days before the redemption date; deposits after that time are paid upon collection, which typically occurs within five days after the deposit is made.

Nineteen ninety-five saw a number of Participant Terminal System (*PTS*) enhancements put in place — some 50 in all. For example, an improved **Reorganization Inquiry for Participants System (RIPS)** function now provides an efficient way to seek information on securities issues undergoing mergers, tender and exchange offers, conversions, warrant exercises, put options, or redemptions. A RIPS pilot for institutions, which ran throughout 1995, has been well received and the service is now being broadly offered.

DTC's continuing **foreign tax withholding** efforts during the year were rewarded in late December with a decision by the United Kingdom to add mutual funds, charities, and other tax-exempt organizations to the types of beneficial owners qualifying for the favorable 15% withholding tax rate at source on dividends for U.K. American Depositary Receipts (ADRs). Previously, tax-exempt holders other than pension funds and certain mutual funds received the 20% withholding rate and were required to apply for a refund.

Also last year, France ratified a tax treaty that reflected the efforts of DTC's Foreign Taxes Legal Working Group, composed of industry experts whose goal is to obtain treaty benefits at source in foreign countries. The new treaty grants benefits to all types of U.S. retirement plans (including individual retirement accounts, or IRAs) and U.S. nonprofit organizations that invest in French equities. For these organizations, it reduces the rate of French withholding tax from 25% to 15% and provides a partial refund of the French tax credit, known as the *avoir fiscal*, on French-source dividends.

In addition, foreign securities and ADRs of other countries were added to DTC's Elective Dividend Service in 1995 by issuer request. Because of these requests, dividends on issues from the Netherlands, Indonesia, and Norway became available through DTC with the treaty rate withheld at source.

**Investment in development** at the depository has been on the increase — some 12% annually in recent years. Throughout 1995, the conversions to T+3 and same-day funds settlement were at the core of these efforts. DTC began to explore creating a variety of real-time computer-to-computer interfaces that would provide

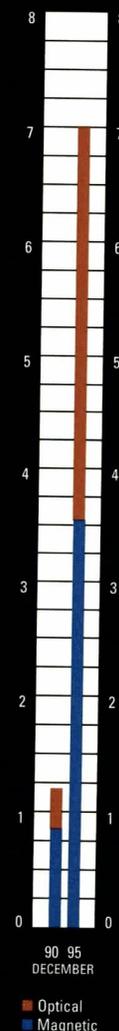
“open architecture” connections to the depository, thus allowing access from virtually any Participant's computer. The depository's Information Services Division has also been developing other new ways for Participants to access DTC data and functions, as well as providing up-to-the-minute information not now available on-line.

Transaction volumes and new and more sophisticated services — such as the Branch Deposit Service and an interactive *ID* system — are just two of the reasons for the accelerating growth in the depository's electronic processing, storage, and communication capacities. For instance, in less than two years, on-line transactions (deliver orders, dividend payments, inquiries, etc.) grew from less than 2.2 million per day, in January 1994, to more than 4.7 million, in December 1995. The processing capability that DTC needed more than tripled between yearend 1990 and the end of 1995, as its main-frame capacity expanded from 200 million instructions per second to 680 million. And on-line data storage capacity — both magnetic and optical — at yearend 1995 was nearly seven times more than it was at yearend 1990.

Last year, DTC continued to pursue, as it has since 1993, a

**Investment in development at the depository has been on the increase — some 12% annually in recent years. Throughout 1995, the conversions to T+3 and same-day funds settlement were at the core of these efforts.**

**Data Storage Capacity (Magnetic And Optical) In Trillions Of Characters**



KAREN G. LIND  
*The Depository Trust Company*

LEOPOLD S. RASSNICK  
*Participants Trust Company*

KAREN L. SAPERSTEIN  
*National Securities Clearing Corporation*

RONALD A. GARGUILO  
*The Depository Trust Company*

In early 1995, DTC announced that it would remain in downtown Manhattan, sharing space in its Water Street headquarters building with National Securities Clearing Corporation and Participants Trust Company. The decision brought to the industry savings in sales and real estate taxes and electrical costs of approximately \$26.5 million.



multifaceted **Continuous Improvement Program**. Some of its elements include:

- Establishing a program to survey Participants on DTC services,
- Coordinating “rework” studies to find and correct problems that cause work to be redone, and therefore to cost more, and
- Improving, through an internal Customer Satisfaction Program, coordination between DTC work groups that must cooperate to provide a function or service to Participants.

DTC’s efforts to improve its service include rewarding its employees for their ideas on how to hold down the costs of day-to-day operations, or otherwise help the depository better achieve its mission. Twenty-eight award-

winning ideas suggested last year generated \$236,000 worth of savings in 1995 alone.

The first general survey of Participant opinion about depository services and processing methods was conducted in the latter part of 1995, revealing 85% of respondents highly satisfied and only 1% dissatisfied. Management used responses as a tool to identify problems and make improvements to depository services and the way they are delivered to Participants.

Underlying all the year’s efforts was a commitment to meeting Participants’ need for low-cost, high-quality depository services in a rapidly changing processing environment.

RAYMOND SETTIDUCATI  
*The Depository Trust Company*

ALAN HUTTON  
*The Depository Trust Company*

EMIL A. SOLDATI  
*Asiel & Co. LLC*



**The Reorganization Inquiry for Participants (RIPS) function is used on a daily basis by those — among them Asiel & Co. — with a need for efficient access to information on issues undergoing mergers, tender and exchange offers, conversions, warrant exercises, put options, redemptions, or other reorganization activities.**

To accomplish its cost-reduction mission, DTC continually makes more issues eligible for its book-entry and centralized custody services, standardizes and automates the flow of information, and acts as a central “switch” for the flow of data, securities, and funds among its Participants and issuers’ agents.

DTC’s services begin when participating banks and broker-dealers deposit securities with it, or when an underwriting is distributed through the depository. Participants can then add to or reduce their resulting securities positions through instructions to the depository to perform various functions, such as deliver securities to another party by book-

entry on DTC’s records and receive payment for that delivery.

The following is a brief description of each of DTC’s services.

#### DEPOSITS

Certificate deposits in eligible issues can be made at DTC or at certain banks and clearing corporation offices acting as DTC Depository Facilities. In 1995, 13.3 million certificates were deposited with DTC, down from the 1994 figure of 16.3 million. This can be attributed to the move toward a certificate-less environment, caused by many Participants’ asset-gathering programs as well as the continued decline in the number of bearer bonds.

GEORGE J. MINNIG  
*Donaldson, Lufkin & Jenrette Securities Corporation*

JOHN ZUPAN  
*KeyCorp*

FRANK WARE  
*UMB Bank, N.A.*

JOHN CIRRITO  
*Gruntal & Co., Incorporated*

JOHN J. SANDERS  
*Robertson, Stephens & Co.*

ROBERT J. MACRI  
*Bankers Trust Company*

The 12 senior executives on the Operations Advisory Committee come from bank and broker-dealer Participants, as well as investment management firms. The Committee represents the views . . .



To spare Participants time and expense, DTC has automated the ways deposits can be made:

*Deposit Automation Management system (DAM):* Using the latest technology, Participants can route information about securities deposits to DTC's computer, substantially reducing costs.

*Reorg Deposits:* An automated process that improves reorganization and redemption processing for Participants by allowing them to deposit called and matured certificates through DAM so DTC can redeem them. The Reorg Deposit Service has expanded from 17 Participants at the beginning of 1995, to 86 by yearend — growth of more than 400%. Similarly, average daily deposits

rose from 54 to 220. During 1995, DTC received more than 54,000 reorg deposits, totaling more than \$1 billion.

*Branch Deposit Service (BDS):* By enabling Participants' branch offices to send their customers' securities deposits directly to DTC, Participants gain faster credit to their DTC accounts, reduce processing expenses, and eliminate the burden of consolidating securities from branch offices prior to deposit at DTC.

#### DELIVERIES

Changes of securities ownership are made by book-entry delivery on DTC's accounting records. They can be made with or without an accompanying money payment.

MICHAEL J. NESSPOR  
*Scudder, Stevens & Clark, Inc.*

EDWARD BRANDS  
*The Bank of California, N.A.*

NANCY BARLET  
*RCM Capital Management*

DENNIS J. DONNELLY  
*McDonald & Company Securities, Inc.*

MICHAEL J. GARDINER  
*The Chase Manhattan Bank, N.A.*

JEROME J. CLAIR  
*Smith Barney, Inc.*

... of such industry groups  
as the Securities Industry  
Association and its Secu-  
rities Operations Divi-  
sion, the Bank Depository  
User Group, the New York  
Clearing House, and  
the investment manage-  
ment community.



**PLEDGES**

Securities are pledged by book-entry on DTC's records to pledgees — 98 of them holding \$88.3 billion in collateral at yearend. All Federal Reserve Banks accept pledges to their DTC accounts from member banks to secure Treasury Tax and Loan accounts and deposits of public money, as well as advances at the discount window and intraday overdrafts. The Options Clearing Corporation (OCC) also accepts pledges to its DTC account, holding \$10.3 billion in collateral at yearend.

**UNDERWRITING DISTRIBUTIONS**

Underwriters of new and secondary issues distribute them by book-entry against payment, whether or not certificates are

available to investors. In 1995, for the first time, all underwriters had the option of using PUND, the Direct Participant Entry of Underwritings System function, to speed the underwriting process and reduce depository fees.

**DIVIDENDS AND INTEREST**

DTC collects cash dividend, corporate interest, and reorganization payments for securities in its custody. Last year, some 3,500 agents made 2.4 million payments to DTC, which resulted in more than 20 million payments being made by the depository. Participants last year were refunded more than \$103 million in interest earned from same-day funds it received for issues settling in its

**DEPOSITORY GROWTH**

<b>TOTAL FOR THE YEAR</b>	<b>1995</b>	<b>1990</b>	<b>1985</b>	<b>1980</b>
Book-entry deliveries				
Market value (in trillions)	\$ 41	\$ 9	\$ 5	\$ 1
Number (in millions)	119	73	56	28
Cash dividend and interest				
Payments (in billions)	\$ 413	\$ 238	\$ 95	\$ 19
Number (in millions)	2.4	1.5	0.3	0.03
Reorganization, redemption, and maturity payments (in billions)	\$ 519	\$ 197	N/A	N/A
Underwritings				
Value (in billions)	\$ 706	\$ 354	\$291	\$ 40
Number (in thousands)	20.2	16.0	9.9	0.9
<b>AVERAGE DAILY</b>				
Book-entry deliveries				
Market value (in billions)	\$ 162	\$ 35	\$ 22	\$ 5
Number (in thousands)	473	289	221	111
<b>INSTITUTIONAL DELIVERY SYSTEM</b>				
Average daily confirmations (in thousands)	182	78	55	9
<b>YEAREND</b>				
Eligible securities issues	1,236,724	827,910	262,081	14,233
Value of securities on deposit (in trillions)	\$ 10.0	\$ 4.1	\$ 2.0	\$0.5
Number of shares on deposit (in billions)	217	118	55	14
Principal amount of corporate debt on deposit (in billions)	\$3,439	\$1,200	\$737	\$ 69
Principal amount of municipal debt on deposit (in billions)	\$1,514	\$ 861	\$306	\$ 0
Participants	522	568	522	333
Broker-dealers	370	379	342	249
Banks	143	181	173	78
Clearing agencies	9	8	7	6
<b>TRADING IN SELECTED MARKETS</b>				
<b>Average Daily</b>				
NYSE shares traded (in millions)	346	157	109	45
Nasdaq shares traded (in millions)	402	132	82	27
AMEX shares traded (in millions)	20	13	8	6
<b>EMPLOYEES</b>				
Full-time employees	2,525	2,941	2,267	1,419

ROBINSON L. BUTZ  
Robert W. Baird & Co. Incorporated

VALERIE SIMON  
The Depository Trust Company

LOUIS C. CORBO  
The Depository Trust Company

RAYMOND J. O'SULLIVAN  
Roosevelt & Cross Incorporated



**Robert W. Baird & Co.**  
and **Roosevelt & Cross**  
were both early users of  
the **PUND (Direct Particip-**  
**ant Entry of Underwrit-**  
**ings System) function,**  
which became available  
at the start of 1995. **PUND**  
expedites approval of  
new issues, reduces  
paperwork and phone  
communication with  
**DTC,** and lowers depository  
underwriting fees  
for its users by up to 31%.

next-day funds and same-day funds systems. Since the conversion to an all same-day funds environment in February 1996, this practice has been virtually eliminated because the depository will generally no longer have overnight investment funds.

#### DIVIDEND REINVESTMENT

When permitted by an issuer's reinvestment plan, the Dividend Reinvestment Service (DRS) allows Participants, on behalf of interested customers, to reinvest dividends on shares without withdrawing them from DTC. Currently, the depository offers DRS eligibility for a total of 837 issues, of which 337 are common and preferred stock issues and 500 are mutual funds.

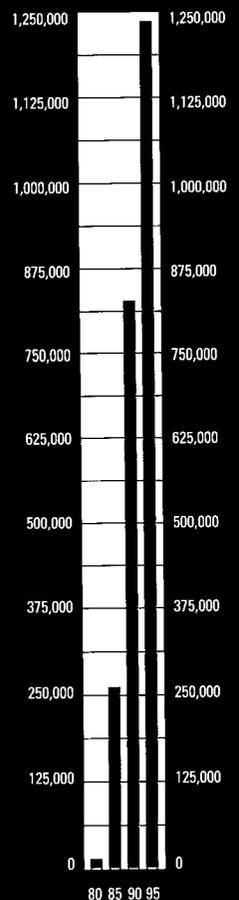
#### VOLUNTARY OFFERINGS

##### *Tender and Exchange Offers:*

Participants can accept tender and exchange offers for securities in their accounts and deliver them to agents through DTC.

TC's Automated Tender Offer Program (ATOP) enables Participants to send electronic acceptance instructions on tender and exchange offers over the Participant Tender Over *PTS* (PTOP) function of the Participant Terminal System (*PTS*) for transmission to agents and also lets agents review up-to-the-minute information about the receipt of instructions throughout the offering period, an important advantage for the offerer and its agent.

Eligible Securities



ROBERT OLIVARI  
The Depository Trust Company

MICHAEL G. CAREW  
The Equitable Companies Incorporated

CHARLES HORSTMANN  
The Depository Trust Company



**The Equitable Companies Incorporated** late last year made its dividend reinvestment plan eligible for DTC's Dividend Reinvestment Service, becoming one of a growing number of issuers to recognize that investors increasingly want to participate in dividend reinvestment programs without forgoing the convenience of street-name registration.

During 1995, 94% of all instructions were processed over PTOP. Agents that infrequently act as tender or exchange agents may use ATOP II, a less expensive, dial-in terminal version of ATOP with most of the full program's benefits. Last year, 49% of all offers were processed through ATOP I, while 45% were handled through ATOP II.

*Conversions:* Participants can instruct DTC to surrender convertible debt and preferred securities in their accounts to conversion agents by book-entry for same-day credit in the underlying securities, usually common stock. In 1995, DTC processed more than 28,000 instructions, with 822 million underlying shares issued, valued

at nearly \$22 billion, up from last year's figure of \$6.4 billion as a result of increased market activity.

#### REDEMPTIONS

When a security in the depository's custody matures or is called by the issuer, DTC presents it for redemption to one of the 3,300 agents with which it deals and pays the proceeds to affected Participants. In 1995, a total of \$440 billion was collected in redemption funds, up from \$364 billion the preceding year.

#### PUTS

Put provisions allow holders to obtain payment on demand for their securities' principal value on a predetermined number of days' notice. DTC's Repayment Option Procedures let Participants submit

THOMAS J. O'HARA  
*Edward D. Jones & Co.*

ROBERT G. MELILLO  
*The Depository Trust Company*

JOHN L. SCHEUERMANN  
*The Depository Trust Company*



put instructions in eligible issues through the depository. During 1995, 3,687 issues and 19,821 instructions were processed through DTC, representing \$23.9 billion. Of this amount, nearly \$21.7 billion was received in same-day funds. In addition, DTC processes optional repayments on certificates of deposit (CDs) and rollover instructions on Treasury bills.

#### UNITS

A unit is a type of investment package, such as a share and a warrant, or a bond and a put option. Participants can separate units into their components, or combine the components into units, and deliver them through DTC by book-entry.

A total of 11,971 combine and separate unit instructions were processed in 1995.

#### WARRANTS AND RIGHTS SUBSCRIPTIONS

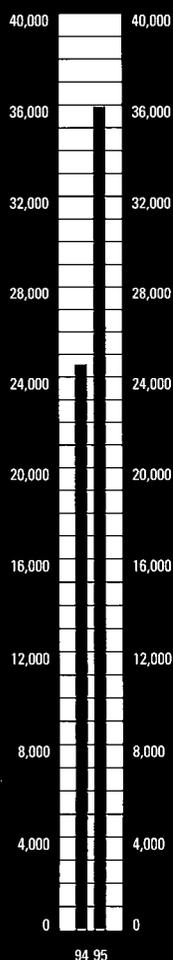
Warrants for common stock can be exercised by book-entry through DTC. In 1995, 15,091 subscriptions in 332 warrants issues were processed, resulting in the issuance of more than 194 million shares.

In 1995, DTC began its Automated Subscription Offer Program (ASOP), which allows Participants to submit basic subscriptions and oversubscriptions, and to sell rights through one comprehensive *PTS* function directly linked to agent banks. Since its inception, the program has processed a total of 20,887 subscriptions — up more

**Edward D. Jones & Co.**  
is both a user of the Reorg Deposit Service and a participant in the pilot for an expanded service, which includes mandatory reorganizations. The Reorg Deposit Service allows Participants to deposit issues having undergone a redemption or maturity and receive redemption proceeds directly from DTC. The expanded service, which will include stock and cash mergers and other corporate actions, is expected in mid-1996.

**Combined warrants and rights activity in 1995 came to nearly 36,000 subscriptions, as compared with last year's approximately 25,000 processed through the warrants system. This increase is due, in part, to DTC's enhanced capability through ASOP to process every aspect of every rights offering.**

**Warrants/Rights Subscriptions**



than 3,900 from last year — representing 59 offerings. Combined warrants and rights activity in 1995 came to nearly 36,000 subscriptions, as compared with last year's approximately 25,000 processed through the warrants system. This increase is due, in part, to DTC's enhanced capability through ASOP to process every aspect of every rights offering.

**OPTIONS**

Some 172 banks and broker-dealers used DTC to pledge securities to satisfy OCC margin or clearing fund requirements in 1995. Through the Third-Party Pledge System, banks can pledge to OCC securities on deposit at DTC for broker-dealers to satisfy OCC requirements for call option writers. The system also allows a put option writer to instruct its bank to move Treasury bill positions to the depository and pledge them to OCC for the account of the OCC clearing member carrying the writer's short position. This reduces the clearing member's margin requirements.

**WITHDRAWALS**

Participants can withdraw certificates from the depository in three ways:

*Withdrawals-by-Transfer (WTs):* When a Participant's customer wants a certificate registered in a particular name, DTC arranges with the transfer agent for the certificate's issuance. Depending on the issue, its agent, and the agent's

location, newly registered certificates are generally available, depending on transfer agent turnaround time, one to two weeks after DTC has received instructions for these routine transfers. During 1995, 2.4 million WTs were processed for Participants' customers. This represents a decrease from 1994 and can be attributed to Participants' educational efforts with their customers regarding book-entry ownership.

*Urgent COD Withdrawals:* Participants can obtain urgent certificates-on-demand (CODs) in certain issues — full-Fast Automated Securities Transfer (FAST) securities and bearer municipal bond issues. Except for FAST issues, urgent CODs have been eliminated for fully registered municipal securities that settle in same-day and next-day funds; critical withdrawal requests will be accommodated on a case-by-case basis. More than 71,000 COD items were processed by DTC in 1995, as compared with 88,000 in 1994.

*Rush Withdrawals-by-Transfer (RWTs):* This service enables DTC to speed the processing of certificate transfers for Participants when certificates are needed soon and CODs are unavailable. Certificates sought by RWT are generally available within one or two days if the transfer agent is located in New York City and within three if outside New York City. Rush WT items totaled

more than 16,000 in 1995, as compared with 18,000 in 1994.

Decreases for CODs and RWTs in 1995 continue a long-term trend of reduced need for physical certificates.

**DIRECT MAIL SERVICE**

For WTs, Participants can speed newly registered certificates to customers or third parties by having transfer agents or DTC mail them directly instead of returning them to Participant offices for mailing. During 1995, 1.1 million certificates were sent out as direct mail items. Of this amount, 39% were sent through DTC, while 61% were through agents, usually the faster and more efficient approach.

**FAST AUTOMATED SECURITIES TRANSFER**

Through *FAST*, DTC reduces certificate movement by maintaining a quantity of securities with transfer agents as balance certificates registered in its nominee name, Cede & Co. Balance certificates are adjusted daily for DTC deposit and withdrawal activity. During 1995, 112,000 *FAST* issues totaling \$5.5 trillion were held for DTC by agents, a marked increase over the 1994 figures of 90,000 issues totaling \$4 trillion, which reflects the growing number of issues in the *FAST* program. Agents can choose to use only the WT portion of the program, or they can also handle urgent COD withdrawals through the full-*FAST* program.

**FUND/SERV INTERFACE**

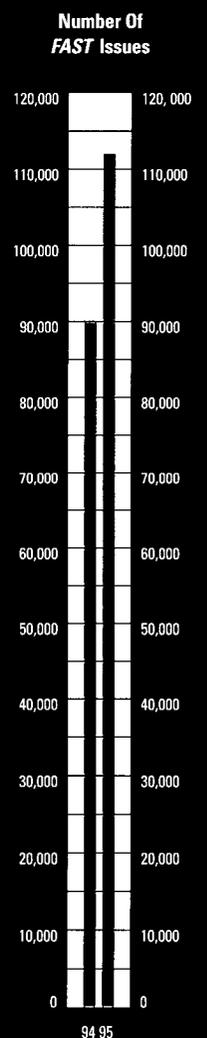
DTC's Fund/SERV Interface permits DTC users to access the Fund/SERV mutual funds program of National Securities Clearing Corporation (NSCC), allowing users to input purchase, redemption, and registration instructions as well as receive fund-transmitted confirmations. Users settle purchase and redemption transactions in the depository's daily net settlement system. DTC, in turn, settles with NSCC. More than 71,000 trades settled through DTC's system in 1995.

DTC also has an Interface with NSCC's Networking service, which complements Fund/SERV, enabling the electronic exchange of standardized nontrade account data between participating mutual funds and Networking users.

**COMMUNICATIONS**

A variety of communication vehicles provides access to all of these services, both domestically and internationally. Participants can use the Computer-to-Computer Facility (CCF and CCF II), Mainframe Dual Host (MDH), *PTS*, *PTS Jr.*, and dial-in terminals. In addition to the more than 10,300 DTC-owned terminals and Participant-owned desktop computers that make up the *PTS* network, there are 213 computer-to-computer interfaces, providing access to depository services.

**DTC's Fund/SERV Interface permits DTC users to access the Fund/SERV mutual funds program of National Securities Clearing Corporation, allowing users to input purchase, redemption, and registration instructions as well as receive fund-transmitted confirmations.**



ROBERT A. SCHULTZ  
*National Securities Clearing Corporation*

MARVIN B. KOEHLER  
*National Securities Clearing Corporation*

LARRY E. THOMPSON  
*The Depository Trust Company*

MICHAEL A. AGNES  
*The Depository Trust Company*

In the fourth quarter of last year, DTC and its sister company, National Securities Clearing Corporation, worked together to absorb the businesses of Midwest Securities Trust Company and Midwest Clearing Corporation, reducing duplication and yielding cumulative savings approaching \$250 million over the next decade.



DTC's governance is carefully framed to reflect the need for objectivity in serving diverse users in the financial community. The amount of DTC's capital stock each Participant may purchase is recalculated every year to reflect variations in depository use. Because DTC stock ownership offers limited financial incentive, and the depository does not distinguish between stockholder and nonstockholder Participants, many Participants have not exercised their annual entitlement to purchase DTC stock. A substantial portion of DTC stock available to broker-dealer Participants therefore remains with the New York Stock Exchange, Inc., the original owner of the depository's stock, and other self-regulatory organizations that became owners in 1975.

Stock is reallocated before the annual stockholders meeting in late March, so that stockholders may vote newly acquired shares toward electing the Board of Directors at the meeting. Elections are conducted by cumulative voting so no combination of stockholders controlling a simple majority of stock can elect all Directors.

At yearend 1995, after retirement or merger of a number of stockholders during the year, there were 132 DTC stockholders: 61 broker-dealers, 65 banks, and six self-regulatory organizations and clearing agencies. Broker-dealer Participants owned 15.2% of DTC stock and bank Participants owned 40.4%. Ownership interests of the self-regulatory organizations on behalf of broker-dealer Participants were 35.2% for the New York Stock Exchange, Inc., 4.6% for the American Stock Exchange, Inc.,

and 4.6% for the National Association of Securities Dealers, Inc. Current stockholders are identified in the listing of Participants at the end of this report.

**A**nother basic policy of the depository limits its annual profit, so that the depository returns to Participants excess income not required for the depository's operation. In 1995, \$12.1 million was credited to Participant accounts as general refunds. This was in addition to the \$103.0 million dividend, interest, and reorganization investment income refunds that were credited to Participant accounts. However, the conversion to a same-day funds settlement environment in February 1996 requires payments to Participants to be made in same-day funds. As a result, DTC will generally not have overnight dividends, interest, and reorganization funds to invest, and the refund of investment income will be virtually eliminated.

As a registered clearing agency, DTC is regulated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. As a member of the Federal Reserve System and a New York State limited-purpose trust company, DTC is also regulated by the Board of Governors of the Federal Reserve System and the New York State Banking Department.

The depository's origins date back to the late 1960s, when stock-processing problems severely disrupted the financial community. In 1973, DTC was created to acquire the business of the NYSE's Central Certificate Service and expand depository benefits to others in the financial industry, particularly banks.

#### THE NATIONAL CLEARANCE & SETTLEMENT SYSTEM

DTC's interfaces with other U.S. clearing agencies are a major part of the national securities clearance and settlement system.

A close working relationship between DTC and National Securities Clearing Corporation (NSCC) permits hundreds of broker-dealers that participate in both NSCC and DTC to conveniently use NSCC's trade comparison and clearing facilities and DTC's trade settlement and securities custody services. DTC's interfaces with NSCC mutual fund services — Fund/SERV and Networking — also provide low-volume Participants with easy access to those services.

**I**nterfaces between clearing corporations and securities depositories enable users of any of them to settle with users of others. These links also permit users of more than one depository to move securities positions between depositories.

A DTC account for The Options Clearing Corporation (OCC) enables banks and brokers to pledge securities to satisfy segregation and margin requirements for put and call option contracts, as well as their obligations to OCC's clearing fund. This eliminates repeated paper movements between parties to pledge transactions and is an alternative to issuing escrow receipts.

**S**imilarly, DTC's interface with the Federal Reserve's Book-Entry System allows Participants to maintain securities positions in their DTC accounts of U.S. Government and Agency securities. Participants may receive and deliver these securities to and from others over the interface free, not versus payment.

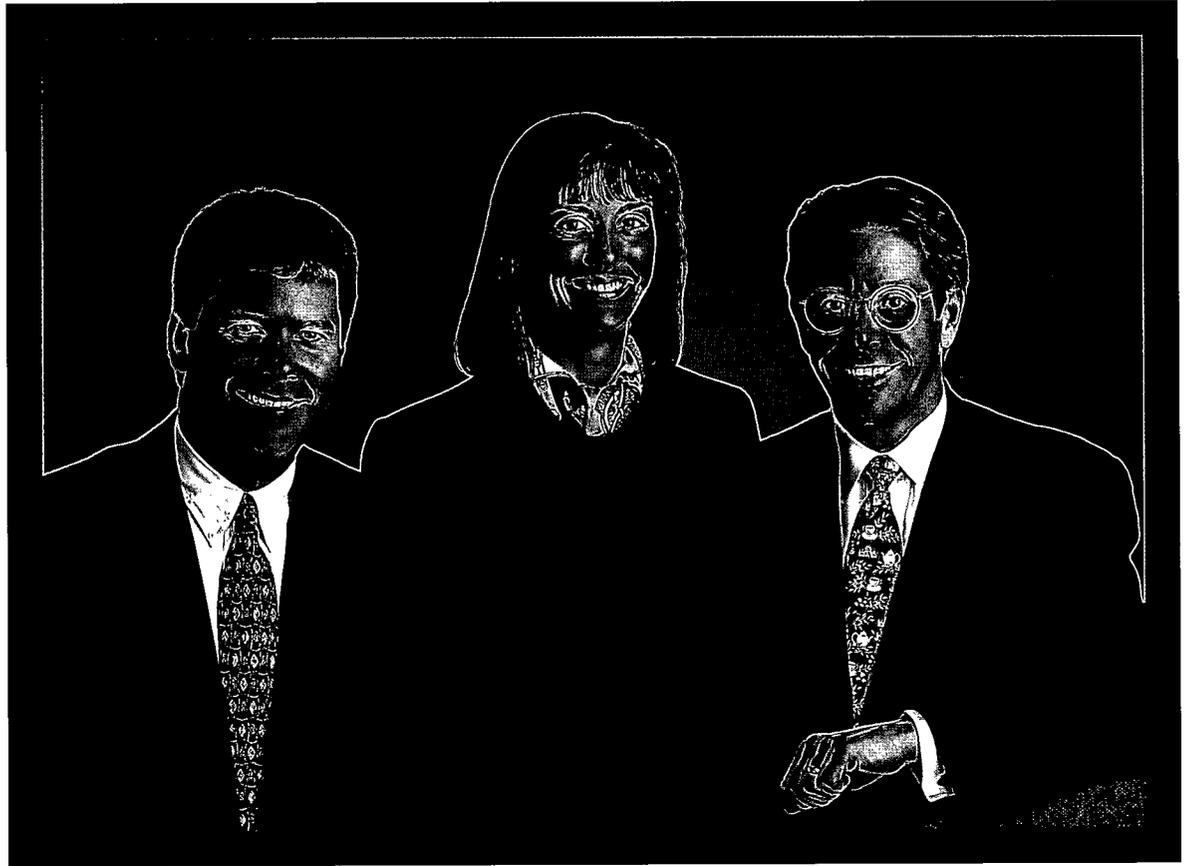
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WILLIAM HODASH  
The Depository Trust Company

YVONNE ETRIDGE  
The Depository Trust Company

EDWARD F. WATTS, JR.  
Goldman Sachs International

DTC's London staff, two of whom are shown here, work with more than two dozen Participants — including Goldman Sachs International — to support their London offices, and help expand use of the *ID* system.



Cross-border securities transactions continued at a high level of activity in 1995 as U.S. investors looked to markets abroad and foreign investors turned to the United States. Gross foreign stock and bond transactions by U.S. investors approached nearly \$2.5 trillion in 1995, more than doubling during the 1990s, according to Securities Industry Association (SIA) data.

Also at a high level was activity in the international arena by DTC and its industry partners. One significant undertaking begun last year, and now progressing, is a joint subsidiary with National Securities Clearing Corporation (NSCC) to supersede and unify the international initiatives of DTC and

NSCC's International Securities Clearing Corporation (ISCC).

The proposed organization aims to focus and converge ISCC's and DTC's international efforts on the part of their broad, interdependent constituencies. It will market internationally DTC's Institutional Delivery (*ID*) system and ISCC's Global Custodian Network (GCN), as well as products related to and derived from both.

Yet another significant project begun last year was preparation to support the New York Stock Exchange's major initiative to trade the ordinary shares of world-class, foreign equity securities.

SHERYL KORT  
The Depository Trust Company

JOSEPH A. ANNARELLI  
Wilmington Trust Company

RON RODRIGUEZ  
Harris Trust and Savings Bank



**W**ilmington Trust Company and Harris Trust and Savings Bank are among the many Participants that use DTC's Elective Dividend Service to send instructions for dividend payments on foreign securities. Efforts to reduce foreign tax withholding for certain U.S. investors bore fruit in the United Kingdom and France during 1995.

**T**ogether, DTC and NSCC, along with ISCC, propose to provide a multilateral netting system, with trades guaranteed by NSCC on T+1 and fails marked-to-the-market; *ID* confirmation and affirmation; book-entry delivery; and custody services that include dividend, reorganization, proxy services, and, when possible, reduced tax withholding at source.

**T**he proposal under consideration as the year ended was developed with the help of many in the industry, including Participant representatives, a working group of the SIA's International Operations Association (IOA) and two IOA committees formed by the working group; organizations

represented on the DTC and NSCC Boards of Directors; and several global custodian banks.

**T**he proposal seeks to minimize settlement and safekeeping costs and risks for U.S. investors engaged in pilot transactions. The cross-border market's importance to DTC was a prime reason that in October the depository opened its first overseas office, in London, to promote the use of the *ID* system and support European affiliates of Participants and their investment manager customers in their use of the *ID* system, as well as to gather information on European securities markets and settlement practices.

**Besides working with its individual Participants to encourage use of *ID* for cross-border trades, the depository joined with two Brazilian depositories, Bolsa de Valores de Sao Paulo and Camara de Liquidaco e Custodia S.A., to promote use of the *ID* system. . . . In Mexico, DTC discussed, among other things, linking the *ID* system with that country's depository, S.D. Indeval S.A. de C.V., with an eye to developing further linkages.**

**D**TTC also reached agreement during 1995 with the Brussels-based Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.), the global financial messaging system, to provide international electronic trade confirmations. The depository is preparing to offer its *ID* system and related services to S.W.I.F.T.'s customers through S.W.I.F.T.'s communications facilities using S.W.I.F.T. message formats.

DTC is also continuing discussions with the depository in Madrid, Spain, the Servicio de Compensacion y Liquidacion de Valores.

**I**n addition, the depository was active in Mexico and South America throughout the year. Besides working with its individual Participants to encourage use of *ID* for cross-border trades, the depository joined with two Brazilian depositories, Bolsa de Valores de Sao Paulo (BOVESPA) and Camara de Liquidaco e Custodia S.A. (CLC), to promote use of the *ID* system. BOVESPA will act as a concentrator of *ID* transactions for its participants, providing for them computer-to-computer access to DTC. Both BOVESPA and CLC will assist DTC in its marketing efforts and provide other support.

In Mexico, DTC discussed, among other things, linking the *ID* system with that country's depository, S.D. Indeval S.A. de C.V., with an eye to developing further linkages. Additionally, talks continued to link the *ID* system with the Caja de Valores (CAVAL) depository in Peru, as well as others in Latin America.

**D**TTC also expanded into Australia last summer, when Bankers Trust Company of Australia, facing a shortened settlement cycle due to the arrival of T+3 and a 15-hour time lag for its U.S. equity trades, turned to the *ID* system to help manage escalating confirmation volumes.

All of DTC's international activities in 1995 have had as their goals:

- Exploring the expansion of *ID* by linking with other communications systems around the globe.
- Supporting the New York Stock Exchange's pilot and the related multicurrency settlement of Exchange trades.
- Exploring how the depository can support Participants' cross-border needs and studying possible relationships with other depositories and global custodians to facilitate DTC eligibility of non-U.S. securities.

WILLIAM SCURLOCK  
*The Ohio Company*

DEANNA GRETZ  
*The Ohio Company*

MICHAEL MARZIGLIANO  
*The Depository Trust Company*

CLIFFORD TESTA  
*The Depository Trust Company*



As the world's largest custodian of corporate and municipal securities, DTC maintains an extensive internal control structure to monitor the movement of securities and related funds processed and/or held for Participants and others. This internal control structure has many self-monitoring mechanisms; deficiencies are corrected as they are identified.

Some of the objectives of such an internal control structure are to offer management assurance that securities and related funds for which DTC has responsibility are safeguarded against loss from unauthorized use or disposition; that securities transactions and related moneys are processed in accordance with instructions from Participants and are properly recorded and reflected in their daily and monthly statements; and

that DTC properly records, allocates, and reflects in daily statements to Participants the dividends and interest related to securities under its control. Participants are responsible for promptly reviewing the daily securities activity and dollar settlement statements and the monthly securities statements prepared by DTC, and for promptly notifying DTC of questions, exceptions, or errors.

As part of its effort to maintain the internal control structure, DTC management performs continual risk assessments of its operations, electronic data processing (EDP) systems, and facilities. Whenever a new or expanded service is proposed, the project is reviewed by the appropriate management. Risk assessment is a crucial element of such reviews.

Thousands of staff hours were devoted in late 1995 — and early 1996 — to preparing sole participants of Midwest Securities Trust Company for becoming DTC Participants. Representatives of the Information Services Division worked with The Ohio Company and others to ensure that all computer transmissions and applications were tested. DTC trainers and Participant Services representatives then focused on education and the many other aspects of the changeover.

**When learning of a possible operational or financial inadequacy, DTC works closely with regulatory and other self-regulatory organizations, monitors that Participant's activity and takes protective measures as warranted.**

In some cases, a project may be further reviewed by DTC's Risk Management Committee, internal auditors, independent accountants, attorneys, and industry groups prior to its implementation.

Management has employed key protective measures designed to reduce risk. These include:

- **Participant Soundness** — Prior to admitting a Participant, DTC screens applicants based on their financial strength, operational ability, and any potential liability to which it may expose the depository. DTC monitors various reports to discern any patterns of operational or financial problems. Each Participant must make a mandatory deposit to the Participants Fund, which would be used if it were unable to meet its daily settlement obligation or become insolvent. DTC maintains relationships with primary regulators, when possible, so that there is an exchange of vital information concerning operational and financial soundness. In the event of financial inadequacy, DTC carefully monitors a Participant's daily activity and may exercise its right under its rules to limit the Participant's access to DTC services or require additional collateral. Each Participant has an intraday limit on the net debit it may accrue.

- **Settlement Risk** — In addition to the intraday limit on a Participant's net debit, the Same-Day Funds Settlement (SDFS) system's collateral monitor prevents a Participant from accruing a net debit which exceeds the system value (i.e., market value of collateral securities, based on DTC prices, minus some percentage haircut

to guard against price fluctuations that might occur intraday) of the collateral DTC holds. A transaction that would result in a negative system collateral monitor (the sum of the value of a Participant's collateral and its net settlement amount) for a Participant is systemically blocked and recycled.

Additional procedures protect Participants by minimizing the possibility of loss from a Participant's unexpected insolvency. When learning of a possible operational or financial inadequacy, DTC works closely with regulatory and other self-regulatory organizations, monitors that Participant's activity and takes protective measures as warranted.

For example, should a Participant fail to satisfy its SDFS system obligations, DTC would use its liquidity resources to complete settlement, and collateralize any borrowing under its lines of credit. If the failing Participant were insolvent and unable to repay DTC on the following day, DTC would reverse to other Participants the deliveries they had made to the failing Participant. DTC's liquidity resources of \$1.1 billion for completing settlement in the SDFS system are composed of cash in its Participants Fund and lines of credit with banks.

- **Recordkeeping Systems** — All securities transactions are included on daily activity statements given to Participants. Participants are responsible for reporting to DTC any problems with recorded transactions and reported differences

are followed up until resolved by DTC personnel. The Settlement system is balanced in total each day using a double-entry accounting system. Settlement, dividend, and reorganization bank accounts are reconciled daily. Exception reports and error-monitoring systems highlight certain key information to management.

■ **Systems Reliability** — Extensive physical and environmental control systems are used in the data centers. Backup emergency generators and an uninterrupted power supply are available and tested periodically. A command center for monitoring key environmental control systems is staffed 24 hours a day, seven days a week. Any potential problems result in an alarm sounding and require supervisory intervention. DTC periodically operates its production system and communications network from its alternate data center. New program code is extensively tested through established certification procedures before being moved to the production environment.

■ **Contingency Preparedness** — The alternate data center and extensive disaster recovery methodology facilitate DTC's three-hour recovery capability for settlement-related processing. Monthly tests of the recovery methodology are performed to ensure that DTC's operating and applications systems and data can be restored accurately and timely. DTC has developed extensive line operations disaster recovery plans and tests them regularly.

■ **Data Security** — Access to DTC's computers is generally controlled by leased line and dial-in/call-back networks. User ID and password authentication is required to prevent unauthorized transactions from entering DTC systems, to avert data security breaches, and to establish accountability for transactions entered. Security violation reports are monitored and appropriate follow-up action is taken.

■ **Capacity Planning** — A capacity planning group monitors CPU and other computer resource utilization and forecasts normal and peak requirements. Stress and volume testing are conducted on selected key application systems and network facilities to determine capabilities and limitations so as to ensure DTC's readiness to process volume surges.

■ **Physical Security** — DTC's extensive internal security system includes a large security force, a computerized access control system, video recording equipment, and cameras for monitoring key secure areas.

■ **Insurance Coverage** — Through a combination of interlocking blanket bonds and all-risk insurance policies, DTC maintains one of the most extensive insurance programs in the financial industry.

■ **Internal and External Audits** — DTC's internal audit department and its independent accountant, Price Waterhouse, regularly review internal controls, procedures, and records. DTC is also regulated and examined by the Federal Reserve Bank of New York, the New York State Banking Department, and the Securities and Exchange Commission.

**The alternate data center and extensive disaster recovery methodology facilitate DTC's three-hour recovery capability for settlement-related processing. Monthly tests of the recovery methodology are performed to ensure that DTC's operating and applications systems and data can be restored accurately and timely.**

**THE BOARD OF DIRECTORS\***



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*Chairman & Chief Executive Officer*  
The Depository Trust Company



Thomas A. Williams  
*President*  
The Depository Trust Company



James L. Bailey  
*Executive Vice President*  
Citibank



Jill M. Considine  
*President*  
New York Clearing House Association



James D. Dixon  
*President*  
NationsBanc Services, Inc.



Steven G. Elliott  
*Vice Chairman*  
Mellon Bank, N.A.



Edward L. Goldberg  
*Executive Vice President*  
Merrill Lynch & Co. Inc.



Richard G. Ketchum  
*Executive Vice President & Chief Operating Officer*  
National Association of Securities Dealers, Inc.



Edward A. Kwalwasser  
*Group Executive Vice President*  
New York Stock Exchange, Inc.



James H. Messenger  
*President & Chief Executive Officer*  
National Financial Services Corporation



Michael Minikes  
*Senior Managing Director & Treasurer*  
The Bear Stearns Companies Inc.



Donald R. Monks  
*Executive Vice President*  
The Bank of New York



Albert E. Petersen  
*Executive Vice President*  
State Street Bank



John A. Thain  
*Partner in Charge of Operations, Technology and Finance*  
Goldman, Sachs & Co.



Wilbert A. Thiel  
*President, Treasurer and Chief Operating Officer*  
The Chicago Corporation

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*Chairman & Chief Executive Officer*



Thomas A. Williams  
*President*



Dennis J. Dirks  
*Executive Vice President*



Donald F. Donahue  
*Executive Vice President*



Glenn E. Mangold  
*Executive Vice President*



Richard B. Nesson  
*Executive Vice President & General Counsel*



Michael A. Agnes  
*Senior Vice President*



Joseph J. Bellantoni  
*Senior Vice President*



Thomas C. Cardile  
*Senior Vice President*



John J. Colangelo  
*Senior Vice President*



Raymond R. DeCesare  
*Senior Vice President*



Robert J. McGrail  
*Senior Vice President*



Larry E. Thompson  
*Senior Vice President & Deputy General Counsel*



Edward J. McGuire, Jr.  
*Secretary*

**VICE PRESIDENTS\***

Joseph J. Arney  
Neil F. Brander  
Ronald J. Burns  
Jacob Feuchtwanger  
Stuart A. Fishbein  
Ronald A. Garguilo  
Mark Handsman  
Vincent P. Hilly  
Charles J. Horstmann  
James Koster  
Cheryl T. Lambert  
Vincent A. Mauro  
Michael T. Mullen  
Richard J. O'Brien  
Frank Petrillo  
Lawrence W. Postel  
Joseph F. Reale  
James V. Reilly  
John L. Scheuermann  
Kenneth M. Scholl  
Carl H. Urst

**Comptroller**

Gary J. LaCara

**Treasurer**

Philip E. Plasencia

**Assistant Secretary**

Jane C. Klueger

**Assistant Treasurer**

Leonard A. Miele

**COMMITTEES OF THE BOARD OF DIRECTORS**

**Nominating Committee**

Jill M. Considine  
*Chair*

Steven G. Elliott

Michael Minikes

John A. Thain

**Audit Committee**

Donald R. Monks

*Chair*

Edward A. Kwalwasser

James H. Messenger

**Compensation Committee**

Edward L. Goldberg

*Chair*

James L. Bailey

John A. Thain

**Operations and Planning Committee**

Albert E. Petersen

*Chair*

James H. Messenger

Donald R. Monks

Wilbert A. Thiel

\* As of March 29, 1996.

Retiring from the board in March 1996, at the end of his term, was Richard S. Pechter, Chairman, DLJ Financial Services Group.

**F I N A N C I A L   I N F O R M A T I O N**

**REPORT OF INDEPENDENT ACCOUNTANTS**

**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF THE DEPOSITORY TRUST COMPANY**

*In our opinion, the accompanying statement of condition and the related statements of revenues and expenses and undivided profits and of cash flows present fairly, in all material respects, the financial position of The Depository Trust Company at December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles. 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 generally accepted auditing standards 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.*

*Pricewaterhouse LLP*  
NEW YORK, NEW YORK, FEBRUARY 2, 1996

**STATEMENT OF CONDITION**

<i>Dollars in thousands at December 31,</i>	<b>1995</b>	<b>1994</b>
<b>Assets</b>		
Cash and money market accounts	\$ 5,630	\$ 40,799
Repurchase agreements	4,588,445	2,380,020
Receivables:		
Participants:		
For settlements	6,999	39
For services	25,953	25,882
Dividends, interest and other	351,529	141,627
Deferred income taxes	35,139	30,957
Prepaid expenses, deferred charges and other assets	26,681	25,132
Equipment and leasehold improvements, less accumulated depreciation of \$106,436 in 1995 and \$94,925 in 1994	34,437	32,869
Leased property under capital leases, less accumulated depreciation of \$2,452 in 1995 and \$2,000 in 1994	2,067	3,726
Deposits to Participants Fund, callable on demand	231,687	481,363
	<b>\$5,308,567</b>	<b>\$3,162,414</b>
<b>Liabilities, Participants Fund and Stockholders' Equity</b>		
Liabilities:		
Drafts payable	\$3,393,582	\$1,708,295
Accounts payable and accrued expenses	286,591	146,715
Payable to Participants:		
Refunds	30,117	15,571
Settlements	219,294	172,989
Short position collateral	41,622	38,239
Dividends, interest and other	623,314	389,713
Obligations under capital leases	2,443	4,311
	<b>4,596,963</b>	<b>2,475,833</b>
Participants Fund:		
Deposits received	460,511	185,833
Deposits callable on demand	231,687	481,363
	<b>692,198</b>	<b>667,196</b>
Stockholders' Equity:		
Capital stock—authorized, issued and outstanding 18,500 shares of \$100 par value	1,850	1,850
Surplus	950	950
Undivided profits	16,606	16,585
	<b>19,406</b>	<b>19,385</b>
	<b>\$5,308,567</b>	<b>\$3,162,414</b>

*The accompanying notes are an integral part of the financial statements.*

**STATEMENT OF REVENUES AND EXPENSES AND UNDIVIDED PROFITS**

<i>Dollars in thousands for the years ended December 31,</i>	<b>1995</b>	<b>1994</b>
<b>Revenues</b>		
Services to Participants	\$312,154	\$307,345
Interest income	115,519	73,207
	427,673	380,552
Less—Refunds to Participants	(115,164)	(80,218)
	312,509	300,334
<b>Expenses</b>		
Employee costs	179,952	175,116
Rent, maintenance and utilities	43,838	44,805
Data processing rentals and supplies	23,142	22,993
Professional and other services	33,500	28,539
Depreciation and amortization	12,625	12,145
Stationery, supplies and postage	4,605	4,323
Other expenses	14,826	12,408
	312,488	300,329
Excess of revenues over expenses and refunds	21	5
Undivided profits, beginning of year	16,585	16,580
Undivided profits, end of year	\$ 16,606	\$ 16,585

**STATEMENT OF CASH FLOWS**

<i>Dollars in thousands for the years ended December 31,</i>	<b>1995</b>	<b>1994</b>
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses and refunds	\$ 21	\$ 5
Adjustments to reconcile excess of revenues over expenses and refunds to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,625	12,145
Pension and deferred compensation	4,685	5,880
Provision for uncollectible dividends and interest receivables	(34)	564
Provision for deferred income taxes	(4,182)	(4,775)
(Increase) decrease in receivables from Participants	(7,031)	6,071
(Increase) decrease in dividends, interest and other receivables	(209,893)	315,348
Increase (decrease) in accounts payable, accrued expenses and other, net	133,975	(2,574)
Increase (decrease) in Participants Fund deposits	274,678	(2,110)
Increase (decrease) in drafts payable	1,685,287	(1,488,553)
Increase in payables to Participants	297,835	25,907
Total adjustments	2,187,945	(1,132,097)
Net cash provided by (used in) operating activities	2,187,966	(1,132,092)
<b>Cash flows from investing activities</b>		
Purchases of equipment and leasehold improvements	(12,534)	(6,174)
Net cash used in investing activities	(12,534)	(6,174)
<b>Cash flows from financing activities</b>		
Principal payments on capital leases	(1,868)	(1,032)
Principal payments on note	(308)	(3,521)
Net cash used in financing activities	(2,176)	(4,553)
Increase (decrease) in cash and cash equivalents	2,173,256	(1,142,819)
Cash and cash equivalents, beginning of year	2,420,819	3,563,638
Cash and cash equivalents, end of year	\$ 4,594,075	\$ 2,420,819

*The accompanying notes are an integral part of the financial statements.*

**NOTE 1—BUSINESS AND OWNERSHIP:**

The Depository Trust Company ("DTC") is a limited purpose trust company providing central securities depository and related services to the securities, banking and related industries. At December 31, 1995, the New York Stock Exchange, Inc. owned approximately 35% of the capital stock of DTC, with the remainder owned by the American Stock Exchange, Inc., the National Association of Securities Dealers, Inc. and a number of DTC Participants or their representatives. A Stockholders Agreement provides for an annual reallocation of the entitlement to purchase outstanding capital stock by eligible Participants or their representatives based on relative depository activity of Participants during the prior year.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of presentation:**

These financial statements are presented in conformity with generally accepted accounting principles. Accordingly, management was required to make certain estimates and assumptions to determine the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. Refunds:**

Pursuant to a policy adopted by the Board of Directors, DTC does not pay dividends to stockholders. The Board of Directors has also adopted a policy to refund to its Participants each year all revenues in excess of current and anticipated needs. In 1995, this refund amounted to \$12,130 (1994—\$15,962). The Board of Directors has adopted an additional refund policy to provide for a monthly refund to Participants of income earned from the investment of cash dividend and corporate interest and reorganization payments to DTC for Participants. Such net monthly refunds totaled \$103,034 in 1995 (1994—\$64,256).

**C. Securities on deposit:**

Securities held by DTC for Participants are not reported in the financial statements. Cash dividends and interest received by DTC or due on such securities and in process of distribution or awaiting claim are included in the Statement of Condition. Short positions occasionally exist in Participants' securities balances. Such short positions are valued daily and collateralized daily by Participants' cash, U.S. Treasury securities and/or municipal bonds rated AA or better aggregating 130% of the short position. DTC's obligation to return such collateral is reflected in the Statement of Condition.

**D. Cash, money market accounts, repurchase agreements and cash flows:**

DTC invests available federal funds in repurchase agreements and money market accounts and, at the same time, makes disbursements to Participants in clearinghouse funds. The resulting book overdrafts are included in drafts payable and are eliminated the next business day when the repurchase agreements and money market accounts are converted back to cash.

Repurchase agreements represent U.S. Government and U.S. Government Agency securities purchased under agreements to resell at predetermined prices on the next business day. These agreements, primarily with certain money center banks and broker-dealers, are recorded at cost and interest is accrued as earned.

For cash flow reporting, cash and cash equivalents include cash, money market accounts and repurchase agreements. The carrying amounts of money market accounts, repurchase agreements and drafts payable reported in the Statement of Condition are not materially different from their fair values.

**E. Equipment and leasehold improvements:**

Equipment and leasehold improvements are reported at cost less accumulated depreciation and amortization. Equipment is depreciated over estimated useful lives ranging from five to seven years, using principally accelerated methods. Leasehold improvements are amortized using the straight-line method over the lives of the related leases or the useful lives of the improvements, whichever is less.

**F. Income taxes:**

Provision is made for deferred income taxes applicable to income and expenses reported in the financial statements in periods which differ from those in which they are subject to taxation. The primary differences between pretax accounting income and taxable income relate to retirement and health care benefits for covered active and retired employees. The deferred tax asset of \$35,139 as of December 31, 1995 (1994—\$30,957) is expected to be fully realized and, accordingly, no valuation reserve has been provided.

**NOTE 3—PARTICIPANTS FUND:**

Participants in DTC are required to deposit to the Participants Fund amounts which relate to their activity in the depository. The Fund is available to be applied to the Participants' obligations to DTC, and to be applied to certain uninsured losses incurred by DTC, if such should occur. Deposits are made in cash or in securities of the United States Government, its agencies or instrumentalities, states and political subdivisions or certain eligible

nonconvertible registered corporate debt securities, that are held by DTC, or pledged to DTC and callable on demand. Effective May 18, 1995 all deposits supporting activities in the Same-Day Funds Settlement system are made in cash.

**NOTE 4—DIVIDENDS, INTEREST, REORGANIZATION AND REDEMPTION BALANCES:**

DTC receives cash and stock dividends, interest and reorganization and redemption proceeds on securities registered in the name of its nominee and interest and redemption proceeds on bearer securities which it distributes to its Participants for the owners of the securities. Amounts received on registered securities withdrawn before the record date but not transferred from the name of DTC's nominee cannot be distributed unless claimed by the owners of the securities through a Participant or other financial institution. At December 31, 1995, cash dividends, interest, reorganization and redemption payables amounted to \$623,314, of which \$566,590 was awaiting distribution to Participants and \$56,724 was held pending claims on behalf of the record date owners of the applicable securities. Unclaimed balances are remitted to the appropriate authority when required by abandoned property laws. Stock dividends payable and unclaimed are not reported in the financial statements.

Cash dividends, interest and other receivable balances at December 31, 1995 amounted to \$352,029 (1994—\$142,302) before reduction by an allowance of \$500 (1994—\$675) for possible losses. Stock dividends receivable are not reported in the financial statements.

**NOTE 5—PENSION BENEFITS:**

DTC has a noncontributory defined benefit pension plan covering substantially all full-time employees. The pension plan is qualified under section 401(a) of the Internal Revenue Code. Pension benefits are based on a formula percentage of annual earnings for each year of continuous participation with vesting after five years. DTC's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes.

Retirement benefits are also provided under supplemental non-qualified pension plans for certain officers. The cost of these benefits is determined based on substantially the same actuarial methods and economic assumptions as those for the qualified pension plan. DTC maintains certain assets in a Rabbi Trust to meet its non-qualified retirement benefit obligations.

The following table reconciles the funded status of DTC's defined benefit plans with the amounts reflected in the financial statements:

	1995	1994
Plan assets at fair value, primarily equity securities and deposits under group annuity contracts	\$ 78,635	\$ 56,863
Accumulated benefit obligation for service rendered:		
Vested	86,401	60,252
Non-vested	3,144	2,187
	89,545	62,439
Additional amounts related to projected compensation increases	20,346	14,876
Projected benefit obligation for service rendered	109,891	77,315
Projected benefit obligation in excess of plan assets	(31,256)	(20,452)
Unrecognized net asset remaining from the initial application of FAS No. 87	(4,820)	(5,623)
Unrecognized net (gain) loss from past experience different from that assumed and the effects of changes in assumptions	9,129	(3,590)
Unfunded defined benefit pension obligation included in accounts payable and accrued expenses	\$(26,947)	\$(29,665)

The discount rate used in determining the actuarial present value of the projected benefit obligation was 7% for 1995 (1994—8.5%). The assumed rate of future compensation levels was based on anticipated inflation and merit increases. The expected long-term rate of return on assets was 9.25% in 1995 (1994—9.25%). The unrecognized net asset that existed when Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," was adopted, as of January 1, 1986, is being amortized over 16 years.

Net pension costs for 1995 and 1994 included the following components:

	1995	1994
Service cost—benefits earned during the year	\$ 4,653	\$ 5,671
Interest cost on projected benefit obligation	6,509	6,088
Actual return on assets	(15,808)	(775)
Net amortization and deferral	10,193	(4,399)
Net pension cost	\$ 5,547	\$ 6,585

#### NOTE 6—POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS:

DTC provides certain unfunded health care and life insurance benefits for retired employees. The cost of these benefits is recognized in accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The unrecognized obligation that existed when this standard was

adopted, as of January 1, 1994, is being amortized over 20 years. At December 31, 1995 the unamortized transition obligation was \$10,568.

Net periodic postretirement benefit cost for 1995 and 1994 included the following components:

	1995	1994
Service cost—benefits attributed to service during the year	\$1,259	\$1,241
Interest cost on accumulated benefit obligation	1,413	1,267
Amortization of transition obligation	622	622
	\$3,294	\$3,130

Accounts payable and accrued expenses includes \$20,438 for these benefits. The actuarial present value of DTC's accumulated postretirement benefit obligation was \$24,879 including an unrecognized net loss of \$4,441 as of December 31, 1995 using a discount rate of 7%. The assumed health care cost trend used to measure the expected cost of benefits reflects rates decreasing from 12.4% currently to an ultimate rate of 6% beyond 15 years. A one-percentage-point increase in the health care cost trend rates assumed would increase the 1995 cost by \$643 and the accumulated postretirement benefit obligation by \$5,171.

DTC also provides certain postemployment benefits to former or inactive employees who are not retirees. These benefits include salary continuance and disability health care. The cost of postemployment benefits is recognized under the accrual method as required by Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." At December 31, 1995, \$850 was accrued for such benefits.

#### NOTE 7—INCOME TAXES:

Income tax expense is reflected in other expenses. The provisions for 1995 and 1994 are summarized as follows:

	1995	1994
Current provision:		
Federal	\$ 3,169	\$ 3,437
State and local	1,892	2,082
Deferred (benefit):		
Federal	(3,138)	(2,967)
State and local	(1,044)	(1,807)
Net income tax expense	\$ 879	\$ 745

Cash payments for income taxes totaled \$5,402 in 1995 (1994—\$5,308).

#### NOTE 8—LINES OF CREDIT:

DTC has a line of credit with certain commercial banks totaling \$700 million at the federal funds rate plus 3/8% which is available to support the Same-Day Funds Settlement system. A commitment fee is required on this line of credit. DTC also maintains a line of credit of \$10 million at a rate approximating the prime rate to support potential short-term operating cash requirements. These facilities have never been used.

#### NOTE 9—LEASES AND OTHER COMMITMENTS:

DTC leases office space and data processing and other equipment. The leases for office space provide for rent escalations subsequent to 1995. Rent expense in 1995 was \$30,896 (1994—\$32,554) for office space and \$16,378 (1994—\$16,426) for data processing and other equipment.

Cash payments of interest on capital leases and other obligations totaled \$286 in 1995 (1994—\$330).

Presented below are the future minimum payments, by year and in the aggregate, under capital leases and under operating leases having noncancelable lease terms in excess of one year as of December 31, 1995:

	Capital Leases	Operating Leases
1996	\$1,381	\$ 31,257
1997	1,251	29,375
1998	12	17,284
1999	—	12,625
2000	—	14,757
Thereafter	—	182,336
Total future minimum lease payments	2,644	\$287,634
Less — Amount representing interest on capital leases	201	
Present value of net minimum lease payments under capital leases	\$2,443	

DTC renewed its lease at 55 Water Street, which was scheduled to expire in 1997, for 17.5 years effective June 14, 1995 through December 31, 2012.

#### NOTE 10—SUBSEQUENT EVENT:

On January 6, 1996, DTC assumed certain depository services and other assets and liabilities of The Chicago Stock Exchange, Incorporated's ("CHX") Midwest Securities Trust Company ("MSTC") and Securities Trust Company of New Jersey ("STC"). DTC paid \$32.9 million consisting of \$10.6 million in cash, a \$5 million note payable quarterly through January 1998 and the assumption of liabilities of approximately \$17.3 million. In addition, a contingent cash payment of \$1.4 million may be made, subject to the successful operation of certain technology that was being developed by CHX. As part of the transaction, CHX, MSTC, and STC signed covenants not to compete for a period of 10 years.

The transaction will be accounted for using the purchase method. Accordingly, the cost of the transaction will be allocated to the assets and liabilities assumed based on their estimated fair values as of the date of the transaction.

This transaction would not have had a material pro-forma impact on DTC's results of operations for 1995 and 1994 if it had been completed as of the beginning of 1994.

**BANKS**

Amalgamated Bank of New York (The)  
 American Express Trust Company  
 American National Bank & Trust Company of Chicago  
 AmSouth Bank, N.A.  
 Associated Bank Green Bay, National Association  
 Bank IV Kansas, National Association  
 Bank of America Illinois  
 Bank of America National Trust and Savings Association  
 Bank of Bermuda (New York) Limited  
 Bank of California (The)  
 Bank of Cherry Creek, N.A. (The)  
 Bank of New York (The)  
 Bank of Nova Scotia, New York Agency (The)  
 Bank of Tokyo Trust Company (The)  
 Bank One, Kentucky, N.A.  
 Bank One Trust Company, N.A.  
 Bank South, N.A.  
 Bankers Trust Company  
 Barclays Bank PLC, New York Branch  
 Barnett Banks Trust Company, N.A.  
 Bessemer Trust Company  
 Boatmen's Trust Company  
 Boston Safe Deposit and Trust Company  
 Brown Brothers Harriman & Co.  
 Central Fidelity Bank, N.A.  
 Central Trust Bank (The)  
 Centura Bank  
 Charles Schwab Trust Company (The)  
 Chase Manhattan Bank, N.A. (The)  
 Chemical Bank  
 Citibank, N.A.  
 City National Bank  
 Comerica Bank  
 Commerce Bank of Kansas City, N.A.  
 Compass Bank  
 CoreStates Bank, N.A.  
 Crestar Bank  
 Custodial Trust Company  
 Dai-ichi Kangyo Bank (The), Limited, New York Branch  
 Daiwa Bank Limited (The), New York Agency  
 Fiduciary Trust Company International  
 Fiduciary Trust Company of Boston  
 Fifth Third Bank (The)  
 First Alabama Bank  
 First Fidelity Bank, N.A. Pennsylvania  
 First Fidelity Bank, National Association, New Jersey  
 First Interstate Bank of Arizona, N.A.  
 First Interstate Bank of California  
 First National Bank of Boston (The)  
 First National Bank of Chicago (The)  
 First National Bank of Maryland (The)  
 First National Bank of Ohio  
 First National Bank of Omaha  
 First of America Bank—Michigan, N.A.  
 First Tennessee Bank N.A. Memphis  
 First Trade Union Trust Company  
 First Trust Corporation  
 First Trust National Association  
 First Union National Bank  
 Firststar Trust Company  
 Fleet Bank of Massachusetts, N.A.  
 Fort Wayne National Bank

French American Banking Corporation  
 Fuji Bank & Trust Company (The)  
 Goldman Sachs Trust Company (The)  
 Harris Trust & Savings Bank  
 Home Federal Bank of Tennessee, F.S.B.  
 Huntington National Bank  
 IBJ Schroder Bank & Trust Company  
 Imperial Trust Company  
 Industrial Bank of Japan, Limited New York Branch (The)  
 Industrial Bank of Japan Trust Company (The)  
 Investors Bank and Trust Company  
 LTCB Trust Company  
 Lakeside Bank  
 LaSalle National Bank  
 Liberty Bank & Trust Company of Tulsa, National Association  
 M&I Marshall & Ilsley Bank  
 Manufacturers and Traders Trust Company  
 Marine Midland Bank, N.A.  
 Mark Twain Bank  
 Mellon Bank, N.A.  
 Mercantile Bank of St. Louis National Association  
 Mercantile Safe Deposit and Trust Company  
 Meridian Bank  
 Michigan National Bank  
 Midlantic National Bank  
 Mitsubishi Bank Trust Company of New York  
 Mitsubishi Trust & Banking Corporation (U.S.A.)  
 Mitsui Trust Bank (USA)  
 Morgan Guaranty Trust Company of New York  
 Morgan Stanley Trust Company  
 NBD Bank, N.A.  
 National City Bank  
 NationsBank of Georgia, N.A.  
 NationsBank of Texas, National Association  
 NatWest Bank, N.A.  
 Nomura International Trust Company  
 Northern Trust Company (The)  
 Norwest Bank Denver, National Association  
 Norwest Bank Minnesota, National Association  
 Old Kent Bank  
 PNC Bank, Kentucky, Inc.  
 PNC Bank, National Association  
 Provident Bank (The)  
 Republic National Bank of New York  
 Riggs National Bank of Washington, D.C. (The)  
 Sakura Trust Company  
 Santa Barbara Bank & Trust  
 Sanwa Bank California  
 Sanwa Bank Limited (The)—New York Branch  
 Seattle—First National Bank  
 SEI Trust Company  
 Shawmut Bank Connecticut, N.A.  
 Shawmut Bank, National Association  
 Societe Generale—New York Branch  
 Society National Bank  
 SouthTrust Bank of Alabama, N.A.  
 Star Bank, National Association, Cincinnati  
 State Street Bank and Trust Company  
 Sterling National Bank & Trust Company of New York  
 Sumitomo Bank of California  
 Sumitomo Trust & Banking Co. (USA)  
 SunTrust Bank, Atlanta  
 Swiss Bank Corporation—New York Branch

Texas Commerce Bank, N.A.  
 Texas Treasury Safekeeping Trust Company  
 Toronto—Dominion Bank—New York Branch (The)  
 Toyo Trust Company of New York  
 Trustmark National Bank  
 UMB Bank, N.A.  
 Union Bank  
 Union Planters National Bank  
 United Jersey Bank  
 United States National Bank of Oregon  
 Wachovia Bank of Georgia, N.A.  
 Wachovia Bank of North Carolina, N.A.  
 Wells Fargo Bank, National Association  
 Wells Fargo Institutional Trust Company  
 Wesbanco Bank Wheeling  
 Wilmington Trust Company  
 Yasuda Bank and Trust Company (U.S.A.)  
 Zions First National Bank

**BROKER-DEALERS #**

A.B. Financial L.L.C.\*  
 ABN AMRO Securities (USA) Inc.  
 Adams—Fastnow Company Inc. Specialist\*  
 Adams, Harkness & Hill, Inc.  
 Adler, Coleman Clearing Corp.  
 Advest, Inc.  
 Affina Brokerage Services Inc.  
 Alexander (J.) Securities, Inc.\*  
 Alger (Fred) & Company, Incorporated  
 Allen & Company Incorporated  
 Alpine Associates  
 American Enterprise Investment Services Inc.  
 Ameritrade, Inc.  
 Arnhold and Bleichroeder (S.), Inc.  
 Asiel & Co.  
 BA Investment Services, Inc.  
 BBN James Capel Inc.\*  
 BHC Securities Inc.  
 BHF Securities Corporation  
 BSE Specialist Account\*  
 BT Brokerage Corporation  
 BT Securities Corporation  
 Baer (Julius) Securities Inc.  
 Baird (Robert W.) & Co. Incorporated  
 Banc One Capital Corporation  
 Barr Brothers & Co., Inc.  
 Baum (George K.) & Company  
 Bear, Stearns Securities Corp.  
 Bernstein (Sanford C.) & Co., Inc.  
 Beyer & Co.\*  
 Bidwell & Company  
 Blair (C.M.), Foster (W.O.) & Co.\*  
 Blair (William) & Company  
 Bozarth & Turner Securities Inc.\*  
 Bradford (J.C.) & Co.  
 Brawley Cathers Limited\*  
 Brown (Alex.) & Sons, Inc.  
 Brown & Company Securities Corporation  
 Bunting Warburg Incorporated\*  
 Burke, Christensen & Lewis Securities Inc.  
 Butler, Wick & Co., Inc.  
 CS First Boston Corporation  
 Caldwell Securities Ltd.\*  
 Canaccord Capital Corporation\*  
 Cantella & Co., Inc.  
 Cantor Fitzgerald & Co.  
 Cantor Fitzgerald Partners  
 Cantor (S.B.) & Co., Inc.\*

Carl M. Hennig, Inc.\*  
 Carr Securities Corporation  
 Carty & Company, Inc.  
 Cassels Blaikie & Co., Inc.\*  
 Cassels Blaikie & Co. Ltd\*  
 Cazenove Incorporated  
 Centennial Securities Company, Inc.\*  
 Chapdelaine & Co.\*  
 Chapdelaine Corporates Securities Co.\*  
 Charles (J.W.) Clearing, Corp.  
 Charles Schwab & Co., Inc.  
 Charles Schwab & Co., Inc. Specialist\*  
 Chase Securities, Inc.  
 Chemical Securities, Inc.  
 Chicago Corporation (The)  
 Childs (S.W.) Management Corporation  
 CIBC Wood Gundy Securities Corp.  
 Citicorp Securities Inc.  
 City Securities Corporation  
 Coastal Securities Ltd.  
 Commerzbank Capital Markets Corporation  
 Computer Clearing Services Inc.\*  
 Connor, Clark & Co. Limited\*  
 Cosse International Securities, Inc.\*  
 Coughlin and Company, Inc.\*  
 Cowen & Co.  
 Craigie Incorporated  
 Cresvale International, Inc.  
 Crews & Associates, Inc.  
 Cronin & Co. Inc.  
 Crowell, Weedon & Co.\*  
 Crowell, Weedon & Co. Specialist\*  
 Daiwa Securities America, Inc.  
 Darier, Hentsch (Canada) Inc.\*  
 Datek Securities Corporation  
 Davenport & Co. of Virginia, Inc.  
 Davidson (D.A.) & Co., Inc.\*  
 Davidson (D.A.) & Co., Inc. Specialist\*  
 Davis (Shelby Cullom) & Co.  
 Deacon Capital Corporation\*  
 Dean Witter Reynolds Inc.  
 Dean Witter Reynolds Inc. Specialist\*  
 Deltac Asset Management Corporation\*  
 Desjardins Securities Inc.\*  
 Deutsche Morgan Grenfell Canada Inc.\*  
 Deutsche Morgan Grenfell/C.J. Lawrence Inc.  
 Diamant Investment Corp.\*  
 Dillon, Read & Co. Inc.  
 Dominick & Dominick, Incorporated  
 Donaldson, Lufkin & Jenrette Securities Corporation  
 Dresdner Securities (U.S.A.) Inc.  
 Dreyfus Investment Services Corporation  
 E.D. & F. Man International Securities, Inc.  
 ESI Securities Company  
 Edwards (A.G.) & Sons, Inc.  
 Einhorn & Co.  
 Elwood (R.W.) & Co., Inc.  
 Emmet & Co. Inc.  
 Equity Securities Trading Co., Inc.  
 Ernst & Co.  
 Everen Clearing Corp.  
 Everen Clearing Corp. Specialist\*  
 Fagenson & Co., Inc.  
 Fahnstock & Co., Inc.  
 Fechter, Detwiler & Co., Inc.\*  
 Ferris, Baker Watts, Incorporated  
 First Albany Corporation  
 First of America Securities, Inc.

† As of December 31, 1995

- First Investors Corporation  
 First Manhattan Co.  
 First Marathon Securities Limited\*  
 First Miami Securities, Inc.  
 First of Michigan Corporation\*  
 First Options of Chicago, Inc.  
 First Southwest Company  
 Fleet Clearing Corporation  
 Fleet Securities, Inc.  
 Frank (Walter N.) & Co.  
 Frankel (Wm. V.) & Co., Inc.\*  
 Fred Kolber & Co.  
 Freeman Securities Company, Inc.  
 Freeman Welwood & Co., Inc.  
 Fried (Albert) & Co.  
 GVR Co.\*  
 Garban Corporates, Inc.  
 Garat & Co. Specialist\*  
 Gewecke (Roger L.) Inc. Specialist\*  
 Glickenhans & Co.  
 Goldman, Sachs & Co.  
 Goldman Sachs Canada\*  
 Goldman Sachs Money Markets, L.P.  
 Gordon & Co.  
 Gordon Capital Corporation\*  
 Gordon Capital Inc.  
 Greenline Investor Services Inc.\*  
 Gruntal & Co. Incorporated  
 Gruss (Oscar) & Son Incorporated  
 H.C. Denison Co.\*  
 HSBC Securities, Inc.  
 Hanauer (J.B.) & Co.  
 Hancock (John) Clearing Corporation  
 Hanifen, Imhoff Clearing Corporation  
 Hartfield (J.F.) & Co., Inc.  
 Henderson Brothers, Inc.  
 Herzog, Heine, Geduld, Inc.  
 Hill, Thompson, Magid & Co., Inc.\*  
 Hilliard (J.J.B.), Lyons (W.L.), Inc.  
 Holt & Collins\*  
 Hopkins, Harbach & Co. Specialist\*  
 Hough (William R.) & Co.  
 Howe Barnes Investments Inc.  
 Hull Trading Co., L.L.C.  
 Hummer (Wayne) & Co.  
 Huntleigh Securities Corporation  
 Hutchinson, Shockey, Erley & Co.  
 Icahn & Co., Inc.  
 Ingalls & Snyder  
 Instinet Corporation  
 Internationale Nederlanden (U.S.)  
 Securities Derivatives Clearing, Inc.  
 Interstate/Johnson Lane Corporation  
 J.A. Glynn & Company  
 Jacobson (Benjamin) & Sons  
 Janney Montgomery Scott Inc.  
 James Capel Canada Inc.\*  
 Jefferies & Company, Inc.\*  
 JMC Securities, Inc.\*  
 Jones (Edward D.) & Co.  
 Juran & Moody, Inc.  
 Kalb, Voorhis & Co.  
 Kankaku Securities (America) Inc.  
 Kawano (H.) & Co., Inc.\*  
 Kellner, DiLeo & Co.  
 Kenny (J.J.) Drake, Inc.\*  
 Key Clearing Corp.  
 King (C.L.) & Associates Inc.  
 King Financial Services Inc.\*  
 KirkPatrick, Pettis, Smith, Polian Inc.  
 Koonce Securities, Inc.\*  
 LIT Clearing Services, Inc.  
 LaBranche & Co.  
 Lafferty, Harwood & Partners Ltd.\*  
 Latinvest Securities, Inc.  
 Larkin (Emmett A.) & Co., Inc.\*  
 Lawrence, O'Donnell, Marcus LLC  
 Lazard Frères & Co.  
 Legg Mason Wood Walker, Inc.  
 Lehman Brothers, Inc.  
 Lerner (David) Associates, Inc.  
 Lewco Securities Corp.  
 Lipper & Company, L.P.  
 Llama Company  
 Mabon Securities Corp.  
 MacAllaster Pitfield Mackay, Inc.  
 MacDougall, MacDougall & MacTier, Inc.\*  
 Madoff (Bernard L.)  
 Marcus Schloss & Co., Inc.  
 Marketing One Securities, Inc.  
 Marleau Lemire Inc.\*  
 Mayer & Schweitzer, Inc.  
 May Financial Corporation  
 McCourtney-Breckenridge & Company\*  
 McDonald & Company Securities, Inc.  
 Meehan (M.J.) & Company  
 Melville (Ronald E.) Inc. Specialist\*  
 Meridian Securities International Ltd.\*  
 Merit Investment Corporation  
 Merrill Lynch Government Securities Inc.  
 Merrill Lynch, Pierce, Fenner & Smith  
 Incorporated  
 Merrill Lynch Specialists Inc.\*  
 Merrimack Valley Investment Inc.\*  
 Mesirov Financial, Inc.  
 Midland Walwyn Capital Inc.\*  
 Miller, Johnson & Kuehn, Inc.  
 Miller & Schroeder Financial, Inc.  
 Mitchum Securities, Inc. Specialist\*  
 Montgomery Securities  
 Morgan (J.P.) Securities Inc.  
 Morgan, Keegan & Company, Inc.  
 Morgan Stanley & Co. Incorporated  
 Murphey, Marseilles, Smith & Nammack  
 Murphy & Durieu  
 Nathan & Lewis Securities, Inc.  
 National Financial Services Corporation  
 National Financial Services Corp. Specialist\*  
 National Securities Corporation  
 NationsBanc Capital Markets, Inc.  
 NatWest Securities Corporation  
 NBC Clearing Services Incorporated\*  
 NBC Securities, Inc.  
 Nesbitt Burns Inc.\*  
 Nesbitt Burns Securities, Inc.  
 Neuberger & Berman  
 New Japan Securities International, Inc.  
 Newbridge Securities Inc.  
 Nikko Securities Co. International, Inc. (The)  
 Nomura Securities International, Inc.  
 Nuveen (John) & Co. Incorporated  
 O'Connor & Company  
 Odium Brown Limited\*  
 Olde Discount Corporation  
 Oppenheimer & Co., Inc.  
 Pacific Brokerage Services, Inc.  
 Pacific Post Partners, Ltd.\*  
 PaineWebber Incorporated  
 PaineWebber Specialists Inc.\*  
 Paloma Securities L.P.  
 Paribas Corporation  
 Parker/Hunter Incorporated  
 Payson (H.M.) & Co.\*  
 Peninsular Securities Co.\*  
 Pennaluna & Company, Inc.\*  
 Person Financial Services, Inc.\*  
 Perelman-Carley & Associates, Inc.  
 Perkins, Wolf McDonnell & Company  
 Pershing Trading Company L.P.—Specialist\*  
 Pflueger & Baerwald Inc.\*  
 Phelps & Woodhead Inc.\*  
 Pictet (Canada) and Company, Limited\*  
 Piper Jaffray Inc.  
 Preferred Technology, Inc.\*  
 Primevest Financial Services, Inc.  
 Principal Financial Securities, Inc.  
 Private Brokers Clearing Corporation  
 Prudential Securities Incorporated  
 RAF Financial Corporation\*  
 RBC Dominion Securities Corporation  
 RBC Dominion Securities Inc.\*  
 RBC Dominion Securities Inc.†  
 RSF Partners  
 Ragen MacKenzie Incorporated  
 Raymond, James & Associates, Inc.  
 Raymond, James & Associates, Inc. Specialist\*  
 Reaves (W.H.) & Co., Inc.  
 Redwood Trading Inc. Specialist\*  
 Refco Securities, Inc.  
 Regional Operations Group, Inc.  
 Regions Investment Company, Inc.  
 Republic New York Securities Corporation  
 Research Capital Corporation\*  
 Rickel & Associates Inc.  
 Richards, Merrill & Peterson Inc.\*  
 Robb, Peck, McCooney Clearing Corporation  
 Robertson, Stephens & Company, L.P.  
 Rock Island Securities, Inc.\*  
 Rodman & Renshaw, Inc.  
 Roney & Co.  
 Roosevelt & Cross Inc.  
 Roulston Research Corp.  
 SBC Capital Markets, Inc.  
 S.R.S. Securities, Inc.—Specialist\*  
 Sage Clearing L.P.\*  
 Sage Clearing L.P. (California)\*  
 Salomon Brothers Inc.  
 Sanwa McCarthy Securities Limited\*  
 Schapiro (M.A.) & Co., Inc.  
 Scotia McLeod Inc.\*  
 Scotia McLeod Inc.†  
 Scotia McLeod (USA) Inc.  
 Scott & Stringfellow Inc.  
 Scottsdale Securities, Inc.  
 Seasongood & Mayer  
 Seattle—Northwest Securities Corporation  
 Seidler Companies, Incorporated  
 Specialist (The)\*  
 Smith Barney, Inc.  
 Smith Barney, Inc. Specialist\*  
 Smith, Moore & Co.\*  
 Societe Generale Securities Corporation  
 Soloway & Co.\*  
 Southwest Securities, Inc.  
 Spear, Leeds & Kellogg  
 Steichen (R.J.) & Company\*  
 Stephens, Inc.  
 Stern & Kennedy  
 Stern (M.L.) & Co., Inc.\*  
 Sterne, Agee & Leach, Inc.  
 Stifel, Nicolaus & Company Incorporated  
 StockCross, Inc.\*  
 Stoeber, Glass & Co., Inc.  
 Stone & Youngberg\*  
 Streicher (J.) & Co.  
 Swiss American Securities Inc.  
 Tasse & Associates, Limited\*  
 TCW, Inc. Specialist\*  
 Thomson Kernaghan & Co., Ltd.\*  
 Timber Hill Inc.  
 Titus & Donnelly Inc.\*  
 Transatlantic Securities Company  
 UBS Securities Inc.  
 U.S. Clearing Corp.  
 Van Kampen American Capital Distributors, Inc.  
 WG Trading Company, L.P.  
 W.S. Clearing, Inc.\*  
 WSI Stock Loan\*  
 Wachovia Investments, Inc.  
 Wachtel & Co., Inc.  
 Wagner Stott Mercator Partners, L.P.  
 Wall Street Equities Incorporated\*  
 Warburg (S.G.) & Co. Inc.  
 Waters, Parkerson & Co., Inc.\*  
 Waterhouse Securities Inc.  
 W&D Securities, Inc.  
 Wedbush Morgan Securities Inc.\*  
 Wedbush Morgan Securities, Inc. Specialist\*  
 Weiss, Peck & Greer  
 Wellington (H.G.) & Co. Inc.  
 Wheat, First Securities, Inc.  
 Wilshire Associates Incorporated\*  
 Wilson (L.W.) & Co., Inc. Specialist\*  
 Wolfe & Hurst Bond Brokers, Inc.  
 Worldco, Inc.\*  
 Wulff, Hansen & Co.  
 Yamaichi International (America), Inc.  
 Yorkton Securities Inc.\*  
 Ziegler (B.C.) and Company  
 Ziegler Thrift Trading, Inc.\*

**CLEARING AGENCIES**

- Canadian Depository for Securities Limited  
 (The)  
 Central Depository (Pte.) Ltd. (Singapore)\*\*  
 Deutscher Kassenverein AG  
 International Securities Clearing Corporation  
 Japan Securities Clearing Corp.\*\*  
 Midwest Securities Trust Company  
 National Securities Clearing Corporation  
 Options Clearing Corporation (The)  
 Philadelphia Depository Trust Company

# Excludes some firms with limited activity.  
 † Canadian Depository for Securities Limited (The)  
 \* National Securities Clearing Corporation-Sponsored Account  
 \*\* International Securities Clearing Corporation-Sponsored Account

**STOCKHOLDERS\***

American Express Trust Company  
 American Stock Exchange  
     *Clearing Corporation*  
 American Stock Exchange Inc.  
 AmSouth Bank of Alabama  
 Arnhold and Bleichroeder (S.), Inc.  
 BT Securities Corporation  
 Baer (Julius) Securities Inc.  
 Bank of America Illinois  
 Bank of America NT & SA  
 Bank of California (The)  
 Bank of New York (The)  
 Bank of Tokyo Trust Company (The)  
 Bank One Trust Company, N.A.  
 Bankers Trust Company  
 Barclays Bank PLC, New York Branch  
 Barnett Banks Trust Company, N.A.  
 Bear, Stearns Securities Corp.  
 Boston Safe Deposit and Trust Company  
 Brown (Alex.) & Sons, Inc.  
 Brown Brothers Harriman & Co.  
 Cantella & Co., Inc.  
 Cantor Fitzgerald & Co.  
 Cantor Fitzgerald Partners  
 Carty & Company, Inc.  
 Cazenove Incorporated  
 Central Trust Bank (The)  
 Chase Manhattan Bank, N.A. (The)  
 Chemical Bank  
 Chicago Corporation (The)  
 CIBC Wood Gundy Securities Corp.  
 Cincinnati Stock Exchange (The)  
 Citibank, N.A.  
 Citicorp Securities, Inc.  
 City National Bank  
 Compass Bank  
 CoreStates Bank, N.A.

Craigie Incorporated  
 Crews & Associates, Inc.  
 CS First Boston Corporation  
 Custodial Trust Company  
 Daiwa Securities America, Inc.  
 Davenport & Co. of Virginia, Inc.  
 Donaldson, Lufkin & Jenrette Securities Corporation  
 Dreyfus Investment Services Corporation  
 Edward D. Jones & Co.  
 Edwards (A.G.) & Sons, Inc.  
 ESI Securities Company  
 Fagenson & Co., Inc.  
 Fahnestock & Co., Inc.  
 Fiduciary Trust Company International  
 Fiduciary Trust Company of Boston  
 First Albany Corporation  
 First Fidelity Bank, N.A., Pennsylvania  
 First Fidelity Bank, National Association, New Jersey  
 First Interstate Bank of California  
 First National Bank of Boston (The)  
 First National Bank of Chicago (The)  
 First National Bank of Maryland (The)  
 First Tennessee Bank N.A. Memphis  
 First Trust National Association  
 Fleet Bank of Massachusetts, N.A.  
 Fort Wayne National Bank  
 Glynn (J.A.) & Company  
 Goldman, Sachs & Co.  
 Goldman Sachs Money Markets, L.P.  
 Home Federal Bank of Tennessee, F.S.B.  
 Hough (William R.) & Co.  
 Huntington National Bank  
 Imperial Trust Company  
 Investors Bank and Trust Company  
 John Hancock Clearing Corporation

Key Clearing Corporation  
 LaBranche & Co.  
 Lehman Brothers, Inc.  
 Lewco Securities Corp.  
 Liberty Bank & Trust Company of Tulsa,  
     National Association  
 MacAllaster Pitfield Mackay, Inc.  
 Manufacturers and Traders Trust Company  
 Marcus Schloss & Co., Inc.  
 Marine Midland Bank, N.A.  
 Marketing One Securities, Inc.  
 Mayer & Schweitzer, Inc.  
 May Financial Corporation  
 Mellon Bank, N.A.  
 Merrill Lynch, Pierce, Fenner & Smith Incorporated  
 Michigan National Bank  
 Midlantic National Bank  
 Miller & Schroeder Financial, Inc.  
 Morgan Guaranty Trust Company of New York  
 Morgan Stanley & Co. Incorporated  
 National Association of Securities Dealers, Inc.  
 National City Bank  
 National Financial Services Corporation  
 NationsBanc Capital Markets, Inc.  
 NationsBank of Georgia, N.A.  
 NationsBank of Texas, National Association  
 NatWest Bank, N.A.  
 NatWest Securities Corporation  
 NBD Bank, N.A.  
 New York Stock Exchange, Inc.  
 Nikko Securities Co. International, Inc. (The)  
 Nomura Securities International, Inc.  
 Northern Trust Company (The)  
 Norwest Bank Minnesota,  
     National Association

Oppenheimer & Co., Inc.  
 Oscar Gruss & Son Incorporated  
 PaineWebber Incorporated  
 Paribas Corporation  
 Reaves (W.H.) & Co., Inc.  
 Regional Operations Group, Inc.  
 Regions Investment Company, Inc.  
 Republic New York Securities Corporation  
 Roosevelt & Cross Inc.  
 Roulston Research Corp.  
 Salomon Brothers Inc  
 Santa Barbara Bank & Trust  
 Sanwa Bank California  
 SBC Capital Markets Inc.  
 Scott & Stringfellow, Inc.  
 Seattle-Northwest Securities Corporation  
 Shawmut Bank Connecticut, N.A.  
 Shawmut Bank, National Association  
 Society National Bank  
 Star Bank, National Association, Cincinnati  
 State Street Bank and Trust Company  
 Stock Clearing Corporation  
 SunTrust Bank, Atlanta  
 Swiss American Securities Inc.  
 Swiss Bank Corporation New York Branch  
 Texas Commerce Bank, National Association  
 Timber Hill Inc.  
 UMB Bank, N.A.  
 Van Kampen American Capital Distributors, Inc.  
 Wachovia Bank of Georgia, N.A.  
 Wachovia Bank of North Carolina, N.A.  
 Waterhouse Securities Inc.  
 Wells Fargo Bank, National Association  
 Wilmington Trust Company  
 Zions First National Bank

\* As of March 31, 1996



The Depository Trust Company  
 55 Water Street, New York, NY 10041  
 (212) 898-1200