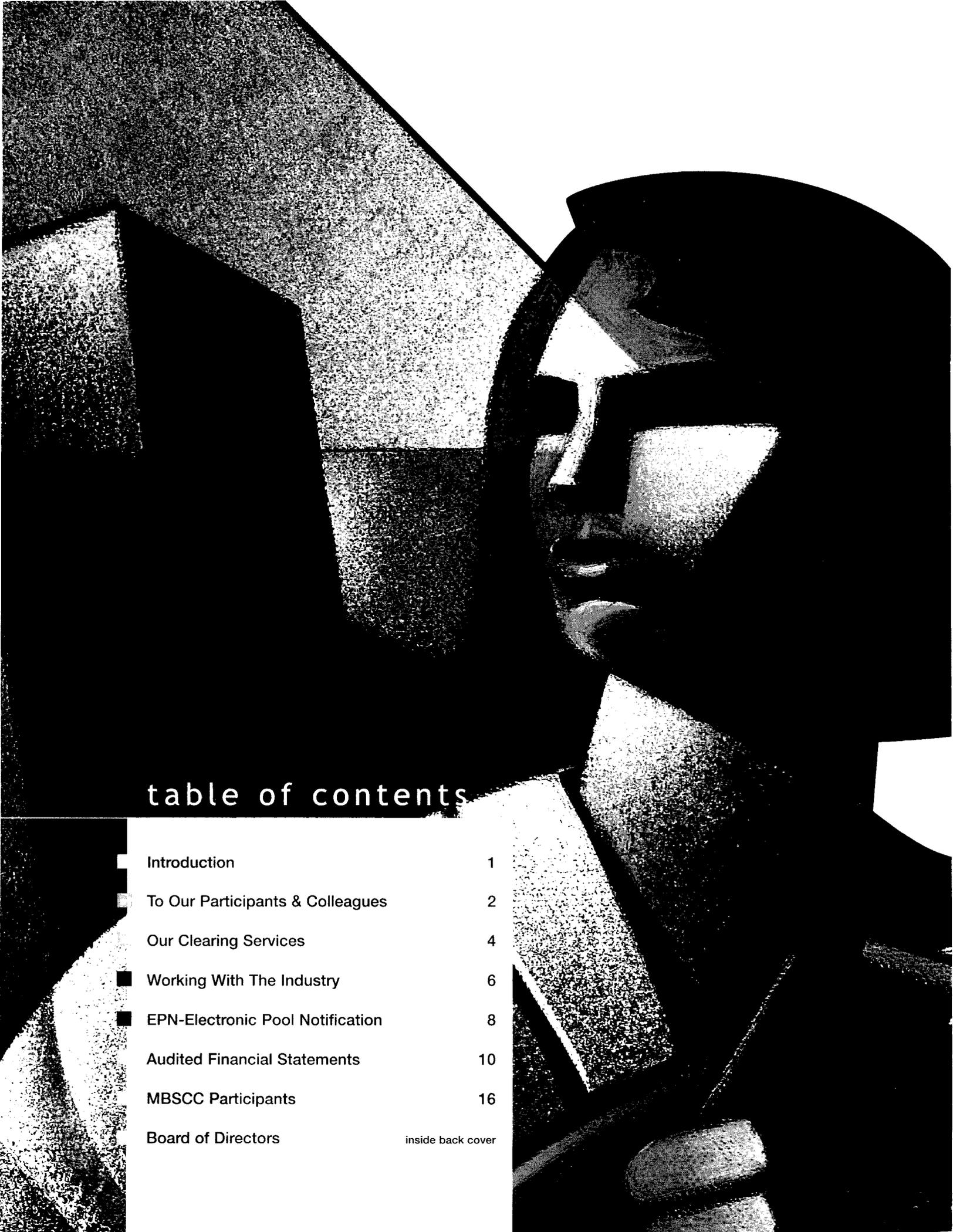


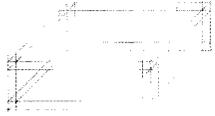
The Vision to Expand,  
The Strength to Succeed





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	Board of Directors	inside back cover



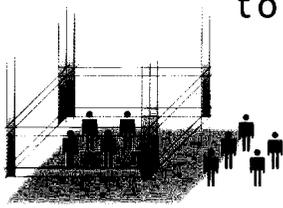
the vision to expand,  
the strength to succeed

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

These securities, bought and sold in the over-the-counter cash, forward and options markets, are backed by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC) and Fannie Mae. The key participants in this market -- the nation's oldest secondary market for loan assets -- are mortgage originators, government-sponsored enterprises, dealers, inter-dealer brokers and institutional investor firms.

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

## to our participants and colleagues



While the world counted down to the new millennium, MBS Clearing Corporation (MBSCC) posted another year of solid results.

MBSCC celebrated its 20th year by recording strong financial results, expanding our Participant base, navigating the millennium rollover and taking definitive steps to position our organization for the challenges ahead.

Our mission of reducing the costs and risks associated with trading in the mortgage-backed securities market remains constant. Yet the services needed to execute our mission are changing as our customer base evolves.

The financial services industry, driven by globalization, the desire to realize straight through processing and the breakneck speed of technology innovation, is increasingly turning to organizations such as ours to provide innovative solutions that satisfy common goals.

The changing marketplace of the late 20th century also prompted action in Washington, D.C., as Congress passed, by sizable majorities, The Financial Services Modernization Act of 1999. The President signed the measure into law in November and most industry observers anticipate that banks, insurers, and securities firms will now enter businesses and markets that were previously unavailable to them under the provisions of the Glass Steagall Act of 1933.

The expanded opportunities afforded by this legislation will undoubtedly promote fiercer competition for key players in the mortgage-backed securities market and heighten demand for organizations such as MBSCC to continue offering cost-efficient and innovative processing solutions. The need for MBSCC to stay ahead of the curve when it comes to introducing new products and services is perhaps our highest priority.

Before looking ahead, let's close the books on 1999, a year in which MBSCC welcomed 34 new Participants to our Clearing and Electronic Pool Notification (EPN) services. We are proud to report record revenues of \$18.5 million, \$7.8 million of which was returned to our Participants in the form of fee discounts for Settlement Balance Order (SBO), Trade-for-Trade and Option Trade Recording Services.

Clearing System volume totaled more than \$12 trillion for the second consecutive year while EPN volume increased to \$4.38 trillion, a 29 percent increase over 1998.

Clearing System To Be Announced (TBA) netting services eliminated 87 percent of the settlement value of trades entered for netting, more than \$8.8 trillion in par, saving Participants an estimated \$184 million.

*Some of the other major highlights from 1999 included:*

- We implemented the Bond Market Association's recommended reduction in trade variance guidelines for TBA pass-through transactions. The new trade variance gives the industry greater liquidity, reduces the number of fails and allows for the quicker movement of pool information.
- We dedicated significant resources and personnel during 1999 to ensure a smooth transition to '00' from '99' for our Participants. The successful Y2K date rollover was preceded by years of preparation culminating with MBSCC hosting over 600 tests with Participants in 1999. The intense review of our systems also provided us with the opportunity to strengthen our overall business continuity plans.
- We strengthened our risk management process through implementation of net and net-out position components to our Margin Requirement, which assesses and benchmarks Participant net and net-out position volatility. This new component increases the certainty that adequate

collateral will be available in the event of an adverse change in price levels applied to a Participant's net and net-out position. Additionally, work continues with a goal of re-evaluating all of our Risk Management processes.

- We seamlessly transitioned provisioning of corporate services to the newly formed The Depository Trust & Clearing Corporation (DTCC). These services include: Finance, Accounting, Compliance, Internal Audit, Purchasing and Human Resources. We remain committed to initiating appropriate synergies when it reduces our Participants' costs and look forward to reaping additional benefits on behalf of our Participants through our relationship with DTCC.

We also welcomed three new Board members in 1999. Stephen Casper of Fischer Francis Trees & Watts became the first Board member ever drawn from the institutional investment community while Thomas Sakaris of Salomon Smith Barney, and R. Peter Sanchez of Greenwich Capital Markets augment our other broker/dealer representatives. All three have already given us the benefit of their accumulated wisdom.

Reflecting on our history and the challenges that await us, we close our letter by recalling the thoughts of one of our distinguished past Board members, Ronald Keenan, who passed away suddenly in 1999. In last year's Annual Report, Mr. Keenan offered these observations:

"By anticipating the needs of the market and providing innovative solutions on a consistent basis, MBSCC has become one of the most critical elements of the mortgage securities market. In my view, MBSCC's top-notch staff and a series of committed Boards of Directors have been the keys to success."

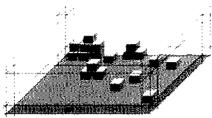
We believe this view continues to prevail among our customers and the potential growth of our business is unlimited.



Ronald A. Stewart  
President and  
Chief Executive Officer

Frank J. DeCongelio  
Chairman of the Board





## our clearing services

MBS Clearing Corporation (MBSCC) is the sole provider of automated trade matching/confirmation, risk management, trade netting and electronic pool notification services to the Mortgage-Backed Securities (MBS) industry. MBSCC is a clearing agency registered with the United States Securities and Exchange Commission.

Our Participants include commercial banks, government sponsored enterprises, institutional investors, insurance companies, international organizations, investment managers, inter-dealer brokers, mortgage originators, private investment companies and registered broker/dealers active in the Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Fannie Mae MBS markets.

MBSCC operates two primary business units: Clearing Services and Electronic Pool Notification (EPN) Services.

### Clearing Services

MBSCC's Clearing Services provide Participants with trade matching/confirmation of MBS trade terms, risk management services designed to increase the safety and certainty of settlement and trade netting services to reduce the overall quantity of MBS receive/deliver obligations and their attendant costs.

Benefits Participants obtain by using Clearing Services include:

- Elimination of the need to exchange paper based trade confirmations and commitment letters.
  - Comprehensive and uniform risk management services designed to increase certainty of contra-side performance on trade obligations and minimize the potential for financial loss in the event of non-performance.
  - Significant reduction of Participant operating costs and manpower requirements through application of a sophisticated trade netting capability typically reducing by 85-90% the quantity of MBS TBA par requiring pool notification and subsequent settlement.
- Trade matching of MBS TBA trade terms executed with other Participants.
  - Early notification of trade breaks and the opportunity to avoid fails.



"MBSCC is attracting new Participants because its focus is not only on serving the broker/dealer community, but anyone with a need for their services, such as institutional investors. Indeed, non-dealers are the ones who are increasingly drawn to the company's EPN and comparison services."

**Edward F. Watts, Jr.**

*Managing Director,  
Goldman, Sachs & Co.*

### The Effect of Netting

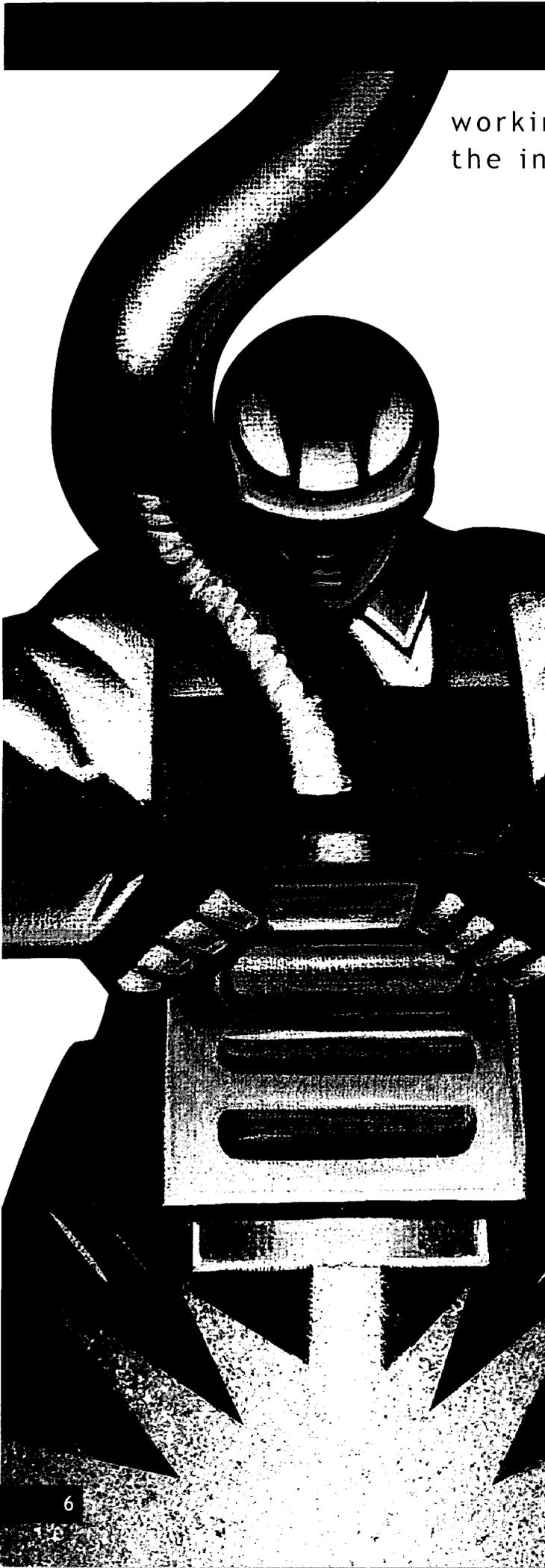
\$10.1 trillion par value went into the netting system in 1999

*MBSCC nets or reduces the total number of financial obligations requiring settlement*

**87% Netting Factor**

\$1.3 trillion net financial obligation





## working with the industry

During 1999, MBSCC implemented a series of improvements to Clearing Services to further promote efficiency and safety.

- In March, we successfully standardized all Clearing processing for the Bond Market Association .01% TBA trade delivery variance guideline. The guideline was implemented after extensive testing with Participants that jointly validated MBSCC and Participant capabilities.
- We also implemented several rules designed to improve the risk management process including: the creation of a minimum benchmark for net and net-out position risk, the clarification of the types of organizations that are eligible to become Participants, the adoption of a Uniform Letter of Credit and the strengthening of financial reporting requirements for Participants.

Of greater significance is the evaluation of our Clearing Service core competencies that we completed in 1999. This evaluation identified those areas that need change to reflect the business drivers of today and tomorrow.

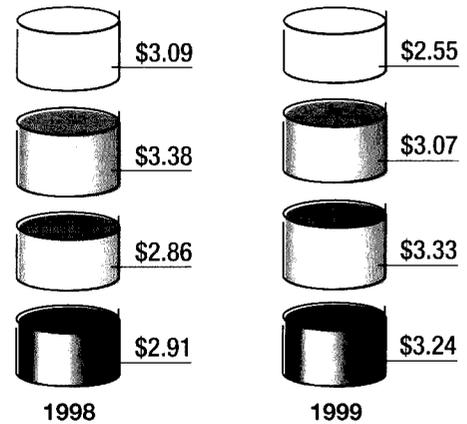
Working with the industry, we analyzed our core business processes to determine common functions that we could undertake to contribute to straight through processing, reduce Participant costs and increase marketplace certainty.

- Toward that end, in 1999 we published a concept document discussing the risk reduction and execution benefits to be gained by matching trades in real time. Our Participants' response to the benefits of real time services has been overwhelmingly favorable.
- We also published a concept document describing the benefits of automating the manual pair-off process occurring between Dealers, Investment Managers, Investment Portfolios and their Custodian Banks. The automation strategy outlined in the document has been broadly endorsed by Dealers, Investment Managers and Custodians as a method to increase the certainty of pair-off settlement and reduce the human resource costs incurred today.
- Our Risk Management Committee undertook the ambitious task of comprehensively

### Clearing System Volume

Total Par Values of Compared Trade Sides  
(in trillions)

4th Quarter  
3rd Quarter  
2nd Quarter  
1st Quarter



analyzing every element of our Risk Management Practices towards improving the structure where desirable for the next millennium. This ambitious undertaking resulted in the publication of a White Paper requesting industry feedback on a number of initiatives including the viability of a Cash Mark-to-Market, given the near elimination of delivery variance, and the enhancement of the current method of liquidating positions of a Participant, given the ever increasing trade par volumes and number of executions.

We look forward to continuing our work with the industry on these important initiatives towards further reduction of the costs and risks associated with trading MBS.

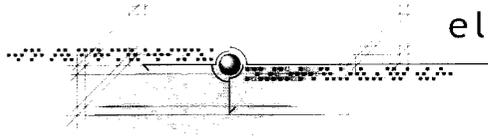


“The strong accomplishments during 1999 have accelerated the interest of large buy-side firms in participating in the Clearing Services of the MBSCC thus improving the overall efficiency and integrity of the U.S. mortgage securities market.”

#### Stephen Casper

Chief Financial Officer/Managing Director,  
Fischer Francis Trees & Watts, Inc.

# EPN- electronic pool notification



**E**PN is an electronic communication network allowing Participants to transmit/retrieve MBS pool information via standardized message formats through the EPN message switch. Participants may opt to communicate with EPN via host-to-host links or through PC based facilities. EPN edits and validates pool messages and provides a robust array of reporting capabilities and audit trails ensuring timeliness, accuracy and rapid delivery of messages.

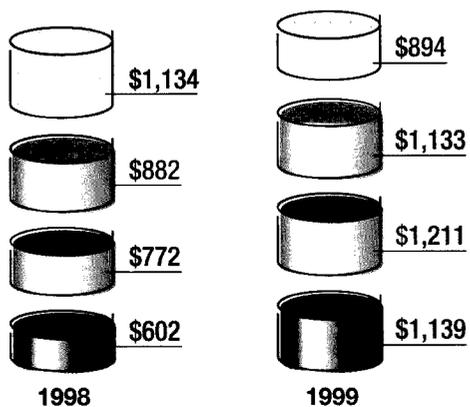
Benefits Participants obtain by using EPN Services include:

- Significant reduction of errors through elimination of manual paper based methods to exchange pool information.

## Face Value of EPN Messages

(in billions)

4th Quarter  
3rd Quarter  
2nd Quarter  
1st Quarter





“During my years on the MBSCC Board of Directors, I always took great pride in the way the company evolved to meet the demands of their customers in the mortgage-backed securities markets, including the institutional buy-side. MBSCC has rightfully earned its outstanding reputation.”

**David M. Kelly**  
*President,  
National Securities Clearing Corporation*

- The ability to effect pool notification independent of contra-side availability since all communication is centralized within EPN.
- Fail and manpower cost reduction through process automation.

EPN was introduced in the mid-1990s and since that time, MBSCC has spent much effort in building up the user base of EPN and refining its processing environment.

In these few short years, EPN has become the standard for communication of pool information and an integral component in the MBS industry settlement process.

Acknowledging the essential role that EPN plays in MBS settlement, in conjunction with MBSCC, the Bond Market Association in 1999 modified its recommended cut-off times for notification of pool information in the event of a business disruption of the EPN Service.

The demonstrated success of EPN, coupled with increasing demands for efficiency, straight through processing and the availability of more robust technology provided us the opportunity during 1999 to plan for significant future upgrades to EPN.

EPN upgrades to be rolled out over the next several years include:

- Introduction of Internet and Web based technologies.
- Automation of Cancel and Correct Processing towards a goal of straight through pool notification/settlement.
- Development of a central facility to enable EPN Participants to more easily resume processing of pool notification through the facilities of EPN to bolster internal application/business contingency plans.

We believe the growth and evolution of MBS in the U.S., due to increasingly sophisticated and global trading strategies, will continue. We remain committed to identifying synergies and opportunities and developing solutions to common industry needs that will enable our customers to grow and prosper in the new millennium. Our ongoing dedication to innovation will allow MBSCC to continue to be an integral part in improving the MBS marketplace.

## balance sheets

December 31,	1999	1998
<b>Assets</b>		
Cash and cash equivalents	<b>\$ 6,499</b>	\$ 6,215
Accounts receivable	<b>1,077</b>	893
Participants' deposits	<b>714,867</b>	1,043,740
Fixed assets, less accumulated depreciation of \$1,685,000 and \$1,221,000 at December 31, 1999 and 1998, respectively	<b>811</b>	596
Other assets	<b>1,176</b>	538
<b>Total assets</b>	<b>\$724,430</b>	\$1,051,982
<b>Liabilities and Stockholders' Equity</b>		
Liabilities:		
Accounts payable and accrued liabilities	<b>\$ 4,563</b>	\$ 3,242
Participants' deposits	<b>714,867</b>	1,043,740
<b>Total liabilities</b>	<b>719,430</b>	1,046,982
Stockholders' equity:		
Common stock, no par value:		
Class A: 50,500 shares authorized, 38,346 shares issued and outstanding at December 31, 1999 and 1998	<b>1</b>	1
Class B: 5,000 shares authorized, 4,260 shares issued and outstanding at December 31, 1999 and 1998	<b>432</b>	432
Retained earnings	<b>4,567</b>	4,567
<b>Total stockholders' equity</b>	<b>5,000</b>	5,000
<b>Total liabilities and stockholders' equity</b>	<b>\$724,430</b>	\$1,051,982

The accompanying notes are an integral part of these statements.

## statements of income and retained earnings

For the Year Ended December 31,	1999	1998
<b>Revenue:</b>		
Operations	\$18,468	\$17,737
Discount to participants	(7,833)	(9,385)
Net revenue from operations	10,635	8,352
Interest income	408	1,140
<b>Total revenue</b>	<b>11,043</b>	<b>9,492</b>
<b>Expense:</b>		
Employee compensation	5,359	4,058
Systems and related support	2,863	2,524
Rent, maintenance and utilities	273	195
Professional and other services	1,263	1,576
General and administrative	821	706
Depreciation	464	433
<b>Total expense</b>	<b>11,043</b>	<b>9,492</b>
Income before income taxes	—	—
Income tax provision:		
Current	289	71
Deferred	(289)	(71)
<b>Total income tax provision</b>	<b>—</b>	<b>—</b>
<b>Net income</b>	<b>—</b>	<b>—</b>
Retained earnings, beginning of year	4,567	4,567
<b>Retained earnings, end of year</b>	<b>\$ 4,567</b>	<b>\$ 4,567</b>

The accompanying notes are an integral part of these statements.



## statements of cash flows

For the Year Ended December 31,	1999	1998
Cash flows from operating activities:		
Net income	\$ —	\$ —
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	464	433
Increase in operating assets:		
Accounts receivable	(184)	(98)
Other assets	(638)	(336)
Increase in operating liabilities — accounts payable and accrued liabilities	1,321	813
Net cash provided by operating activities	963	812
Cash flows from investing activity — purchase of fixed assets	(679)	(138)
Net increase in cash and cash equivalents	284	674
Cash and cash equivalents, beginning of year	6,215	5,541
Cash and cash equivalents, end of year	\$6,499	\$6,215
Supplementary disclosures — net income taxes paid (refunded)	\$ 86	(\$ 163)

The accompanying notes are an integral part of these statements.

## notes to financial statements

December 31, 1999

**Note 1 Organization and Operations**

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

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

**Note 2 Summary of Significant Accounting Policies**

**Cash Equivalents:** MBSCC invests funds in overnight reverse repurchase agreements, which are considered cash equivalents. Such agreements provide for MBSCC's delivery of cash in exchange for securities having a market value which is at least 102% of the amount of the agreement. An independent custodian designated by MBSCC takes possession of the securities. Overnight reverse repurchase agreements are recorded at the contract amounts and totaled \$6,215,000 at December 31, 1998. At December 31, 1998, one major financial institution was counterparty to this agreement. There were no investments in these agreements at December 31, 1999.

**Fixed Assets:** Fixed assets consist primarily of computer hardware which is depreciated on a straight-line basis over three or five years. The AICPA has issued Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained For Internal Use," effective for fiscal years beginning after December 15, 1998, which requires that certain costs incurred in the development of software be capitalized. During 1999, MBSCC adopted this pronouncement prospectively; no amounts were capitalized in 1999.

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

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

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

**Note 3 Participants' Deposits**

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

Participants' deposits consist of cash, securities issued or guaranteed by the U.S. Government, or its agencies, and letters of credit. A summary of the deposits held at December 31, 1999 and 1998 follows:

	1999	1998
Cash	\$20,620,000	\$21,532,000
Securities issued or guaranteed by the U.S. Government or its agencies, at market	694,247,000	1,022,208,000
Letters of credit	662,769,000	377,930,000

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

#### **Note 4 Transactions with Related Parties**

NSCC, a minority shareholder of MBSCC, provides various support services and office facilities to MBSCC. The costs of providing these services are charged to MBSCC in accordance with the provisions of a service agreement. The agreement continues in effect unless canceled by either party upon six months prior written notice. Charges to MBSCC pursuant to this agreement totaled approximately \$958,000 in 1999 and \$862,000 in 1998. Amounts payable to NSCC at December 31, 1999 and 1998 were \$198,000 and \$738,000, respectively.

MBSCC is contingently liable, under a service agreement, for a portion of NSCC's office lease which expires on December 31, 2012. At December 31, 1999, the contingent commitment of MBSCC for the remaining lease period is approximately \$2,438,000.

#### **Note 5 Income Taxes**

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

#### **Note 6 Post-Retirement Benefit Plans**

All eligible employees of MBSCC participate in NSCC's trustee, noncontributory defined benefit pension plan. In addition, MBSCC also participates in NSCC's noncontributory supplemental executive retirement and benefit restoration plans which provide for certain benefits to identified executives of MBSCC upon retirement. Further, MBSCC also participates in NSCC's life insurance program which provides payment of death benefits to beneficiaries of eligible retired employees and NSCC's health insurance program which provides benefits to eligible retired employees. In 1999, costs for these plans aggregated \$337,000 and were determined based upon an actuarial calculation using information related to all eligible MBSCC employees. Disclosure of post-retirement benefit obligations, expense components and actuarial assumptions for the NSCC plans are included in NSCC's 1999 financial statements.



## **report of independent accountants**

To the Board of Directors and Stockholders of MBS Clearing Corporation

February 9, 2000

In our opinion, the accompanying balance sheets and the related statements of income and retained earnings and of cash flows present fairly, in all material respects, the financial position of MBS Clearing Corporation at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States 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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

**PricewaterhouseCoopers LLP**

1177 Avenue of the Americas  
New York, NY 10036



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

To the Board of Directors and Stockholders of MBS Clearing Corporation

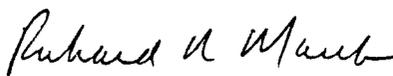
February 9, 2000

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

MBSCC's management assessed its internal control over financial reporting as of December 31, 1999, in relation to criteria for effective internal control described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, MBSCC believes that, as of December 31, 1999, its system of internal control over financial reporting met those criteria.



Ronald A. Stewart  
President and Chief  
Executive Officer



Richard R. Macek  
Chief Financial Officer  
and Treasurer



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

To The Board of Directors and Stockholders of MBS Clearing Corporation

February 9, 2000

We have examined management's assertion that MBS Clearing Corporation (MBSCC) maintained effective internal control over financial reporting as of December 31, 1999 which is included in the accompanying Management's Report on Responsibility for Internal Control Over Financial Reporting.

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

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

In our opinion, management's assertion that MBSCC maintained effective internal control over financial reporting as of December 31, 1999 is fairly stated, in all material respects, based upon criteria established in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.



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

# participants

Member Name	Clearing	EPN	COP	Member Name	Clearing	EPN	COP
ABN AMRO, Inc.	•	•		Greenwich Capital Markets, Inc.	•	•	•
AFC Re Ltd.	•			Hilliard Farber & Co., Inc.	•	•	
AVM, L.P.		•		HSBC Bank USA	•	•	
A.G. Edwards & Sons, Inc.		•		HIMCO		•	
AEGON USA Investment Management, Inc.		•		III Finance Ltd.	•	•	
Alliance Capital Management L.P.		•		III Global Ltd.	•	•	
Allianz of America, Inc.		•		IndyMac, Inc.	•		
American Express Financial Advisors		•		Intercapital Government Securities Inc.	•	•	
American General Investment Management, L.P.		•		Jennison Associates		•	
ARM Capital Advisors, LLC		•		J.P. Morgan Investment Management Inc.		•	
Atlantic Portfolio Analytics & Management, Inc.		•		J.P. Morgan Securities, Inc.	•	•	•
Banc of America Securities LLC	•	•		Lehman Brothers Inc.	•	•	•
Bank for International Settlements	•			Liberty Brokerage Inc.	•	•	
Bank of America, N.A.		•		Lincoln Capital Management Co.		•	
Barclays Global Investors		•		Manufacturers and Traders Trust Co.	•		
BB&T Capital Markets		•		MBS Fund Alpha	•	•	
BNY Clearing Services LLC	•	•		MBS Fund Caspar	•	•	
BlackRock, Inc.		•		MBS Fund Gamma	•	•	
Bear, Stearns & Company, Inc.	•	•	•	McDonald Investments Inc.	•	•	
California Public Employees' Retirement System (CalPERS)		•		Merrill Lynch GSI	•	•	•
Cantor Fitzgerald Securities	•			Morgan Guaranty Trust Company of NY	•	•	
Cantor Fitzgerald & Company		•		Morgan Keegan & Company, Inc.	•	•	
Capital Group Companies, The		•		Morgan Stanley Market Products, Inc.	•	•	•
CDC Financial Products	•	•		New York Life Asset Management		•	
CDC Investment Management Corp.		•		New York Life Insurance & Annuity Corp.	•	•	
Chase Bank Texas		•		New York Life Insurance Co.	•	•	
Chase Manhattan Bank	•	•		Nomura Securities International, Inc.	•	•	•
Chase Manhattan Mortgage Corp.	•			Northwest Mortgage, Inc.		•	
Chase Securities, Inc.	•	•	•	Pacific Investment Management Company		•	
Citigroup Investments Inc.		•		PaineWebber Inc.	•	•	•
Citicorp Mortgage, Inc.	•			Prebon Securities (USA) Inc.	•		
Clinton Group, Inc.		•		Prudential Insurance Co. of America, The		•	
CNA Financial Corporation	•	•		Prudential Securities, Inc.	•	•	•
Compass Bank		•		Prudential Investment Corporation, The		•	
Countrywide Home Loans, Inc.	•	•		Putnam Investments		•	
Countrywide Securities Corp.	•	•		Raymond James & Associates, Inc.		•	
Credit Suisse First Boston Corporation	•	•	•	Republic Bank Delaware, N.A.		•	
Dain Rauscher Inc.		•		Residential Funding Corporation	•		
DB Alex. Brown LLC	•	•		Sanford C. Bernstein & Co., Inc.		•	
Deutsche Bank Securities	•	•	•	Saomon Smith Barney Inc.	•	•	•
Donaldson, Lufkin & Jenrette Securities Corp.	•	•	•	Scudder Kemper Investments, Inc.		•	
Dreyfus Corporation, The		•		SG Cowen Securities Corp.	•	•	
Ellington Management Group LLC		•		Seear, Leeds & Kellogg	•	•	
Fannie Mae		•	•	Spinnaker I	•		
Federal Home Loan Mortgage Corp.	•	•		Standish, Ayer & Wood, Inc.		•	
First Tennessee Bank N.A. (Capital Markets)		•		Stephens Inc.	•	•	
First Union Corporation	•	•		SunTrust Equitable Securities, Inc.		•	
First Union National Bank		•		SwissRe Investors, Inc.		•	
Fischer Francis Trees & Watts, Inc.		•		TeleBanc Capital Markets		•	
Franklin Advisers, Inc.		•		Van Kampen Asset Management Inc.		•	
FFTW - Total Return Trust	•			Vining-Sparks, IBG		•	
FFTW - Mortgage Total Return Fund PLC	•			Wachovia Securities, Inc.		•	
FFTW Funds, Inc. - Mortgage Total Return Portfolio	•			Warburg Dillon Read LLC	•		
Garban LLC	•			Weiss Peck & Greer		•	
GE Capital Mortgage Services, Inc.	•			Wellington Management Company, LLP		•	
GE Investment Corporation		•		Western Asset Management Company		•	
Goldman, Sachs & Company	•	•	•	WestLB Panmure Securities, Inc.	•	•	
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55 Water Street  
New York, NY 10041-0082  
<http://www.mbacc.com>  
tel 212.412.8770  
fax 212.412.8783