

FINANCIAL INFORMATION

34



TOTAL FOR THE YEAR	1998*	1993	1988	1983
Book-entry deliveries				
Market value (in trillions)	\$ 77	\$ 28	\$ 8	\$ 4
Number (in millions)	164	98	67	50
Cash dividend and interest				
Payments (in billions)	\$ 660	\$ 401	\$ 178	\$ 55
Number (in millions)	2.8	2.2	1.0	N/A
Reorganization, redemption, and maturity payments (in billions)	\$ 495	\$ 470	\$ 196	N/A
Underwritings				
Value (in billions)	\$1,666	\$ 988	\$ 362	\$ 181
Number (in thousands)	31.1	21.6	16.6	3.2
AVERAGE DAILY				
Book-entry deliveries				
Market value (in billions)	\$ 306	\$ 110	\$ 31	\$ 14
Number (in thousands)	650	389	266	201

DEPOSITORY Growth

35

DTC TRADESUIESM (INSTITUTIONAL DELIVERY SYSTEM)

Average daily confirms delivered (in thousands)	846	429	209	138
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YEAR END

Eligible securities issues	1,446,869	1,154,897	608,916	71,397
Value of securities on deposit (in trillions)	\$ 18.7	\$ 7.5	\$ 3.3	\$ 1.2
Number of shares on deposit (in billions)	340	172	107	40
Principal amount of corporate debt on deposit (in billions)	\$6,529	\$2,311	\$ 845	\$ 303
Principal amount of municipal debt on deposit (in billions)	\$1,877	\$1,352	\$ 624	\$ 62
Participants	546	515	605	475
Broker-dealers	402	343	413	322
Banks	135	163	183	146
Clearing agencies and securities exchanges	9	9	9	7

TRADING IN SELECTED MARKETS

Average Daily				
NYSE shares traded (in millions)	674	265	162	85
Nasdaq shares traded (in millions)	802	263	123	63
Amex shares traded (in millions)	29	18	10	8

EMPLOYEES

Full-time employees	3,015	2,580	3,089	1,984
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*Excludes the MBS Division.

Report of Independent Accountants

To the Board of Directors
and Shareholders of
The Depository Trust Company

In our opinion, the accompanying consolidated statement of condition and the related consolidated 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 and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their 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 audit. We conducted our audit 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.



PricewaterhouseCoopers LLP
New York, New York
February 5, 1999

C O N S O L I D A T E D S T A T E M E N T of Condition

dollars in thousands

AT DECEMBER 31,

ASSETS

	1998	1997
Cash and money market accounts	\$ 103,185	\$ 383,713
Repurchase agreements	1,203,133	881,877
Investments	74,280	44,869
Receivables:		
From Participants for services	39,864	35,263
Dividends, interest and other	115,829	132,352
Deferred income taxes	61,451	49,509
Prepaid expenses, deferred charges and other assets	43,297	34,888
Equipment and leasehold improvements, net of accumulated depreciation of \$157,777 in 1998 and \$131,476 in 1997	107,094	73,097
Leased property under capital leases, net of accumulated depreciation of \$4,712 in 1998 and \$3,343 in 1997	2,271	3,081
Non-compete covenants, net of accumulated amortization of \$17,299 in 1998 and \$7,178 in 1997	22,715	32,836
Participants Fund securities	214,051	—
	<u>\$1,987,170</u>	<u>\$1,671,485</u>

LIABILITIES, PARTICIPANTS FUND AND STOCKHOLDERS' EQUITY

Liabilities:		
Drafts payable	\$ 88,056	\$ 13,734
Accounts payable and accrued expenses	271,505	217,859
Payable to Participants:		
Refunds	8,148	14,059
Short position collateral	24,643	31,270
Dividends, interest and other	472,469	591,169
Obligations under capital leases	1,187	2,474
Notes payable	68,407	63,552
	<u>934,415</u>	<u>934,117</u>
Participants Fund:		
Cash	815,254	717,475
Securities	214,051	—
	<u>1,029,305</u>	<u>717,475</u>
Stockholders' Equity:		
Capital stock—authorized, issued and outstanding 18,500 shares of \$100 par value	1,850	1,850
Surplus	950	950
Undivided profits	20,650	17,093
	<u>23,450</u>	<u>19,893</u>
	<u>\$1,987,170</u>	<u>\$1,671,485</u>

The accompanying notes are an integral part of these financial statements.

C O N S O L I D A T E D S T A T E M E N T of Revenues and Expenses and Undivided Profits

REVENUES	dollars in thousands FOR THE YEARS ENDED DECEMBER 31,	
	1998	1997
Service revenues	\$432,771	\$382,774
Interest income	<u>22,873</u>	<u>12,850</u>
	455,644	395,624
Less—Refunds to Participants	<u>(12,621)</u>	<u>(16,494)</u>
	<u>443,023</u>	<u>379,130</u>
EXPENSES		
Employee costs	250,226	216,939
Rent, maintenance and utilities	45,064	40,479
Data processing rentals and supplies	20,442	23,709
Professional and other services	59,691	48,071
Depreciation and amortization	29,623	19,508
Stationery, supplies and postage	5,800	5,308
Interest expense	10,911	5,525
Other expenses	<u>17,709</u>	<u>19,405</u>
	439,466	378,944
Excess of revenues over expenses and refunds	3,557	186
Undivided profits, beginning of year	<u>17,093</u>	<u>16,907</u>
Undivided profits, end of year	<u>\$ 20,650</u>	<u>\$ 17,093</u>

The accompanying notes are an integral part of these financial statements.

C O N S O L I D A T E D S T A T E M E N T of Cash Flows

Dollars in thousands

FOR THE YEARS ENDED DECEMBER 31,

CASH FLOWS FROM OPERATING ACTIVITIES

	1998	1997
Excess of revenues over expenses and refunds	\$ 3,557	\$ 186
Adjustments to reconcile excess of revenues over expenses and refunds to net cash provided by (used in) operating activities:		
Depreciation and amortization	29,623	19,508
Pension and deferred compensation	1,683	(517)
Provision for uncollectible dividends and interest receivables	79	707
Deferred income tax benefit	(8,696)	(3,389)
(Increase) decrease in receivables from Participants	(1,962)	(5,199)
(Increase) decrease in dividends, interest and other receivables	16,536	(8,755)
Increase (decrease) in accounts payable, accrued expenses and other, net	33,479	39,226
Increase (decrease) in Participants Fund deposits	48,836	42,304
Increase (decrease) in drafts payable	74,322	(131,036)
Increase (decrease) in payables to Participants	(132,213)	190,860
Total adjustments	<u>61,687</u>	<u>143,709</u>
Net cash provided by operating activities	<u>65,244</u>	<u>143,895</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment and leasehold improvements	(47,491)	(49,799)
Business acquisitions, net of cash acquired	49,378	(8,246)
Investment in IDA bonds	(30,411)	(29,672)
Investment in International Depository & Clearing LLC	1,000	(1,000)
Capital lease additions	<u>(559)</u>	<u>(1,109)</u>
Net cash (used in) investing activities	<u>(28,083)</u>	<u>(89,826)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowings	14,000	50,523
Principal payments on capital leases	(1,288)	(3,299)
Principal payments on notes	<u>(9,145)</u>	<u>(4,330)</u>
Net cash provided by financing activities	<u>3,567</u>	<u>42,894</u>
Increase in cash and cash equivalents	<u>40,728</u>	<u>96,963</u>
Cash and cash equivalents, beginning of year	<u>1,265,590</u>	<u>1,168,627</u>
Cash and cash equivalents, end of year	<u>\$1,306,318</u>	<u>\$1,265,590</u>

The accompanying notes are an integral part of these financial statements.

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, 1998, the New York Stock Exchange, Inc. owned approximately 36% 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. During 1998, the National Association of Securities Dealers, Inc. acquired the American Stock Exchange, Inc.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation: The consolidated financial statements include the accounts of DTC and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

On August 31, 1998, DTC acquired Participants Trust Company ("PTC") (see Note 10). PTC's business is now run as the Mortgage-Backed Securities Division ("MBS Division") of DTC. The MBS Division operates with separate Participants Fund requirements and credit facilities.

The consolidated financial statements are presented in conformity with generally accepted accounting principles and necessarily include management's estimates and assumptions in determining the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Cash, Money Market Accounts, Repurchase Agreements and Cash Flows: DTC invests available funds in repurchase agreements and money market accounts.

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 and repurchase

agreements reported in the consolidated financial statements are not materially different from their fair values.

C. Investments: DTC received an exemption from sales tax on certain equipment and other purchases in connection with the renewal of its lease at 55 Water Street in 1995 which will be realized during the term of the lease which expires on December 31, 2012. Under the terms of the project agreement with the New York City Industrial Development Agency ("IDA"), DTC Limited Funding Corporation, a wholly-owned subsidiary of DTC, purchases certain IDA bonds to support project expenditures. At December 31, 1998, DTC Limited Funding Corporation owned IDA bonds totaling \$74,280 (1997—\$43,869). The bonds pay 7.5% interest and mature on December 31, 2012. These investments are intended to be held to maturity and, accordingly, are carried at cost.

On February 3, 1997, DTC contributed \$1 million for a 50% interest in International Depository & Clearing LLC ("IDC"), a joint venture with National Securities Clearing Corporation. Effective June 30, 1998, IDC was liquidated and DTC's capital contribution was returned.

D. 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. Non-compete covenants, which arose in connection with the assumption by DTC of certain depository services of the Philadelphia Depository Trust Company ("PHILADEP") in 1997 and the Midwest Securities Trust Company ("MSTC") and Securities Trust Company of New Jersey ("STC") in 1996, are amortized using the straight-line method. Effective January 1, 1998, the estimated useful lives of MSTC and STC covenants were reduced from ten to five years. The PHILADEP covenant is also amortized over a five-year period.

E. Income Taxes: DTC recognizes the current and deferred tax consequences of all transactions that have been recognized in the consolidated financial statements. The net deferred tax asset of \$61,451 as of December 31, 1998 (1997—\$49,509) resulted from differences between amounts of assets and liabilities as measured for income tax return and financial reporting purposes. Such differences that comprise the net deferred tax asset relate primarily to liabilities for pension, other postretirement and postemployment benefits for active and retired employees and the accrual of rent expense on a straight-line basis over the lease term for financial reporting purposes. The deferred tax asset is expected to be fully realized and, accordingly, no valuation reserve has been established.

F. 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 1998 and 1997, this refund amounted to \$6,311 (all MBS Division) and \$12,845, respectively. The Board of Directors has adopted an additional refund policy to provide for a monthly refund to Participants of income earned from the overnight investment of unallocated cash dividends and corporate interest and reorganization funds payable to Participants. Such net monthly refunds totaled \$6,310 in 1998 (1997—\$3,649).

G. Securities on Deposit: Securities held by DTC for Participants are not reported in the consolidated financial statements. Cash dividends and interest received by DTC or due on such securities and in the process of distribution or awaiting claim are included in Payable to Participants. Short positions occasionally exist in Participants' securities balances. Such short positions are valued 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 amounts to Participants is also reflected in Payable to Participants.

H. Year 2000 Surcharge: DTC implemented a surcharge of 3.5% on service fees charged to Participants effective January 1, 1997, to recover the costs relating to Year 2000 compliance. This surcharge generated \$12,671 in 1998 (1997—\$11,599) which substantially offset allocated Year 2000 expenses. Management anticipates maintaining this surcharge in 1999 to recover ongoing Year 2000 compliance costs.

③ EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements included the following items at December 31, 1998 and 1997:

	1998	1997
Furniture and equipment	\$140,926	\$111,143
Leasehold improvements	123,945	69,926
Construction-in-progress	—	23,504
Total Cost	<u>264,871</u>	<u>204,573</u>
Less: Accumulated depreciation and amortization	<u>(157,777)</u>	<u>(131,476)</u>
	<u>\$107,094</u>	<u>\$ 73,097</u>

Construction-in-progress in 1997 represented expenditures for DTC's new disaster recovery facility. Amortization commenced in May 1998 when the facility was placed in service.

PARTICIPANTS FUND

4

Participants are required to deposit to DTC's 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. All deposits to DTC's Participants Fund are made in cash.

A separate Participants Fund is maintained for the MBS Division. Deposits to this fund consist of a minimum cash deposit with the remainder in short-term U.S. Government securities.

At December 31, 1998, cash of \$815,254 (\$51,327, MBS Division) and securities having a market value of \$214,051 (MBS Division) were on deposit.

DIVIDENDS, INTEREST AND OTHER PAYABLES

5

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, 1998, cash dividends, interest, reorganization and redemption payables amounted to \$472,469, of which \$322,471 was awaiting distribution to Participants and \$149,998 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 consolidated financial statements.

Cash dividends, interest and other receivables at December 31, 1998 amounted to \$116,329 (1997—\$133,052) before reduction by an allowance of \$500 (1997—\$700) for possible losses. Stock dividend receivables are not reported in the consolidated financial statements.

PENSION AND OTHER POSTRETIREMENT BENEFITS

6

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 non-qualified defined 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. DTC also provides certain unfunded health care and life insurance benefits for retired employees.

	PENSION BENEFITS		POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE	
	1998	1997	1998	1997
Benefit obligation at end of year	\$139,170	\$122,954	\$ 21,566	\$ 19,867
Fair value plan assets at end of year	<u>129,875</u>	<u>109,581</u>	<u>—</u>	<u>—</u>
Funded status	<u>(\$ 9,295)</u>	<u>(\$ 13,373)</u>	<u>(\$ 21,566)</u>	<u>(\$ 19,867)</u>
Accrued benefit cost recognized at year end	<u>(\$ 28,864)</u>	<u>(\$ 30,300)</u>	<u>(\$ 18,412)</u>	<u>(\$ 15,835)</u>
Benefit cost	\$ 8,369	\$ 7,136	\$ 2,996	\$ 2,951
Employer contribution	6,356	6,836	—	—
Benefits paid	6,300	2,938	418	324
Weighted-average assumptions as of year end:				
Discount rate	7.25%	7.50%	7.25%	7.50%
Expected long-term rate of return on plan assets	8.75%	8.75%		
Rate of compensation increase (inflation component)	2.00%	3.00%		

The assumed health care cost trend used to measure the expected cost of postretirement health care and life insurance benefits reflects rates decreasing from 9.8% currently to an ultimate rate of 5% in 2007 and beyond.

⑦ INCOME TAXES

Income tax expense is reflected in other expenses. The provisions for 1998 and 1997 are summarized as follows:

	1998	1997
Current provision:		
Federal	\$7,110	\$2,827
State and local	3,635	1,376
Deferred (benefit):		
Federal	(5,434)	(2,692)
State and local	<u>(3,262)</u>	<u>(697)</u>
Net income tax expense	<u>\$2,049</u>	<u>\$ 814</u>

Cash payments for income taxes totaled \$10,104 in 1998 (1997—\$5,323).

LINES OF CREDIT

8

DTC maintains \$3 billion (\$2 billion for the MBS Division) of committed lines of credit to effect settlement. In addition, DTC maintains a \$400 million committed line of credit and a \$1 billion uncommitted line of credit (MBS Division) to support the processing of principal and income payments. DTC also maintains a line of credit of \$10 million to support potential short-term operating cash requirements.

At December 31, 1998, there were no outstanding borrowings under these credit facilities.

LEASES AND OTHER COMMITMENTS

9

DTC leases office space and data processing and other equipment. The leases for office space provide for rent escalations subsequent to 1998. Rent expense in 1998 was \$27,906 (1997—\$27,122) for office space and \$13,310 (1997—\$16,569) for data processing and other equipment.

Cash payments of interest on capital leases and other obligations totaled \$5,435 in 1998 (1997—\$1,787).

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, 1998:

	Capital Leases	Operating Leases
1999	\$ 629	\$ 34,101
2000	261	35,731
2001	261	29,130
2002	150	27,564
2003	—	27,847
Thereafter	—	<u>249,002</u>
Total future minimum lease payments	<u>1,301</u>	<u>\$403,375</u>
Less—Amount representing interest on capital leases	<u>(114)</u>	
Present value of net minimum lease payments under capital leases	<u>\$ 1,187</u>	

ACQUISITIONS

10

On August 31, 1998, DTC acquired Participants Trust Company for a cash payment of \$20.1 million. The transaction was accounted for using the purchase method, and, accordingly, assets acquired and liabilities assumed, which primarily consisted of cash and Participants Fund securities and the associated liability, were recorded at their estimated fair values.

On June 18, 1997, DTC assumed certain depository services of the Philadelphia Depository Trust Company ("PHILADEP"). DTC paid \$8.2 million consisting of \$2.7 million in cash and a \$5.5 million note payable. The note bears interest at 7% and is payable annually through June 18, 2004. The cost of the transaction was allocated to a five-year non-compete covenant signed by PHILADEP.

The operating results of the acquired businesses have been included in the consolidated financial statements since their respective acquisition dates. Assuming these acquisitions had occurred on January 1, 1997, they would not have had a material pro forma impact on DTC's results of operations for 1998 and 1997.

11 CONTINGENCIES

DTC is involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation will not have a material effect on the consolidated financial statements.

Banks

A.G. Edwards Trust Company
 Alex. Brown Capital Advisory & Trust Company
 Amalgamated Bank of Chicago
 Amalgamated Bank of New York (The)
 American Express Trust Company
 American National Bank & Trust Company of Chicago
 American Stock Transfer & Trust Company***
 AmSouth Bank
 Associated Bank Green Bay, National Association
 Banco Bilbao Vizcaya, S.A. Miami Agency
 Bank of America National Trust and Savings Association
 Bank of Bermuda (New York) Limited
 Bank of Cherry Creek, N.A. (The)
 Bank of New York (The)
 Bank of New York (The)**
 Bank of Nova Scotia‡
 Bank of Nova Scotia, New York Agency (The)
 Bank of Tokyo-Mitsubishi Trust Company
 Bank One, Oklahoma, N.A.
 Bank One Trust Company, N.A.
 BankBoston, N.A.
 BankBoston, N.A.**
 Bankers Trust Company
 Banque Nationale de Paris, New York Branch
 Barclays Global Investors, N.A.
 Boston Safe Deposit and Trust Company
 Brown Brothers Harriman & Co.
 CNA Trust Corporation
 Caldwell Trust Company
 Capital One Bank
 Central Trust Bank (The)
 Centura Bank
 Charles Schwab Trust Company (The)
 Chase Bank of Texas, N.A.
 Chase Manhattan Bank (The)
 ChaseMellon Shareholder Services, L.L.C.**
 Citibank, N.A.
 City National Bank
 Comerica Bank
 Commerce Bank of Kansas City, N.A.
 Compass Bank
 Continental Stock Transfer & Trust Company***
 Credit Suisse First Boston New York Branch
 Crestar Bank
 Custodial Trust Company
 Dai-Ichi Kangyo Bank, Limited, New York Branch (The)
 Daiwa Securities Trust Company
 Deutsche Bank A.G., New York Branch
 Federal Reserve Bank of New York
 Fiduciary Trust Company International
 Fiduciary Trust Company of Boston
 Fifth Third Bank (The)
 First Chicago Trust Company of New York***
 First National Bank of Chicago (The)
 First National Bank of Maryland (The)
 First National Bank of Omaha
 First Premier Bank
 First Security Bank, National Association
 First Tennessee Bank N.A. Memphis

First Trust Corporation
 First Union National Bank
 First Union National Bank***
 Firstar Trust Company
 Fleet National Bank
 Fuji Bank and Trust Company (The)
 Furman Selz Trust Company
 Glenmede Trust Company (The)
 Goldman Sachs Trust Company (The)
 Harris Trust & Savings Bank
 Harris Trust & Savings Bank***
 Home Federal Bank of Tennessee, F.S.B.
 Huntington National Bank
 IAA Trust Company
 IBJ Whitehall Bank & Trust Company
 Imperial Trust Company
 Industrial Bank of Japan Limited, New York Branch (The)
 Industrial Bank of Japan Trust Company (The)
 Investors Bank & Trust Company
 KeyBank National Association
 LTCB Trust Company
 Lakeside Bank
 LaSalle National Bank
 Lombard Odier Trust Company‡
 M&I Marshall & Ilsley Bank
 Magna Bank, N.A.
 Manufacturers and Traders Trust Company
 Marine Midland Bank
 Marquette Bank, N.A.
 Mellon Bank, N.A.
 Mercantile Bank of St. Louis National Association
 Mercantile-Safe Deposit & Trust Company
 Michigan National Bank
 Mitsubishi Trust & Banking Corporation (U.S.A.)
 Mitsui Trust Bank (U.S.A.)
 Morgan Guaranty Trust Company of New York
 NBD Bank
 National Bank of South Carolina (The)
 National City Bank
 NationsBank, N.A.
 Nomura International Trust Company
 Northern Trust Company (The)
 Norwest Bank Colorado, National Association
 Norwest Bank Minnesota, National Association
 Norwest Bank Minnesota, National Association***
 Old Kent Bank
 PNC Bank, National Association
 Pitcairn Trust Company
 Provident Bank (The)
 Regions Bank
 Reliance Trust Company
 Republic Bank Delaware National Association
 Republic National Bank of New York
 Resources Trust Company
 Riverway Bank
 SEI Trust Company
 Sakura Trust Company
 Santa Barbara Bank & Trust
 Sanwa Bank California
 Sanwa Bank, Limited New York Branch (The)
 Societe Generale, New York Branch

SouthTrust Bank of Alabama, N.A.
 Star Bank, National Association, Cincinnati
 State Street Bank and Trust Company
 Sterling National Bank
 Sumitomo Bank of California
 Sumitomo Bank of New York Trust Company
 Sumitomo Trust & Banking Co. (U.S.A.)
 Summit Bank
 SunTrust Bank, Atlanta
 Texas Treasury Safekeeping Trust Company
 Toronto-Dominion Bank (The)‡
 Toyo Trust Company of New York
 Trustmark National Bank
 UBS AG
 UMB Bank, National Association
 U.S. Bank National Association
 Union Bank of California, N.A.
 Wachovia Bank, N.A.
 Wells Fargo Bank, National Association
 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 Incorporated
 ABN AMRO Sage Corporation
 A.G. Edwards & Sons, Inc.
 A & S Trading*
 Access Securities, Inc.
 Adams, Harkness & Hill, Inc.
 Advanced Clearing, Inc.
 Advantage Trading Group, Inc.
 Advest, Inc.
 Affina Brokerage Services LLC
 Alexander (J.) Securities, Inc.*
 Alger (Fred) & Company, Incorporated
 Allen & Company Incorporated
 Alpine Associates
 Alpine Partners, L.P.
 Alpine Securities Corp.
 American Enterprise Investment Services Inc.
 Arnhold and S. Bleichroeder, Inc.
 Asiel & Co. LLC
 BA Investment Services, Inc.
 BBV LatInvest Securities Inc.
 BHC Securities, Inc.
 BHF Securities Corporation
 BNP Securities (U.S.A.), Inc.
 BNY Capital Markets, Inc.
 BNY Clearing Services LLC
 BNY ESI & Co., Inc.
 BSE Specialist Account*
 BT Alex. Brown Incorporated
 BancBoston Robertson Stephens Inc.
 Banc One Capital Markets, Inc.
 Barr Brothers & Co., Inc.
 Baum (George K.) & Company
 Bear, Stearns & Co. Inc.
 Bear, Stearns Securities Corp.
 Bernstein (Sanford C.) & Co., Inc.
 Beyer & Co.*
 Bidwell & Company

PARTICIPANTS As of December 31, 1998

Billings & Co.*
 Black (James I.) & Co.*
 Bloom Staloff Corp.—Specialists*
 Boss Securities*
 Bozarth & Turner Securities Inc.*
 Brawley Cathers Limited*
 Brown & Company Securities Corporation
 Bunting Warburg Inc.*
 Burke, Christensen & Lewis Securities, Inc.
 Butler Larsen Pierce & Company, Inc.*
 Butler, Wick & Co., Inc.
 C & A Trading*
 CIBC Oppenheimer Corp.
 CIBC Wood Gundy Securities Inc.*
 CT Securities Services Inc.*
 Canaccord Capital Corporation*
 Cantor Fitzgerald & Co.
 Cantor Fitzgerald Partners
 Cantor (S.B.) & Co., Inc.*
 Carr Futures Inc.
 Carr Securities Corporation
 Carty & Company, Inc.
 Cazenove Incorporated
 Centennial Securities Company, Inc.*
 Chapdelaine & Co.*
 Chapdelaine Corporate Securities Co.*
 Charles Schwab & Co., Inc.
 Charles Schwab & Co., Inc. Specialist*
 Chase Securities Inc.
 Chicago Securities Group*
 Chicago Stock Exchange*
 Childs (S.W.) Management Corporation
 Citicorp Securities, Inc.
 Citicorp Securities Services, Inc.
 City Securities Corporation
 Coastal Securities LP
 Commerzbank Capital Markets Corporation
 Computer Clearing Services Inc.*
 Connors & Co., Inc.
 Cosse International Securities, Inc.*
 Craigie Incorporated
 Credit Agricole Securities, Inc.
 Credit Lyonnais Securities (USA) Inc.
 Credit Suisse First Boston Corporation
 Crews & Associates, Inc.
 Cronin & Co., Inc.
 Crowell, Weedon & Co.
 Crowell, Weedon & Co. Specialist*
 DLG Securities Corp.*
 Dain Rauscher Incorporated
 Daiwa Securities America Inc.
 Darier, Hentsch (Canada) Inc.*
 Datek Online Brokerage Services Corp.
 Davenport & Company LLC
 Davidson (D.A.) & Co., Inc.*
 Davidson (D.A.) & Co., Inc. Specialist*
 Deacon Capital Corporation*
 Dean Witter Reynolds, Inc.
 Dean Witter Reynolds, Inc. Specialist*
 Delta Dividend Group, Inc. Specialists*
 Deltec Asset Management Corporation*
 Dempsey & Co., L.L.C.*
 Dempsey & Company
 Dempsey-Blair, LLC*
 Desjardins Securities Inc.*
 Deutsche Bank Securities Inc.
 Deutsche Morgan Grenfell Canada Inc.*
 Diamant Investment Co.*
 Direct Access Brokerage Services, Inc.*
 Discover Brokerage Direct, Inc.
 Dominick & Dominick, LLC
 Donaldson, Lufkin & Jenrette
 Securities Corporation
 Dougall & Associates*
 Dougherty Summit Securities LLC
 Dresdner Kleinwort Benson
 North America LLC
 Dreyfus Brokerage Services, Inc.
 Dreyfus Investment Services Corporation
 E*Trade Securities, Inc.
 E.D. & F. Man International Inc.
 Edward D. Jones & Co.
 Einhorn & Co. LLC
 Elwood (R.W.) & Co., Inc.*
 Emmet & Co., Inc.
 Engelman Securities Inc.*
 Ernst & Co.
 Everen*
 Fagenson & Co., Inc.
 Fahnestock & Co., Inc.
 Fechter, Detwiler & Co., Inc.*
 Ferris, Baker Watts, Incorporated
 First Albany Corporation
 First Chicago Futures, Inc.
 First Manhattan Co.
 First Marathon Securities Limited‡*
 First Miami Securities, Inc.
 First Options of Chicago, Inc.
 First Southwest Company
 First Union Brokerage Services, Inc.
 Fiserv Correspondent Services, Inc.
 Fleet Securities, Inc.
 Frankel (Wm. V.) & Co., Inc.*
 Freeman Securities Company, Inc.
 Freeman Welwood & Co., Inc.
 Fried (Albert) & Company LLC
 GVR Company*
 GVR Company*
 Garat & Co. Specialist*
 Garban Corporates LLC
 Gill & Company L.P.
 Glickenhau & Co.
 Goepel Shields & Partners Inc.‡
 Goldman, Sachs & Co.
 Goldman Sachs Canada*
 Gordon & Co.
 Gowell Securities Corporation*
 Griffiths McBurney & Partners*
 Gruntal & Co., L.L.C.
 Gruss (Oscar) & Son Incorporated
 H.C. Denison Co.*
 H.G. Wellington & Co. Inc.
 HSBC James Capel Canada Inc.*
 HSBC Securities, Inc.
 Hanauer (J.B.) & Co.
 Henderson Brothers, Inc.
 Herzog, Heine, Geduld, Inc.
 Highlander Securities Corp.*
 Hill, Thompson, Magid & Co., Inc.
 Hilliard (J.J.B.), Lyons (W.L.), Inc.
 Holt & Collins*
 Hopkins, Harbach & Co. Specialist*
 Howe Barnes Investments, Inc.
 Huntleigh Securities Corporation
 Hutchinson, Shockey, Erley & Co.
 ING Baring Furman Selz LLC
 ING (U.S.) Securities, Futures & Options Inc.
 Icahn & Co., Inc.
 Ingalls & Snyder, L.L.C.
 Instinet Corporation
 Interactive Brokers LLC
 Interstate/Johnson Lane Corporation
 J. A. Glynn & Co.
 J.C. Bradford & Co., LLC
 JMC Securities, Inc.*
 JWGenesis Clearing Corp.
 Jacobson (Benjamin) & Sons, LLC
 Janney Montgomery Scott Inc.
 Jefferies & Company, Inc.
 John A. Siberell & Co.
 Julius Baer Securities Inc.
 K Securities Inc.*
 KWS Associates Inc.*
 Kahn Investment Group*
 Kalb, Voorhis & Co., LLC
 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.
 LFG, LLC*
 La Branche & Co.
 Lafferty, Harwood & Partners Ltd.*
 Larkin (Emmett A.) & Co., Inc.*
 Laurential Bank of Canada*
 Lawrence, O'Donnell, Marcus LLC
 Lazard Frères & Co. LLC
 Legg Mason Wood Walker, Inc.
 LeGroupe Option Retraite Inc.*
 Lehman Brothers, Inc.
 Lerner (David) Associates, Inc.
 Lewco Securities Corp.
 Lipper & Company, L.P.
 Llama Company
 M.J. Meehan & Co., LLC
 MPAC Capital Partners L.P. Specialist*
 Mabon Securities Corp.
 MacAllaster Pitfield Mackay Inc.
 MacDougall, MacDougall & MacTier, Inc.*
 Madoff (Bernard L.)
 Maple Partners U.S.A. Inc.
 Marcus Schloss & Co., Inc.
 May Financial Corporation
 Mayer & Schweitzer, Inc.
 McDonald Investments Inc.
 MeesPierson Inc.
 Melville (Ronald E.) Inc. Specialist*
 Melvin Securities Trading*
 Merrill Lynch Canada Inc.*

Merrill Lynch Government Securities Inc.
 Merrill Lynch, Pierce, Fenner & Smith
 Incorporated
 Merrill Lynch Professional Clearing Corp.
 Merrimack Valley Investment Inc.*
 Mesirow Financial, Inc.
 Miller & Schroeder Financial, Inc.
 Miller, Johnson & Kuehn, Inc.
 Morgan (J.P.) Securities Inc.
 Morgan, Keegan & Company, Inc.
 Morgan Stanley & Co. Incorporated
 Murphy & Durieu
 NBC Clearing Services Incorporated*
 NBC Securities, Inc.
 NPE Financial Corp.*
 Nathan & Lewis Securities, Inc.
 National Financial Services Corporation
 National Investor Services Corp.
 National Securities Corporation
 NationsBanc Montgomery Securities LLC
 Nesbitt Burns Inc.*
 Nesbitt Burns Securities, Inc.
 Neuberger Berman, LLC
 New Japan Securities International, Inc.
 Newcrest Capital Inc.*
 Nike Securities L.P.
 Nikko Securities Co. International, Inc. (The)
 Nomura Securities International, Inc.
 Norwest Investment Services, Inc.
 Nuveen (John) & Co. Incorporated
 O'Connor & Company LLC
 Odd Lot Execution Services, L.L.C.*
 Oldum Brown Limited*
 Old Oak Securities*
 Olde Discount Corporation
 Olsen, Payne & Company, Inc.*
 Oxford (JB) & Company
 PAX Clearing Company Limited Partnership
 PaineWebber Incorporated
 Paribas Corporation
 Parker/Hunter Incorporated
 Payson (H.M.) & Co.*
 Peninsular Securities Co.*
 Penson Financial Services, Inc. A Division of
 Service Asset Management Company*
 Perelman-Carley & Associates, Inc.
 Perkins, Wolf, McDonnell & Company
 Pershing Trading Company*
 Pershing Trading Company L.P. Specialist*
 Peters & Co. Limited*
 Peters Securities Co., LP
 Pflueger & Baerwald Inc.*
 Phelps & Woodhead Inc.*
 Pictet (Canada) and Company, Limited*
 Portfolio Brokerage Services, Inc.*
 Preferred Technology, Inc.*
 Primevest Financial Services, Inc.
 Prudential Securities Incorporated
 RBC Dominion Securities Corporation
 RBC Dominion Securities Inc.†*
 RSF Partners
 Ragen MacKenzie Incorporated
 Raymond, James & Associates, Inc.

Raymond, James & Associates, Inc.*
 Raymond, James & Associates, Inc. Specialist*
 Redwood Trading Inc. Specialist*
 Refco Securities, Inc.
 Regions Investment Company, Inc.
 Republic New York Securities Corporation
 Research Capital Corporation*
 Rich Options Company*
 Richards, Merrill & Peterson, Inc.*
 Rickel Securities, Inc.
 Robb, Peck, McCooney & Co., Inc.
 Robert C. Wilson & Co.*
 Robert W. Baird & Co. Incorporated
 Robinson & Lukens Inc.*
 Rock Island Securities, Inc.*
 Rock Island Specialists Inc.*
 Rocky Mountain Securities &
 Investments, Inc.
 Romano Brothers & Co.
 Roney & Co.
 Roosevelt & Cross Incorporated
 Rubicon Securities, Inc. Specialist*
 SG Cowen Securities Corp.
 SJS Securities*
 Salomon Smith Barney Inc.
 Salvatore & Co., Inc.*
 Schonfeld Securities Inc.*
 Schwartz & Co.
 Scotia Capital Markets (USA) Inc.
 Scotia McLeod Inc.*
 Scott & Stringfellow, Inc.
 Scottsdale Securities Inc.
 Seasingood & Mayer
 Seattle-Northwest Securities Corporation
 Security Traders Inc.*
 Seidler Companies, Inc. Specialist (The)*
 Shelby Cullom Davis & Co., L.P.
 Smith, Moore & Co.*
 Soloway & Co.*
 South Beach Securities, Inc.
 Southwest Securities, Inc.
 Spear, Leeds & Kellogg
 Sprott Securities Limited*
 Steichen (R.J.) & Company
 Stephens, Inc.
 Stern & Kennedy
 Stern (M.L.) & Co.*
 Sterne, Agee & Leach, Inc.
 Stifel, Nicolaus & Company Incorporated
 StockCross, Inc.*
 Stoeber, Glass & Co., Inc.
 Stone & Youngberg*
 Streicher (J.) & Co. L.L.C.
 Summit Financial Services Group, Inc.
 Sunpoint Securities, Inc.
 Sweney Cartwright & Co.
 Swiss American Securities Inc.
 Sydan & Co.*
 TCW, Inc. Specialist*
 TD Securities Inc.*
 Tasse & Associates, Limited*
 Theodoor Gilissen First Marathon Limited‡

Thomson Kernaghan & Co., Ltd.*
 Timber Hill LLC
 Titus & Donnelly Inc.*
 Tomac Securities Inc.*
 Tradelink, L.L.C.*
 Transatlantic Securities Company
 U.S. Bancorp Investments, Inc.
 U.S. Bancorp Piper Jaffray Inc.
 USAA Investment Management Company
 Van Kampen American Capital
 Distributors, Inc.
 W&D Securities, Inc.
 W.H. Reaves & Co., Inc.
 Wachovia Investments, Inc.
 Wachtel & Co., Inc.
 Wall Street Equities Incorporated*
 Warburg Dillon Read LLC
 Waters, Parkerson & Co., Inc.*
 Wayne Hummer Investments L.L.C.
 Wedbush Morgan Securities, Inc.
 Wedbush Morgan Securities, Inc. Specialist*
 Weiss, Peck & Greer, L.L.C.
 WestLB Securities Americas Inc.
 Wheat First Securities, Inc.
 William Blair & Company, L.L.C.
 William R. Hough & Co.
 Wilshire Associates Incorporated*
 Wilson-Davis & Co., Inc.
 Wolfe & Hurst Bond Brokers, Inc.*
 Worldco, Inc.*
 Wulff, Hansen & Co.
 Yorkton Securities Inc.*
 Ziegler (B.C.) and Company
 Ziegler Thrift Trading, Inc.
 Ziv Investment Co.

**Clearing Agencies and
 Securities Exchanges**
 American Stock Exchange Clearing LLC
 Caja de Valores, S.A.**
 Canadian Depository for Securities Ltd. (The)
 Canadian Depository for Securities Ltd. (The)*
 CAVALL ICLV S.A.
 Central Depository (Pte.) Ltd. (Singapore)**
 Cincinnati Stock Exchange (The)
 Deutsche Börse Clearing AG
 International Securities Clearing Corporation
 Japan Securities Clearing Corp.**
 National Securities Clearing Corporation
 New York Stock Exchange, Inc.
 Options Clearing Corporation (The)
 Stock Clearing Corporation of Philadelphia*

‡ Canadian Depository for Securities
 Ltd.-Sponsored Account
 * National Securities Clearing
 Corporation-Sponsored Account
 ** International Securities Clearing
 Corporation-Sponsored Account
 *** Direct Registration/Limited Participant

STOCKHOLDERS As of December 31, 1998

A.G. Edwards & Sons, Inc.
 ABN AMRO Incorporated
 Advantage Trading Group, Inc.
 American Express Trust Company
 American Stock Exchange Clearing LLC
 American Stock Exchange LLC
 AmSouth Bank
 Arnhold and S. Bleichroeder, Inc.
 Bank of America National Trust and Savings Association
 Bank of New York (The)
 Bank of Tokyo-Mitsubishi Trust Company
 Bank One, Oklahoma, N.A.
 Bank One Trust Company, N.A.
 BankBoston, N.A.
 Bankers Trust Company
 Bear, Stearns Securities Corp.
 BNY ES& Co., Inc.
 Boston Safe Deposit and Trust Company
 Brown Brothers Harriman & Co.
 BT Alex. Brown Incorporated
 Caldwell Trust Company
 Cantor Fitzgerald & Co.
 Cantor Fitzgerald Partners
 Carty & Company, Inc.
 Cazenove Incorporated
 Central Trust Bank (The)
 Chase Bank of Texas, N.A.
 Chase Manhattan Bank
 CIBC Oppenheimer Corp.
 Cincinnati Stock Exchange (The)
 Citibank, N.A.
 City National Bank
 City Securities Corporation
 Compass Bank
 Craigie Incorporated
 Credit Suisse First Boston Corporation
 Crews & Associates, Inc.
 Custodial Trust Company
 Dain Rauscher Incorporated
 Daiwa Securities America Inc.
 Datek Online Brokerage Services Corp.
 Davenport & Company LLC
 Dominick & Dominick, LLC

Donaldson, Lufkin & Jenrette Securities Corporation
 Dreyfus Investment Services Corporation
 E*Trade Securities, Inc.
 Edward D. Jones & Co.
 Fagenson & Co., Inc.
 Fahnstock & Co., Inc.
 Ferris, Baker Watts, Incorporated
 Fiduciary Trust Company International
 Fiduciary Trust Company of Boston
 First Albany Corporation
 First National Bank of Chicago (The)
 First National Bank of Maryland (The)
 First Tennessee Bank N.A. Memphis
 First Union National Bank
 Fleet Bank of Massachusetts, N.A.
 Goldman, Sachs & Co.
 Gruss (Oscar) & Son Incorporated
 Home Federal Bank of Tennessee, F.S.B.
 Huntington National Bank
 Imperial Trust Company
 ING Baring Furman Selz LLC
 Interactive Brokers LLC
 Investors Bank and Trust Company
 J.A. Glynn & Company
 J.B. Oxford & Company
 John A. Siberell & Co.
 Julius Baer Securities Inc.
 Key Clearing Corp.
 KeyBank National Association
 La Branche & Co.
 Lehman Brothers, Inc.
 Lewco Securities Corp.
 MacAllaster Pitfield Mackay Inc.
 Manufacturers and Traders Trust Company
 Marcus Schloss & Co., Inc.
 Marine Midland Bank
 May Financial Corporation
 Mayer & Schweitzer, Inc.
 Mellon Bank, N.A.
 Merrill Lynch & Co., Inc.
 Michigan 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
 National Investor Services Corp.
 NationsBanc Montgomery Securities LLC
 NationsBank, N.A.
 NBD Bank
 New York Stock Exchange, Inc.
 Nikko Securities Co. International, Inc. (The)
 Nomura Securities International, Inc.
 Northern Trust Company (The)
 Norwest Bank Minnesota, National Association
 PaineWebber Incorporated
 Paribas Corporation
 Parker/Hunter Incorporated
 Regions Investment Company, Inc.
 Republic New York Securities Corporation
 Roosevelt & Cross Incorporated
 Salomon Smith Barney Inc.
 Santa Barbara Bank & Trust
 Sanwa Bank California
 Scott & Stringfellow, Inc.
 Seattle-Northwest Securities Corporation
 Star Bank, National Association, Cincinnati
 State Street Bank and Trust Company
 STI Trust and Investment Operations, Inc.
 Stock Clearing Corporation
 Swiss American Securities Inc.
 Timber Hill LLC
 UMB Bank, National Association
 U.S. Bank National Association
 Union Bank of California, N.A.
 Van Kampen American Capital Distributors, Inc.
 W.H. Reaves & Co., Inc.
 Wachovia Bank, N.A.
 Warburg Dillon Read LLC
 Wells Fargo Bank, National Association
 William R. Hough & Co.
 Wilmington Trust Company
 Zions First National Bank

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New York, New York 10041-0099
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St. Helen's, 1 Undershaft
London EC3A 8EE
(171) 444-0000

San Francisco
100 Pine Street, Suite 610
San Francisco, California 94111-5108
(415) 693-4800



THE DEPOSITORY TRUST COMPANY