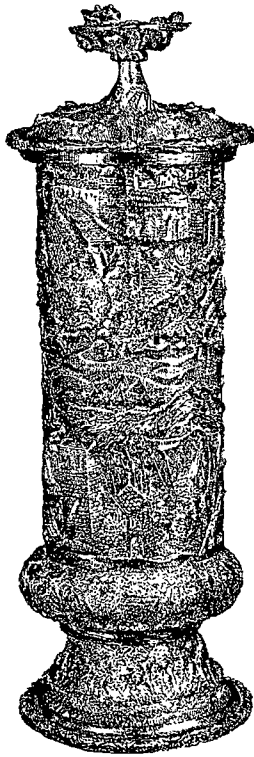


# 1981 Annual Report

The Depository Trust Company



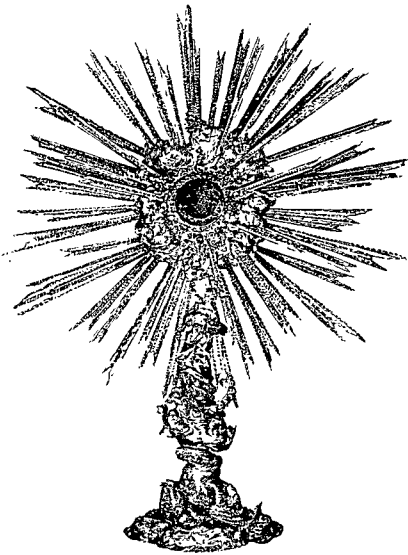


The securities certificates on deposit with DTC are symbols of value; their true significance lies in what they represent. But in times and places past, intrinsic and symbolic value were fused, the former stemming from the use of precious substances, and the latter from the artistry with which those substances were fashioned. The illustrations in this report depict some of those objects, the legacy of many cultures and epochs of civilized history.

The graphic theme and appearance of this Annual Report were conceived by David S. Jobrack, Executive Assistant to the Chairman, who also acted as Creative Director throughout the production process, and wrote, edited and/or compiled the text, illustrations and captions.

## 1981 Annual Report

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Twenty-six pounds and four ounces of gold, this monstrance is studded with 6,222 diamonds. It was fashioned in Vienna in 1699 by the goldsmith Kühnischbauer and the jeweler Stegmayr after a design by J.B. Fischer von Erlach.

Front cover: As precious as gold and jewels, medieval books were the prizes of the rich until long after the 15th Century, when printing came to Europe. This French cuir-ciselé leather binding for the Book of Psalms depicts King David in a scene from II Samuel 24, praying to the Lord to stay the hand of the Angel of Death from visiting a plague upon the people of Jerusalem. "It is I who have done wrong, the sin is mine; but these poor sheep, what have they done? Let thy hand fall upon me and upon my family."

Page 1: In 1535, Charles V, Holy Roman Emperor and King of Spain as Charles I, captured the city of Tunis, after passage of the Mediterranean in a fleet commanded by the Italian admiral Andrea Doria. The battle— commemorated here in a lidded goblet of gilded silver fashioned in Nürnberg— was part of a lifelong struggle against Suleiman I, the Magnificent, Sultan of the Ottoman Turks.

## Highlights

<b>At the End of the Year:</b>	<b>1981</b>	<b>1980</b>
Participants	<b>374</b>	333
Broker-Dealers	<b>274</b>	249
Banks	<b>93</b>	78
Clearing Agencies	<b>7</b>	6
Pledgees	<b>103</b>	98
Depository Facilities	<b>33</b>	34
Eligible Security Issues	<b>20,459</b>	14,233

(In Billions)

Value of Securities on Deposit	<b>\$560</b>	\$493
Bank Deposits	<b>\$418</b>	\$358
Broker-Dealer Deposits	<b>\$142</b>	\$135
Number of Shares on Deposit	<b>19.0</b>	13.6
Bank Deposits	<b>11.0</b>	7.7
Broker-Dealer Deposits	<b>8.0</b>	5.9
Principal Amount of Debt Securities on Deposit	<b>\$111.3</b>	\$68.7
Bank Deposits	<b>\$94.5</b>	\$60.0
Broker-Dealer Deposits	<b>\$16.8</b>	\$8.7
Value of Securities Pledged for Collateral Loans	<b>\$5.9</b>	\$6.7
Value of <i>FAST</i> Balance Certificates at Transfer Agents	<b>\$205.5</b>	\$162.7
<b>Total for the Year:</b>		(In Billions)
Market Value of Book-Entry Deliveries	<b>\$1,650</b>	\$1,260
Cash Dividends and Interest Payments	<b>\$27.9</b>	\$19.3



## A Message from Management

While 1981 was another year of record-breaking activity at Depository Trust, the year also was marked by significant developments in the depository's ability to serve its users better in the future. DTC services were made available for municipal bonds in bearer form, opening the benefits of book-entry processing to a large new class of securities. By yearend, more than 3,700 municipal issues had been made depository-eligible, and plans call for gradually increasing eligibility to at least 100,000 issues by 1985. Another important development was the crystallization of industry backing for the Institutional Delivery system.

Several figures indicating 1981 volume and growth bear highlighting:

- computerized book-entry deliveries of securities among Participants rose to almost \$1.65 trillion, up 31% over 1980;
- the value of securities in our custody rose to \$560 billion at yearend, up 14% from one year earlier despite general declines in stock and bond prices;
- shares of common stock on deposit rose to 19 billion, up by 5.4 billion shares from a year earlier; and
- approximately 50 million securities certificates were deposited into or withdrawn from DTC during the year, with withdrawals declining somewhat as securities immobilization increased.

Once again, the year's processing data reflect a great deal more than the heavy trading volume that occurred in the nation's securities markets during the first part of the year. The participation of banks in the depository — both for their own accounts and for their institutional customers — continued to increase;

the number of bank Participants rose to 93 from 78 a year earlier, while the number of banks known to be participating indirectly in DTC as correspondents of Participant banks advanced to 362 from 266. Other institutional clients of bank Participants added their position to DTC's growth as private pension funds, public retirement funds, investment companies, and insurance companies continued their movement toward depository usage.

We are pleased to report significant progress on another front: the growth of DTC's Institutional Delivery system. This system vastly simplifies the post-trade clearance and settlement of institutional trades, virtually eliminating delivery "fails" and trimming the cost and effort of processing such transactions. The number of *ID* users has now risen to 282 broker-dealers and 967 institutions in the U.S. and Europe, and industry committees are hard at work to encourage much broader and more efficient use of the system in 1982.

We wish to thank the members of DTC's staff, the officers of Participants, and the industry committees whose professionalism and interest made possible the achievements of the depository in 1981 and the promise of more to come in 1982.

**William T. Dentzer, Jr.**  
*Chairman & Chief Executive Officer*

**Conrad F. Ahrens**  
*President & Chief Operating Officer*



Scholars are still debating the origins of this gilded silver bowl and others like it, which have been found at several locations in the Mideast and variously dated at 1,000-700 B.C. What is agreed on, however, is that the embossed design shows a blend of Egyptian, Assyrian, and Phoenician influences.

## History, Ownership and Policies

The Depository Trust Company (DTC) was born out of the securities industry's paperwork crisis in the late 1960s, when processing problems caused major disruption in the financial industry. Accordingly, the depository's first and continuing mandate is to provide efficient, secure and accurate post-trade processing services for transactions in U.S. securities markets.

Three concepts underlie DTC's effort to carry out this charge. First, the immobilization of its user Participants' securities in the depository reduces the need for Participants to maintain their own certificate safekeeping facilities. Second, a computerized book-entry system—in which changes of ownership interest are recorded in the depository's records—replaces costly, problem-prone physical delivery of securities for settlement. Third, the communications system through which DTC acts for its Participants with transfer agents across the country permits more efficient registration of certificates for those desiring them.

In 1968, these concepts were implemented by the New York Stock Exchange through that organization's Central Certificate Service (CCS), a securities depository established to serve NYSE member firms. Pursuant to plans developed by the *ad hoc* Banking and Securities Industry Committee in 1970-72, DTC was created in early 1973 to acquire the business of CCS and to expand the benefits of the depository approach to other areas of the financial industry, particularly the bank sector.

The initial sale of DTC stock by the NYSE to DTC bank Participants and other self-regulatory organizations representing broker-dealer Participants occurred on October 31, 1975, after various state laws restricting depository ownership had been amended. The stockholder base was broadened in October 1976, when the NYSE acted to give broker-dealers the right to own DTC stock directly. These actions established the nature of the depository as an organization owned by its users or their representatives.



## The Governance of the Depository

The procedures for the governance of Depository Trust are carefully framed to reflect the need for objectivity in serving diverse users in the financial community.

The right to purchase capital stock of the depository is based on a formula which takes into account each Participant's use of the depository during the preceding calendar year. The calculation of use is based on fees paid to the depository during that year and the market value of long securities positions in DTC. The purchase price of the DTC stock is based on its book value at yearend.

Each year, the amount of stock each Participant is entitled to purchase is recalculated to reflect annual variations in usage. Participants may purchase any, all, or none of the stock to which they are entitled, as they see fit.

The annual stock reallocation occurs prior to the annual stockholders' meeting in late March so that stockholders will be able to vote newly acquired shares in the election of the Board of Directors,

which takes place at that meeting. Elections are conducted under a system of cumulative voting which ensures that no group controlling more than 50% of the stock can elect all Directors.

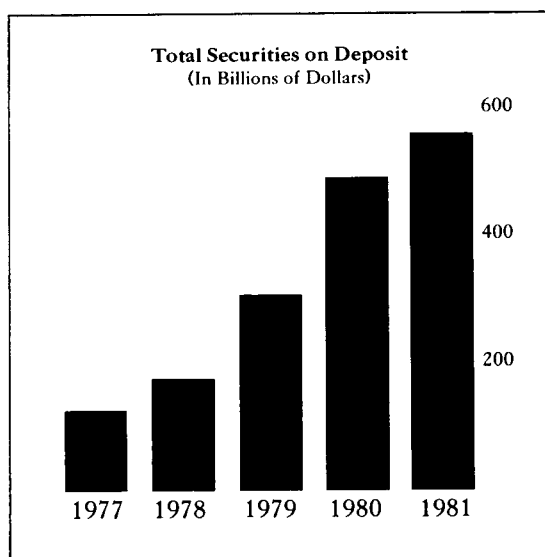
Representation on the Board is thereby made available to users from various sectors of the financial community in proportion to their use of the depository.

At the conclusion of the annual reallocation of DTC stock entitlements in March 1981, elections to purchase entitlements increased the number of stockholders to 60, comprising 31 broker-dealers, 25 banks and 4 self-regulatory organizations and clearing agencies. The 31 broker-dealer stockholder Participants owned approximately 12% of DTC stock. The 25 bank Participants owned approximately 35% of DTC stock. The ownership interests of the self-regulatory organizations, which were required to sell stock to accommodate Participant elections to purchase, declined to approximately 41.9% for the New York Stock Exchange, 5.6% for the American Stock Exchange, and 5.6% for the National Association of Securities Dealers.

It is the depository's policy not to pay dividends to stockholders. This policy is based on the belief that distribution of depository ownership should not be viewed as an investment vehicle, but rather as a means by which diverse users may encourage DTC's responsiveness to their needs through the exercise of their voting rights. The make-up of the depository's Board of Directors reflects this effort to be, and to remain, responsive to user needs.

It is a further policy of DTC to limit profits and return to users, whether or not they are stockholders, such revenues as the Board of Directors believes exceed the funds required for the depository's operation. Pursuant to this policy, DTC refunded \$5.6 million to users in 1981.

The Depository Trust Company is regulated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended. As a member of the Federal Reserve System and a New York State limited purpose trust company, it is also regulated by the Board of Governors of the Federal Reserve System and the New York State Banking Department.





In the 17th Century, great silver trays a yard wide were common gifts to the Czars of Russia. Known as *lokhsans*, they were piled high with gifts and treasures and carried by staggering courtiers in the conspicuous displays of wealth so favored by the rulers of the day. This example, which depicts the mythical story of the Rape of Europa, was sent by the Hanseatic city-state of Hamburg to the second Romanov Czar, Alexis, who ruled from 1645 to 1676.

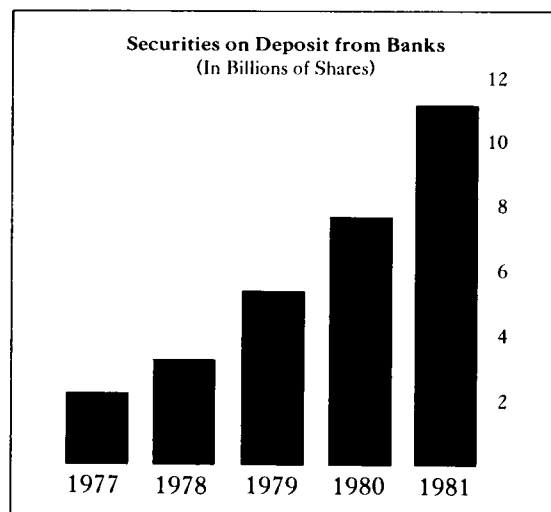
## Growth in 1981

Trading activity was heavy in the nation's securities markets during the first part of 1981, leading to a new high in average daily trading volume of almost 47 million shares on the New York Stock Exchange. This trading activity and increased institutional use of Depository Trust were the chief contributors to record activity for DTC as well.

- Despite a general decline in equity prices, the market value of securities on deposit at DTC rose 14% to \$560 billion from \$493 billion at yearend 1980. But the number of shares on deposit—a better indicator of depository growth since it is not subject to fluctuations of equity prices—increased 40% to 19.0 billion from 13.6 billion.

- During 1981, DTC processed almost 52 million individual transactions in connection with its primary services—deposits, deliveries, pledges and withdrawals—for an average of over 207,000 transactions per business day in these services. This record volume represented a 6% rise from the prior high of 49 million for 1980.

- Cash dividends and interest paid to DTC on securities held for Participants rose by more than 45% in 1981, to \$27.9 billion from \$19.3 billion for 1980.





- Volume records were established in other ways as well. Net deposits (deposits minus withdrawals) averaged \$650 million per business day for all of 1981, up from \$588 million for 1980. Cash dividends and interest received for Participants hit a single-day peak of \$1.14 billion in December.

- The number of users of DTC's Participant Terminal System (*PTS*)—a cornerstone of the depository's telecommunications network—rose to 220, employing a total of 386 terminals in their various offices, from 178 users and 272 terminals at yearend 1980.

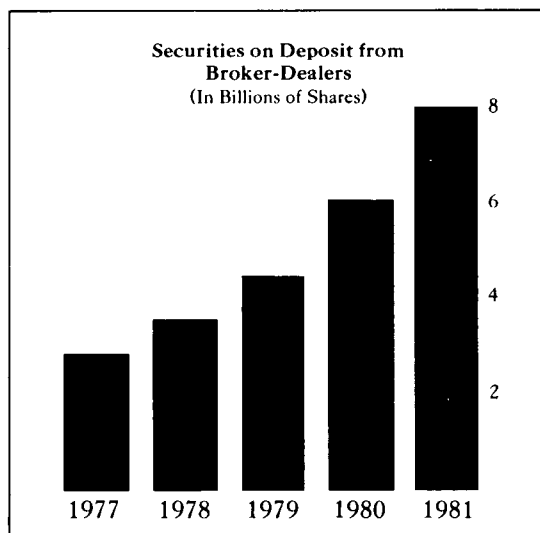
- DTC's Institutional Delivery (*ID*) system grew to include 669 full users, up from 424 a year earlier.

Bank participation remained a significant source of the depository's growth. The addition of 15 banks from 10 states and the District of Columbia brought the number of direct bank Participants to 93—24 headquartered in New York State and 69 in 27 other states and the District of Columbia. At the same time, the number of banks understood to be indirect users of DTC through correspondent relationships with direct bank Participants grew to at least 362 from 266 in 1980.

By yearend 1981, DTC's securities on deposit from banks had grown to include 11.0 billion shares, with a total (equity plus debt) value of over \$418 billion, up 43% and 17% from 7.7 billion and \$358 billion, respectively, a year earlier. Forty-six individual bank Participants each had more than \$1 billion in securities on deposit. Direct and indirect Participants included 39 of the top 50 U.S. banks, and 81 of the top 100, measured by trust assets under management as reported by the Federal

Reserve. Fifteen of the top 100 participated in three other securities depositories; 5 of them also maintained accounts at DTC.

DTC's broker-dealer participation also contributed to the year's record activity. At yearend 1981, there were 274 broker-dealer Participants in DTC, as against 249 a year earlier. These firms are augmented by a great many others that use DTC through the accounts of correspondent broker-dealer Participants. Broker-dealer securities on deposit included a record 8.0 billion shares, with a total (equity plus debt) value of \$142 billion, up 36% and 5%, respectively, from the 5.9 billion and \$135 billion of yearend 1980. Of the direct broker-dealer Participants, 150 had their principal bases of operations in New York State; 124 were headquartered in 24 other states and the District of Columbia.







Another gift to Czar Alexis Romanov, this *lokhan* was made in Augsburg and depicts the Biblical scene, "The Reconciliation of Joseph and Jacob." It was presented by Queen Christina of Sweden in 1647.

## Eligible Issues

The number of issues eligible for DTC services rose to 20,459 by the end of 1981, an increase of 6,226 from the 14,233 of yearend 1980. The expansion was part of DTC's plan to bring the benefits of book-entry delivery and certificate immobilization to an increasing portion of the securities held by Participants.

The 20,459 issues eligible at the end of 1981 comprised 3,331 common and preferred stocks listed on the New York, American and other stock exchanges; 6,711 equity issues traded over-the-counter; 4,764 issues of listed and unlisted corporate debt securities; 3,706 municipal bond issues; 437 U.S. Treasury and Federal Agency issues; 338 warrants; 475 issues represented by American Depositary Receipts; 580 unit investment trusts (UITs); and 117 unit issues.

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### Municipal Bond Program

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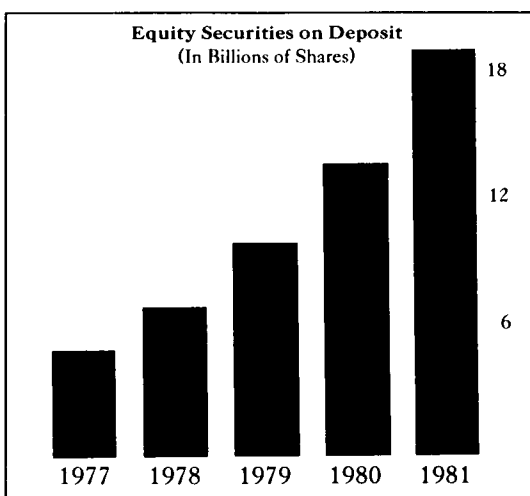
In 1981, DTC instituted a major municipal bond immobilization program in which the benefits of book-entry, depository custody and the Institutional Delivery (*ID*) system are made available to broker-dealers, banks and institutions involved in the clearance and settlement of municipal securities transactions. Approximately 1.5 million municipal issues with assigned CUSIP numbers, valued at more than \$350 billion, are currently outstanding—the great bulk in bearer form. Depository Trust Participants underwrite and hold a high percentage of these amounts.

Under this program, the deposits and withdrawals of bearer bonds are made directly at DTC, with the



securities eligible for all other depository services as well. The program offers a number of attractive benefits to users.

- Book-entry delivery reduces fails and cuts delivery time, thereby trimming financing costs.
- Depository eligibility allows the National Securities Clearing Corporation (NSCC) to include DTC-eligible munis in its continuous net settlement system, generating a number of efficiencies for users of that system.
- The risk of loss to Participants during the handling and shipping of bearer bonds is sharply diminished.
- Labor-intensive operations of all types associated with the processing of munis are reduced, together with the costs related to those activities.

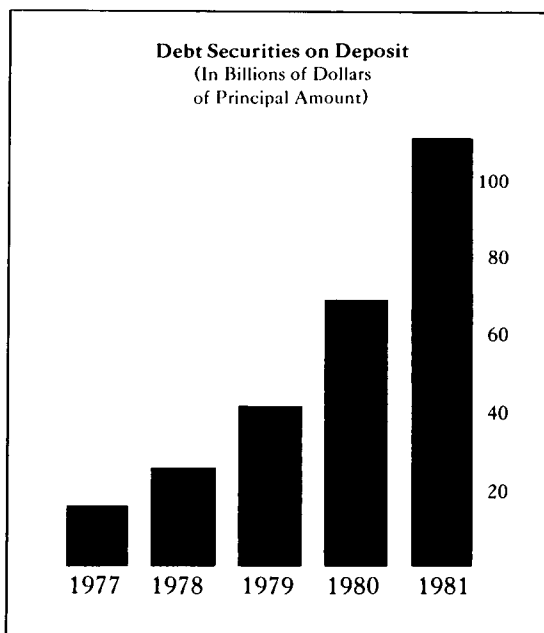




- Bonds can be immobilized substantially at the outset when an underwriting is being effected.

By yearend, 3,706 municipal issues had been made eligible and some \$1.25 billion in face amount had been placed on deposit in the accounts of 38 broker-dealers and 8 bank Participants. These issues represent 36 states and the Commonwealth of

Puerto Rico; California leads in the number of eligible issues, followed by New York and Texas in that order. Deposits reached a daily high of over \$65 million on December 15. Interest in the use of this service will be further encouraged by the planned addition of about 1,000 issues each month during 1982. A minimum of 100,000 eligible issues is projected by 1985.



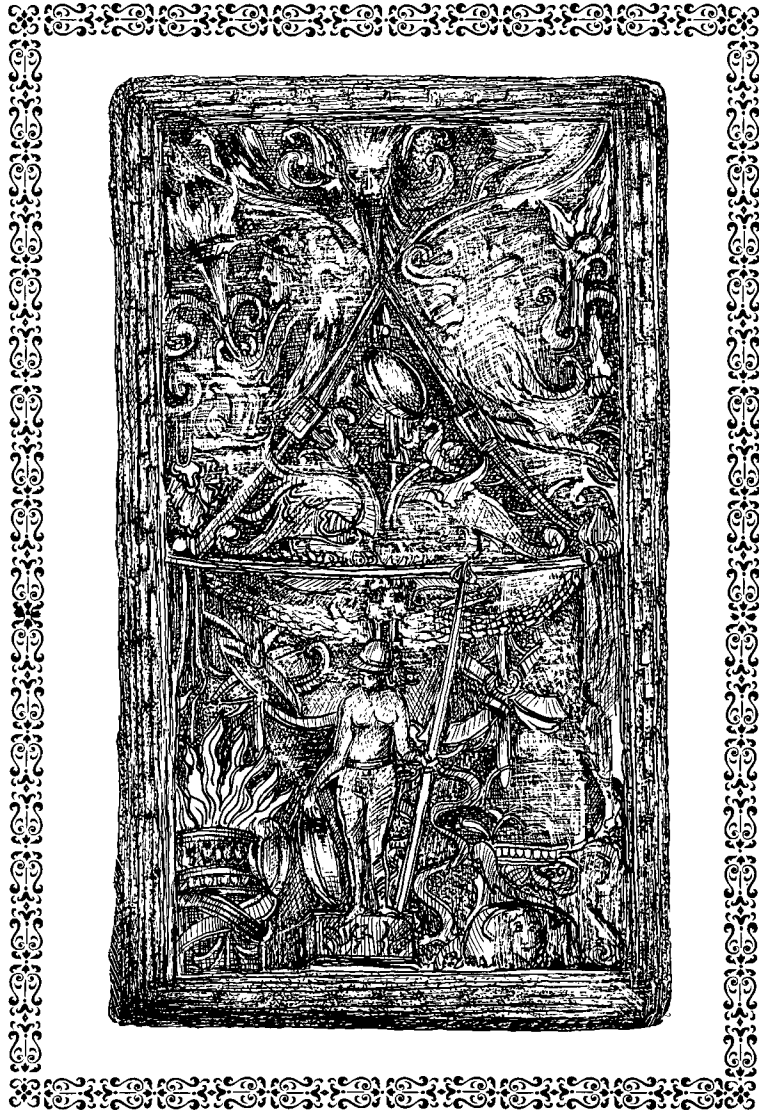
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### Depository Services for Units

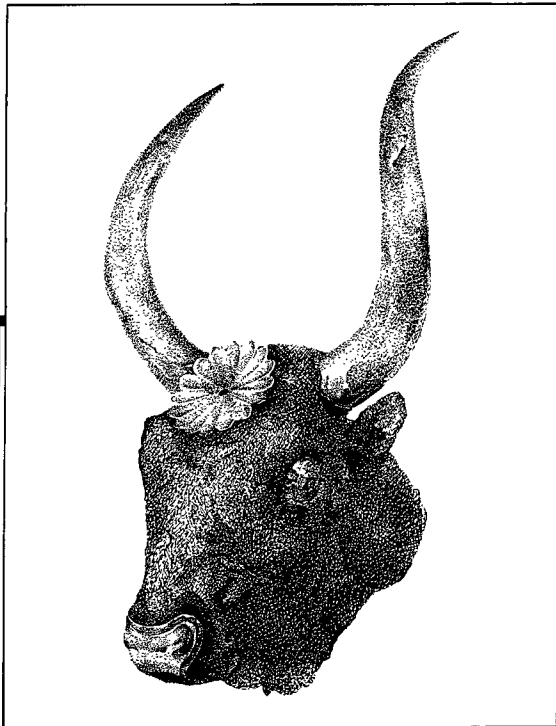
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DTC's program to provide Participants with depository services for units got under way in August. A unit is a combination of two or more component securities (such as a stock and a warrant) initially sold and transferred as though they were one; after a period determined by the issuer and underwriters, the components can be sold and transferred separately.

By yearend, 134 Participants had submitted 2,201 Unit "Swingover" Instructions to combine 19.9 million component shares already on deposit in their accounts into 7.5 million units and 633 instructions to separate 2.8 million units into 7.5 million component shares. The resulting units and components immediately became eligible for the full range of DTC book-entry services, the Institutional Delivery (*ID*) system, and continuous net settlement. By the end of the year, 117 unit issues had been included in the program.



This scene, of cut leather, is the other half of the binding that appears on the front cover of this report. It shows the goddess Athena, identified with wisdom, probably as a compliment to the recipient, Alessandro Puccinelli, a professor at the University of Dôle. The donor was Claude de Saint-Mauris.



Fashioned of silver, with horns, nose and forehead rosette of gold, this bull's head of circa 1600 B.C. was found in the tomb of five members of a Mycenaean royal family. Although the bull was not normally treated as a god in ancient civilizations, it was widely perceived as a symbol of male potency, counterpart of the female fertility goddesses so widely worshipped throughout the classical and pre-classical world.

## Outlook for Institutional Use

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### Institutional Market

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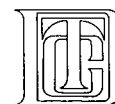
As banks have become more familiar with depository usage and book-entry operations, they have become increasingly active in encouraging their institutional customers to authorize the deposit of their assets into the system. At the same time, an increasing number of institutional investors have initiated the deposit of their assets by so instructing their custodian banks. Accordingly, bank deposits of their own and other institutional assets into DTC increased by \$60 billion in 1981. Further growth is projected for the period ahead, augmented by an increased number of banks participating in DTC's system.

Seven major categories of institutional investors held \$1.8 trillion in total assets at yearend 1980, up from \$1.57 trillion at yearend 1979, according to the latest estimates published by the Securities and Exchange Commission. DTC estimates the depository-eligible portion of these assets at \$725

billion, or a little over 40% of the total. The growth of this percentage should accelerate markedly over the next several years, with the continued expansion in the number of municipal bond issues eligible for depository services.

As can be seen from the charts on pages 13 and 15, the potential institutional depository market is a very large one. These charts raise the question of the extent to which the \$725 billion market in currently eligible assets remains to be penetrated. The amount of such assets currently in the depository system is estimated at \$482 billion, or about 66% of what is eligible for deposit. These assets, over \$418 billion of which are on deposit with DTC and the balance distributed throughout the rest of the depository system, are in the accounts of approximately 480 U.S. banks (91 of them among the top 100 in managed trust assets) that participate in depositories directly or indirectly.

The nature of the effort required to bring more of the \$725 billion into the system varies from category to category. For example, in the categories of life



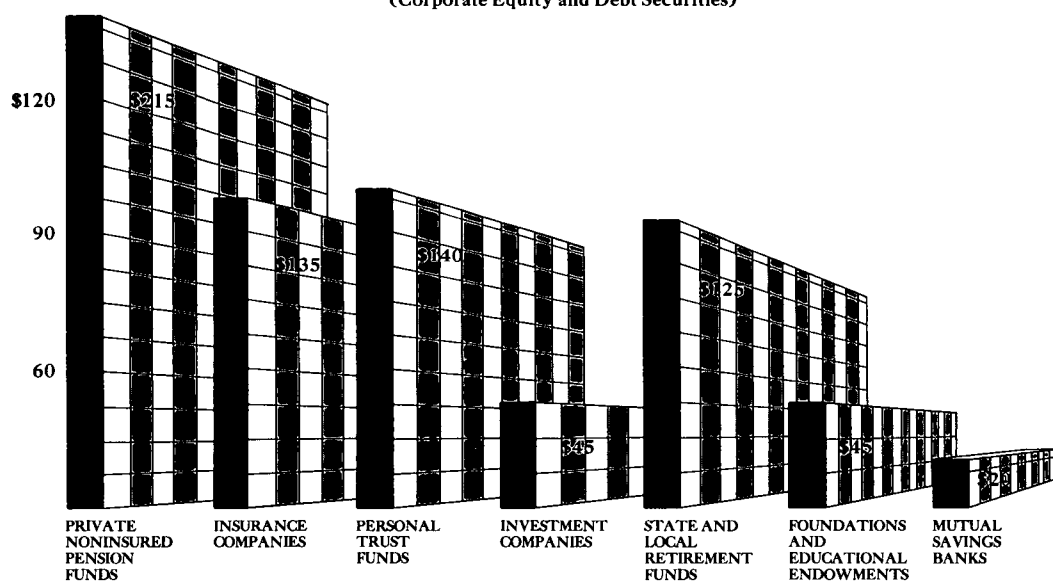
insurance companies, property-liability insurance companies and state and local retirement funds (combined depository-eligible assets of \$260 billion), it is often necessary to deal with state laws and regulations which, having been developed long before there was such a thing as a depository system, contain provisions inconsistent with effective depository usage by institutions domiciled in those states. Various efforts are under way to resolve these incongruities; it is expected that upwards of \$200 billion from these categories will have been placed in the depository system by 1985. The projection

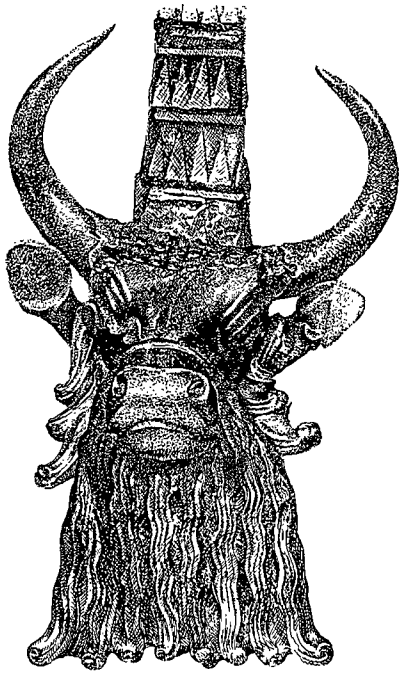
for the remaining categories, where regulatory problems are minor or nonexistent, calls for over \$400 billion, or about 86% of the eligible total, on deposit by 1985.

A major continuing need is to acquaint the appropriate institutional and regulatory personnel with the benefits of depository participation—lower costs, reduced errors, increased flexibility, and simplified operations. DTC's efforts in this direction have been focused on three institutional categories in particular: pension funds, investment companies, and insurance companies, as described below.

### Market Value of Depository-Eligible Assets in Billions of Dollars by Type of Institution

(Corporate Equity and Debt Securities)





Somewhat earlier than the bull's head in the preceding illustration, this golden Sumerian piece was originally attached to the sound box of a harp. It was recovered in 1934 from the royal cemetery of Ur and has been dated to the period 2685-2645 B.C., midway through the First Dynasty of Ur.

- **Deposit of Pension Fund Assets**

Private noninsured pension funds hold some \$297 billion in total assets, of which approximately \$215 billion is invested in depository-eligible securities. DTC bank Participants continued to deposit private pension fund assets into their accounts throughout 1981; it is believed that a large percentage of the \$215 billion in private pension fund assets has already been placed in the depository system by bank Participants.

The situation is otherwise for state and municipal retirement systems, which collectively hold total assets of about \$193 billion, approximately \$125 billion of which is invested in depository-eligible securities. A major obstacle to depository usage by state and municipal pension funds arises from the fact that these pension funds are state regulated, with each state imposing its own restrictions. Most of these restrictions were enacted long before the depository system was developed and have to be modified to permit depository usage.

Significant strides were made in 1981 to overcome these restrictions so that state and municipal retirement system assets can be placed in a depository, and a number of states authorized the deposit of their funds during the year. DTC is continuing to acquaint appropriate state personnel with the benefits of depository participation for state pension systems.

There are currently 35 states that have no regulatory or statutory bars to the use of book-entry systems and/or the depository system by state pension funds. Indeed, 28 of these states are known to have all or part of the state pension fund assets on deposit or in the process of being deposited at DTC, indirectly through their custodian banks. Another 5 states and the District of Columbia permit depository usage by state pension funds at the discretion of appropriate officials. The remaining 10 states require that pension fund assets be physically domiciled within their state boundaries or be kept in the form of physical certificates wherever they may be domiciled. DTC's efforts are directed at helping eliminate such restrictions.

- **Deposit of Investment Company Assets**

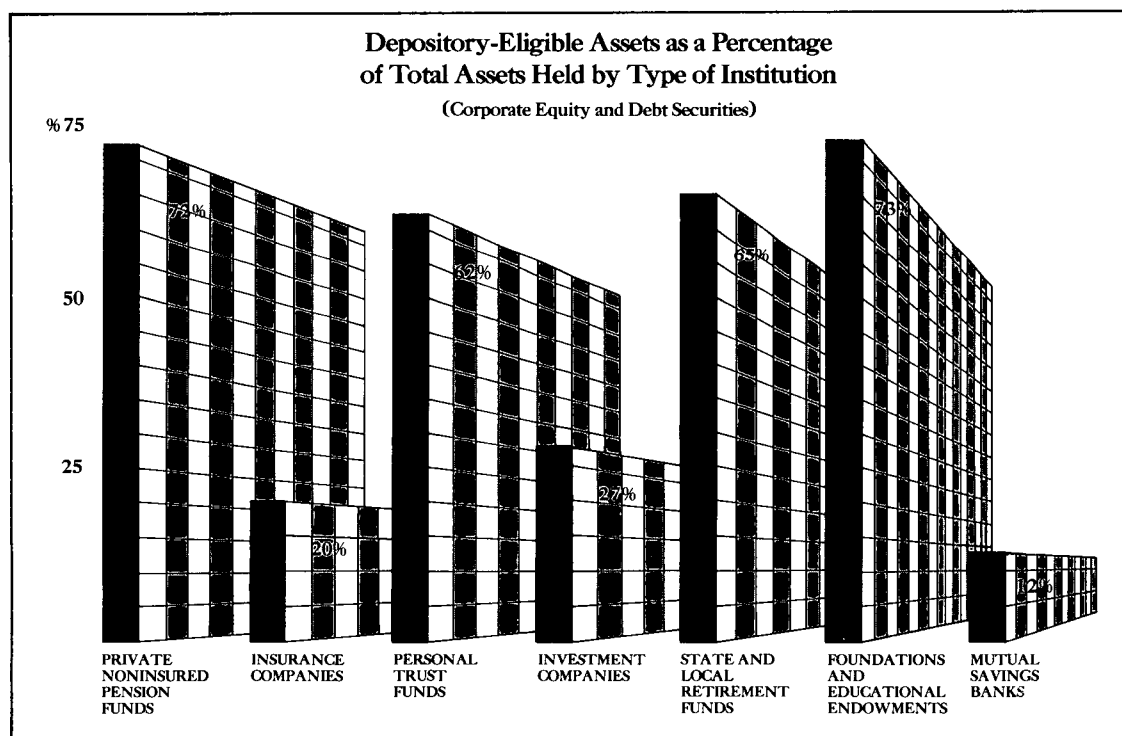
During 1981, 80 additional mutual funds deposited the eligible portions of their portfolios into DTC through their custodian banks, bringing to 200 the number of mutual funds reported to have done so and to \$28 billion the total value of the securities believed to have been so deposited. These figures represent increases of 67% and 8%, respectively, from the comparable yearend 1980 figures of 120 funds with a value of \$26 billion.

Several additional funds laid the groundwork for 1982 depository usage by preparing proposals for action by their Boards of Directors. On the basis of

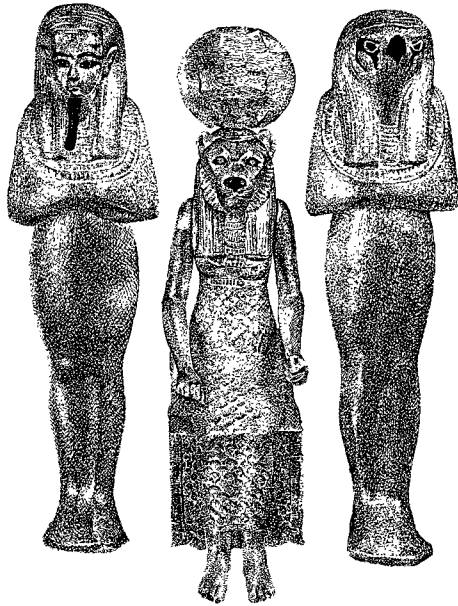


these reported plans—and the fact that \$28 billion, or only 62% of the \$45 billion in depository-eligible assets held by investment companies according to SEC estimates, has thus far been placed in the depository system—DTC expects continued

growth of mutual fund deposits during the year ahead. A list of the mutual funds reported to have authorized their custodian banks to deposit eligible portions of their assets with DTC as of yearend 1981 appears elsewhere in this report.







These three statues of gilded wood were recovered from the tomb of Tutankhamen, Pharaoh of Egypt in the late 14th Century B.C. On the right is Horus, son of Osiris, the Egyptian god of death; in a funerary context, Horus symbolized the hope of resurrection. At center is Sekhmet, a traditional goddess with the body of a human and the head of a lion, whose name means "Powerful One"; in the funerary context, she was the protectress of foreigners, many of whom settled in Egypt during this period. Mamu, on the left, was a god whose significance is not yet clear to scholars, except that he appears to have been associated with the nether world.

- **Deposit of Insurance Company Assets**

The total value of insurance company assets on deposit at DTC continued to increase in 1981. Nevertheless, the dollar value remains relatively small, both in comparison to the assets on deposit from other sectors of the institutional market and in relation to the total value of depository-eligible securities held by insurance companies throughout the U.S.

As in the case of public pension funds, the major obstacle to depository custody of insurance company owned securities is the framework of statutes and regulations in the various states. Many states permit depository usage at the discretion of the state insurance commissioners, but have not yet established the necessary guidelines for supervisory review. In a number of other states the problem is statutory — frequently in the form of a requirement that the assets be physically domiciled within the state, or that they be kept in the form of physical certificates wherever domiciled.

State barriers have made the insurance sector of the financial industry the slowest to adapt to depositories. Nevertheless, 315 insurers were reported to be using at least some depository services indirectly through their agent banks at yearend, versus a total of 232 at yearend 1980. Of

these, some 224 companies have assets on deposit totaling approximately \$32.1 billion in market value, up from 172 companies with \$24.9 billion a year earlier. The others are participants in the depository's Institutional Delivery (*ID*) system.

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### **Institutional Delivery (ID) System**

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The Institutional Delivery (*ID*) system is a method for clearing and settling trades initiated by institutions in a manner which reduces cost and increases certainty of timely settlement. Its most important features are that it introduces a single entity to coordinate all settlement activity among brokers, institutions and custodian banks, and that it offers convenient electronic, automated methods to accomplish this.

- It coordinates the many steps that have to be taken by brokers, custodian banks and investment managers from trade confirmations through final settlement, helping to insure that each party takes the right action at the right time.

- It can eliminate redundant paperwork and the delivery "fails" that lead to repeat paperwork.



- It is simple and inexpensive to phase into, and even simpler and less expensive to use.

Briefly stated, the system works as follows:

- (1) A broker executing an institutional trade furnishes DTC with the trade data (price, quantity, date, etc.), which the depository then passes on to the broker's customer, the institution, in a form that is recognized as a legal confirmation.
- (2) If the confirmation accurately reflects the institution's order, the institution sends an acknowledgment to DTC. If the confirmation is

faulty (i.e., does not agree with the institution's records of its order), the institution can act early enough in the settlement cycle so that the broker can enter the proper corrections into the *ID* system. DTC will notify the broker of a problem concerning the trade so that the broker can contact the institution to resolve it.

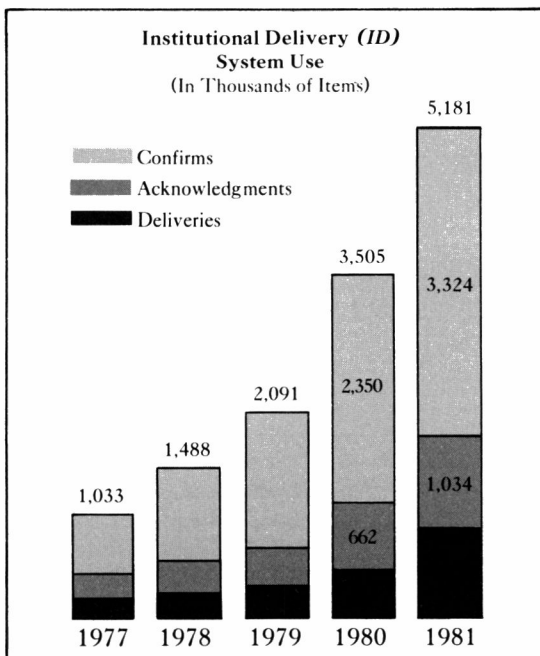
(3) Upon receipt of the acknowledgment, DTC forwards deliver/receive instructions to both the custodian bank and broker to schedule settlement.

(4) If the deliverer has enough securities in its DTC account, the depository will automatically complete the delivery by book-entry on the morning of settlement date and process the related money settlement as directed. *No physical delivery activity by any party to the trade is required.*

(5) If the deliverer does not have enough securities in its DTC account, it will be notified by DTC early in the morning on settlement date. The deliverer still has the opportunity to provide securities for delivery later on settlement date.

(6) If the security is not DTC-eligible (i.e., one of over 20,400 for which DTC provides book-entry services), deliverer and receiver may use specially prepared *ID* instructions to settle the transaction outside the depository system. In such cases, though delivery must be by physical means rather than book-entry, DTC's role as a clearinghouse for instructions can help insure that delivery and payment will be successfully completed on the first attempt.

A primary goal of the *ID* system is to increase user efficiency by eliminating most of the error and delay associated with traditional settlement methods, thereby reducing the personnel and time required by users to conduct their operations.





- Institutions may no longer have to send letters of instruction to their custodians to authorize each trade for settlement. The *ID* acknowledgment to one central source — DTC — eliminates the time-consuming effort of preparing individual authorizations and communicating them, through the mails or electronically or both, to multiple custodians. (In some instances, custodians may require letters of instruction subsequently, for file copy purposes only.)

- A greater certainty of trade settlement enables institutions and custodian banks to better manage their cash balances, providing early notice of funds needed and available.

- All of the labor associated with reprocessing uncompleted deliveries can be eliminated, which not only reduces the costs, but also improves the quality of service *ID* users can offer their own customers.

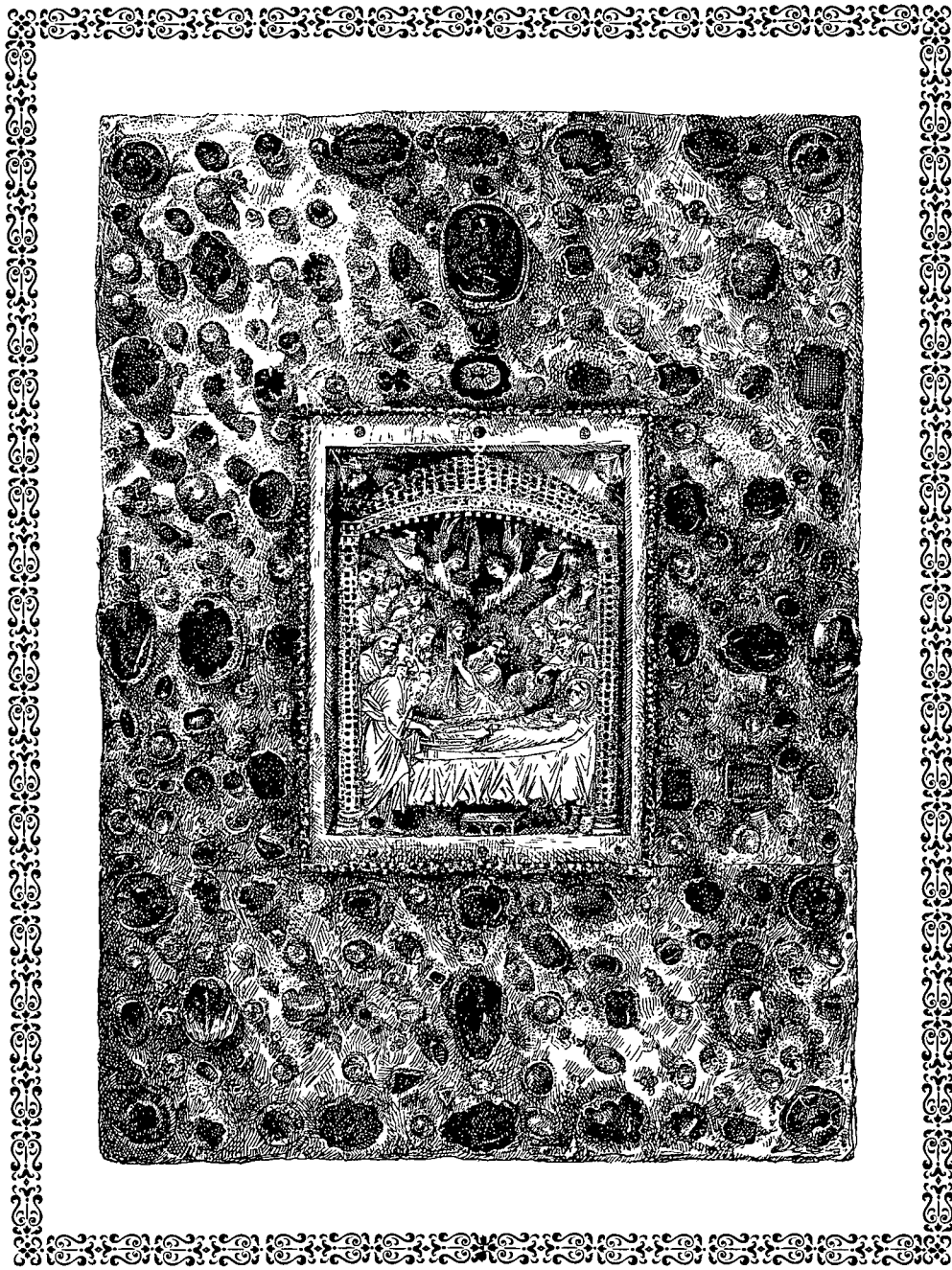
For these reasons and others, over 900 institutional investors, custodian banks and broker-dealers have begun full or partial use of the *ID* system and institutional investors increasingly require its use to settle their securities transactions.

*ID* growth was substantial in 1981, though still well short of system potential. Average monthly volume of confirmations processed through the system rose to 306,500 for the fourth quarter, up 23% from 250,000 for the comparable 1980 period. At the same time, the number of fully participating institutions increased 58% to 669 from 424 — while

the number of confirms-only institutions rose 23% to 298 from 243. Fully participating institutions are those that use *ID* to receive confirmations from brokers, acknowledge them, and receive and deliver securities by book-entry. Confirms-only institutions are those that use the system only to receive confirmations; this is usually the initial stage of their *ID* system participation.

The encouragement of greater and more widespread use of *ID* throughout the financial community continues to be one of DTC's top priorities. In line with this emphasis, the *ID* Task Force — initiated in 1980 with personnel "on loan" from DTC Participants — was made a regular part of DTC's operation in late 1981 for as long as necessary.

Perhaps the most important aspect of *ID*'s growth in 1981 was the strong backing for system use provided by leading firms and groups in the securities industry. Most notable among their efforts was an initiative of a subcommittee of the Securities Industry Association's Operations Committee, which proposed an amendment to the New York Stock Exchange's Rule 387 on "COD Orders," which was approved by the NYSE Board of Directors on December 9. The proposed amendment would deny the deliver-versus-payment privilege which brokers can extend for settlement of trades of institutional customers when the customer or its agent bank is a securities depository user and the depository's facilities are available, but not used, for confirmation, acknowledgment and book-entry settlement of the trade.



This gospel binding of gold set with precious stones and cameos was created in Bamberg for Otto III (983-1002). The fourth of the Saxon emperors who succeeded the East Frankish Carolingians, Otto ascended the throne at the age of 3, cast off his mother's and grandmother's control at the age of 16, and spent the rest of his brief life making and unmaking Popes in the pursuit of imperial politics and military adventure.



Established in the 6th Century B.C., Buddhism quickly flowered far beyond its point of origin in what is now India. And as it spread throughout Asia, it fused with indigenous artistic traditions to create a whole new genre of exquisitely crafted objects. This golden Buddha on a golden throne has been attributed to 14th or early 15th Century China, probably in the cultural ferment that followed the end of the Mongol Yüan Dynasty (1280-1368), which was replaced by the native Chinese Ming Dynasty (1368-1644).

## Basic Services

There are four basic services Depository Trust performs for Participants:

- It accepts *deposits* of securities for custody;
- It makes computerized book-entry *deliveries* of securities which are immobilized in its custody;
- It makes computerized book-entry *pledges* of securities in its custody; and
- It provides for *withdrawals* of securities on a routine or urgent basis.

These services allow a Participant to place securities with DTC for safekeeping, deliver them conveniently to another party on the books of the depository, collect payment from the other party for the securities delivered, and withdraw certificates desired by any of its customers.

It is the massive use of these services by Participants that creates the economies of scale

which offer low-cost processing and speed to users without sacrifice of security and accuracy.

Participants instructed DTC to execute 52 million of these transactions in 1981, up from 49 million in 1980.

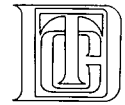
Increasingly, these instructions are in automated form, further reducing labor-intensive work both for Participants and for DTC.

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### Deposits

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Deposits of certificates can be made in any eligible security issue at DTC's offices or at various banks across the country cooperating as DTC Depository Facilities. During 1981, DTC processed daily an average of 27,100 deposits involving 122,400 certificates.

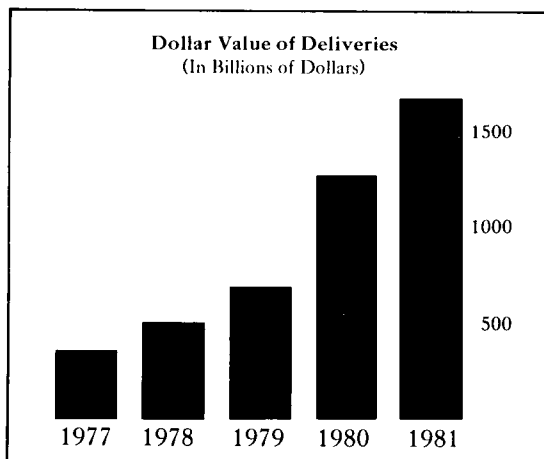


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## Deliveries

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Deliveries in the settlement of securities transactions may be with or without the condition of money payment, depending upon the Participant's instructions. In 1981, DTC processed more than 35 million computer book-entry deliveries among Participants with a settlement value of almost \$1.7 trillion, including deliveries between brokers and clearing corporations. This represented a substantial



increase from 1980, when about 28 million deliveries were processed with a value of about \$1.3 trillion.

DTC provides for the settlement of all deliveries when payment is desired, as well as cash dividends and interest payments distributed to Participants and other payments, through its daily settlement system. The basis of this system is a DTC settlement statement which shows each Participant's total money settlement activity by type of transaction and summarizes all transactions into a net dollar amount owed to DTC or to the Participant and paid daily.

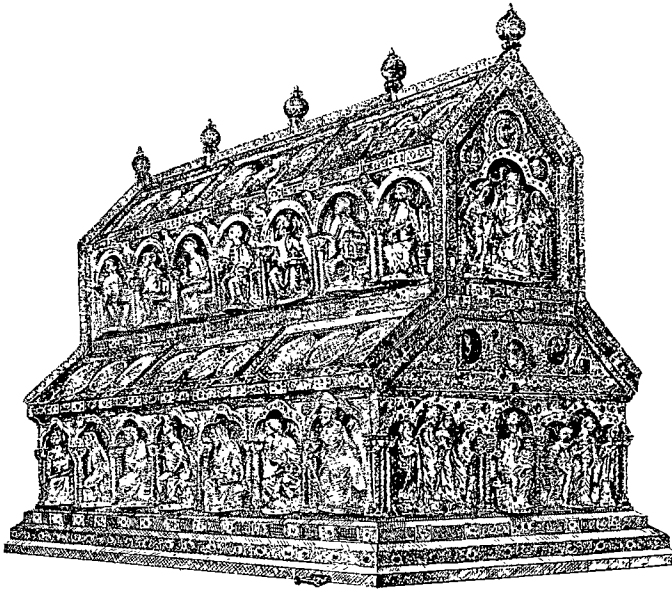
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## Pledges

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This program allows Participants to make book-entry pledges of securities on deposit with DTC to banks and others who have agreed to accept pledges through DTC as collateral for bank loans or to secure letters of credit or for other purposes.

At yearend 1981, the value of outstanding pledges totaled \$5.9 billion; 15 banks each had over \$100 million in securities pledged to them on DTC's books among the 103 banks participating in this program. These figures do not include some \$1.8 billion in additional pledges to The Options Clearing Corporation by brokers and banks, primarily to meet collateralization requirements on CALL option sales.



The Reliquary of the Magi was fashioned in Cologne, Germany between 1181 and 1230. Designed and executed by Nicholas of Verdun to hold relics of the three Magi and the remains of Gregory of Spoleto, Saint Nabor and Saint Felix, it boasts over 300 gems and cameos and more than a thousand precious stones. Not surprisingly, it is the single most valuable extant piece of medieval goldsmithery.

### Certificate Withdrawals

Certificate withdrawals from DTC can be accomplished in either of two ways:

(1) Withdrawal-by-Transfer (WT), in which securities are transferred routinely to the name of a Participant's customer, or any other name. Normally, the newly registered certificates requested by Participants are available to them one week after DTC receives the withdrawal instructions.

(2) Urgent withdrawals of Certificates-on-Demand (CODs), in which certificates are released to the requesting Participant in three hours.

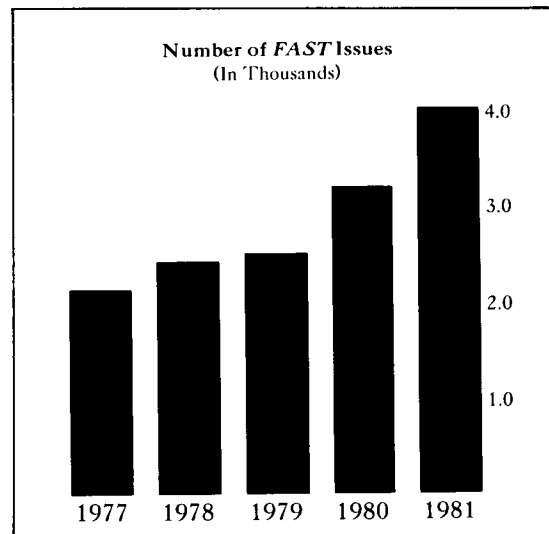
In 1981, DTC processed an average of 27,500 WT's per day, for total routine withdrawal instructions of 6.9 million, requiring 10.6 million certificates. During the same period, the depository processed an average of 7,100 urgent CODs per day, for a total of 1.8 million requests satisfied by about 3.8 million certificates.

DTC's Fast Automated Securities Transfer (*FAST*) program provides an alternative, more economical method of processing both types of certificate withdrawals. The *FAST* program is described more fully in the section that follows.

### Fast Automated Securities Transfer (*FAST*)

DTC initiated *FAST* to eliminate the cost of unnecessary creation, movement and storage of certificates needed for withdrawals.

Under the *FAST* program, DTC leaves securities with transfer agents in the form of balance certificates





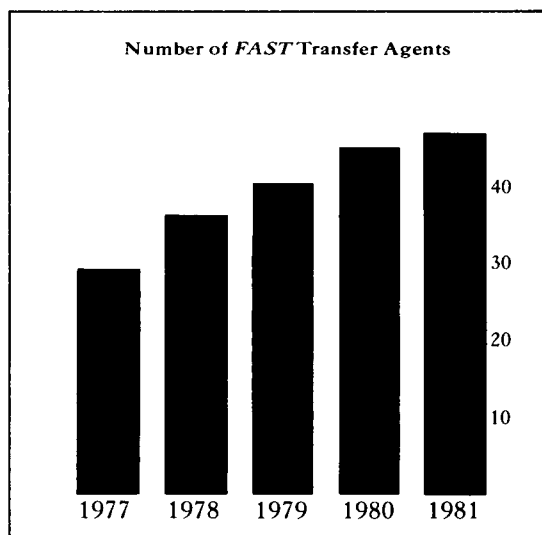
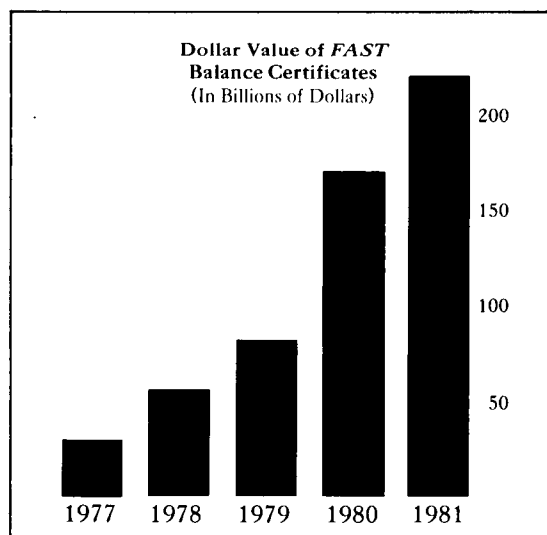
registered in the depository's nominee name — Cede & Co. The balance certificates are adjusted daily for DTC deposit and withdrawal activity.

There are two parts to the *FAST* program. The Withdrawal-by-Transfer (WT) portion of the program is designed for routine withdrawals; agents can fulfill Participant requests within normal transfer turnaround time, usually three business days.

The Certificate-on-Demand (COD) portion of *FAST* is designed to include urgent withdrawals, as well as routine WTs. Transfer agents who subscribe to the COD part of *FAST* must make the COD certificates requested by Participants available to DTC overnight, and twice each business day on two hours' notice. Because it covers all types of withdrawals, this part of the program permits DTC to eliminate its entire vault supply of Cede & Co. certificates in the issues subject to the program. However, some Cede & Co. certificates in *FAST* issues must be retained by the depository for CODs when agents perform only

routine *FAST* withdrawals in those issues.

*FAST* confers a number of benefits on all parties involved in the issuance and transfer of securities. Transportation, handling and insurance costs are substantially reduced by the elimination of regular shipments of large-value certificates between transfer agents and DTC. The cost of researching dividend claims is also reduced, and proxy voting made easier, by *FAST* CODs, since Cede & Co. certificates no longer must be issued and circulated throughout the financial industry. In addition, corporations and transfer agents enjoy reduced certificate issuance costs by the elimination of hundreds, and sometimes thousands, of certificates for each issue annually. Since the inception of the program, for example, the issuance of over 3.6 million Cede & Co. certificates which would have been required to replenish DTC's vault inventory was avoided.





At yearend 1981, 47 transfer agents held balance certificates valued at \$206 billion in 4,044 issues. The comparable prior-year figures were 45 transfer agents holding 3,162 issues valued at \$163 billion. This growth means that *FAST* withdrawals are possible in about 20% of DTC-eligible issues.

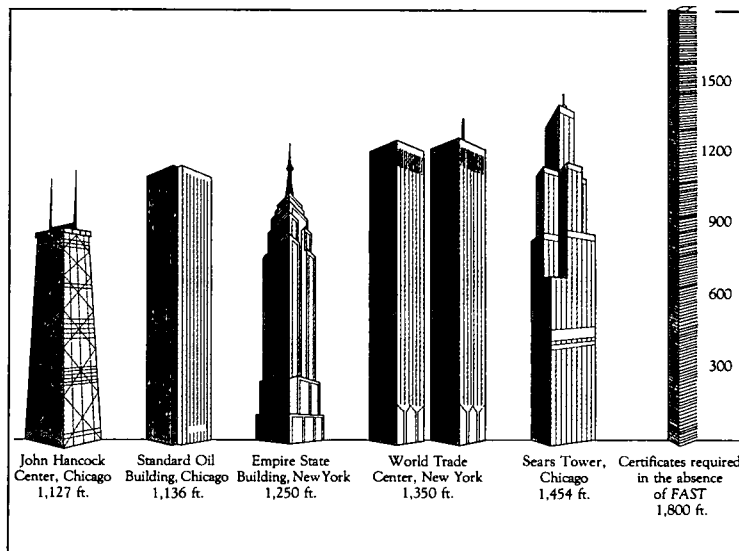
As of December 31, 1981 the following 16 agents participated in the full *FAST* program, holding \$161 billion in 2,779 issues.

BankAmerica Securities Services  
 Company of New York  
 Bank of New York (The)  
 Bankers Trust Company  
 Chase Manhattan Bank, N.A. (The)  
 Citibank, N.A.  
 Connecticut Bank and Trust  
 Company (The)  
 First Jersey National Bank  
 Girard Bank  
 Irving Trust Company  
 Manufacturers Hanover Trust Company  
 Marine Midland Bank  
 Morgan Guaranty Trust Company  
 of New York  
 Northern Trust Company (The)  
 Schroder (J. Henry) Bank & Trust Co.  
 Security Pacific National Bank  
 Third National Bank

The following 31 agents, participating on a WT-only basis, held \$45 billion in 1,265 issues.

American National Bank and Trust Company  
 of Chicago

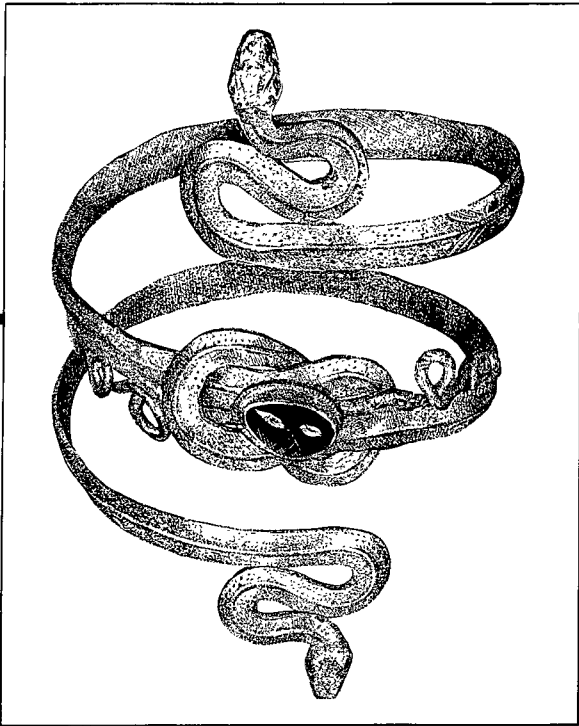
American Telephone & Telegraph Company  
 AmeriTrust Company  
 Bank of America National Trust and  
 Savings Association  
 Chemical Bank  
 Citizens and Southern National Bank (The)  
 Fidelity Union Bank  
 First Interstate Bank of California  
 First & Merchants National Bank  
 First National Bank of Atlanta (The)  
 First National Bank of Boston (The)  
 First National Bank of Chicago (The)  
 First Pennsylvania Bank, N.A.  
 First Union National Bank of North Carolina  
 GTE Shareholder Services, Inc.  
 Harris Trust and Savings Bank  
 Hartford National Bank and Trust Company  
 Lincoln First Bank, N.A.  
 Litton Industries  
 Maryland National Bank  
 National Bank of Detroit  
 New England Merchants National Bank  
 North Carolina National Bank  
 Northwestern Trust Company  
 Registrar and Transfer Company  
 Riggs National Bank of Washington, D.C. (The)  
 Santa Fe Industries, Inc.  
 State Street Bank and Trust Company  
 United Missouri Bank of Kansas City  
 United States Trust Company of New York  
 Wachovia Bank and Trust Company, N.A.



One of the advantages of DTC's Fast Automated Securities Transfer (*FAST*) system is the degree to which it eliminates the need for issuing many certificates, substituting instead a single balance certificate for the conventional certificates in whatever quantity required. Since the inception of *FAST*, DTC estimates that corporate issuers and agents have been spared the necessity of issuing some 3.6 million certificates as a result of this feature. The enormous savings this implies in printing, processing, and auditing costs might best be visualized in the accompanying chart, which depicts these certificates as if they had been issued and stacked 2,000 per foot, in comparison with the five tallest commercial buildings in the world.



This Scythian pectoral ornament of the 4th Century B.C. weighs in at over 40 ounces of solid gold. Probably created by a Greek goldsmith, it is unusual in that it depicts the lives of the Scythians at home and afield. It is adorned by 48 figures of humans and real and fanciful animals, with floral ornaments separating the domestic from the less peaceful scenes depicted.



This 3rd Century B.C. bangle for the upper arm shows two golden serpents entwined in the Heracleian knot, which was often used as an amulet to heal wounds and ward off evil in classical times. It was found in the region of Ethiopia known as Eritrea and shows the influence of Greek art, probably by way of the Ptolemaic successors of Alexander the Great in nearby Egypt.

## Ancillary Services

DTC's ancillary services flow out of its custody of securities for Participants. They are designed to permit the owners of securities to receive benefits and exercise rights of ownership despite immobilization of certificates and to diminish the need for Participants to handle physical certificates.

The most important of these services are dividend and interest collection, provision for voting rights, collateralization of options, dividend reinvestment, voluntary offerings, and distribution of underwritings.

These and other services are described more fully in the paragraphs that follow.

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### Dividends

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In 1981, DTC received over \$27.9 billion of cash dividends and interest payments for credit to Participants' accounts. This amount represented over 34,900 individual payments to DTC from

approximately 900 bank and corporate paying agents. Applicable to most of the more than 20,000 securities issues eligible for deposit in DTC, these payments resulted in 1.8 million individual line items of credit to Participant accounts. Stock dividends received for Participants amounted to almost 1.6 billion shares.

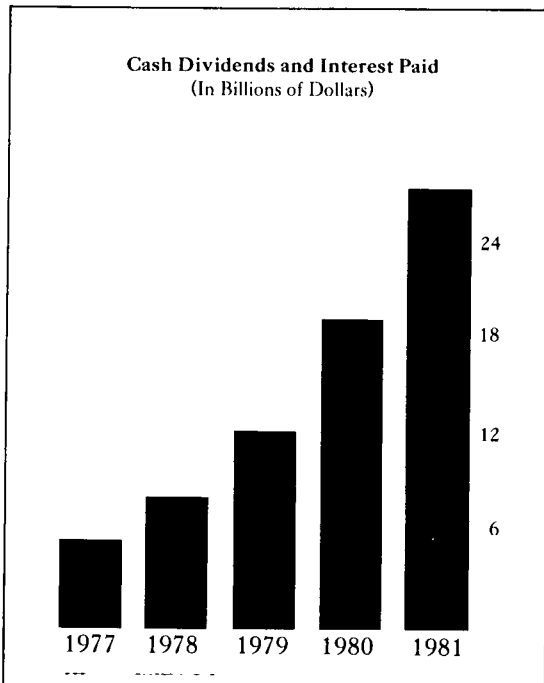
The ease with which DTC accomplished this volume of processing evidences the efficiency of the depository's highly automated system. The benefits of this system to DTC users are substantial.

Organizations that do not use a depository are faced with the prospect of handling a multitude of checks, coming from many points in the United States and Canada, with all of the associated mail problems, underpayments and other discrepancies, complicated by the need to claim dividends from other parties and to undertake all of the communications, correspondence and follow-up expense associated with that task.

DTC's system spares Participants the trouble of



dealing with these tasks and the expense of maintaining the necessary facilities for doing so. Surveys indicate that Participants also tend to receive cash dividends and interest payments more quickly through DTC than if payments were received directly from paying agents. The depository's successful effort in 1981 to increase the collection of such payments on payable date is continuing in 1982.



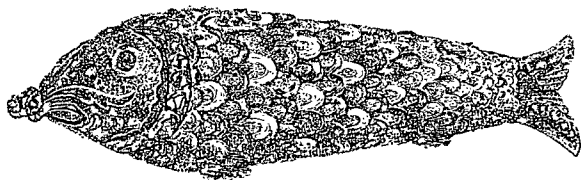
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### Voting Rights

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Depository Trust arranges for deposited securities to be registered in the name of its nominee, Cede & Co., for three major reasons: (1) To permit prompt determination of whether the deposited certificates are indeed transferable, or whether they are subject to a "stop transfer" order, counterfeit, or otherwise not negotiable. If such a problem is found to exist, DTC can quickly take the appropriate steps to obtain replacement securities from the depositing Participant. (2) To permit re-transfer, when necessary, in the simplest and quickest manner possible. (3) To permit DTC to ensure the proper and timely allocation of dividends, distributions and voting rights to depositors.

Given these reasons for holding securities in the depository's nominee name, one of DTC's primary objectives has been to avoid being a barrier to communications between issuers and beneficial owners. Indeed, in some cases, the existence of DTC may assist the corporate issuer in keeping up with changes in the ownership of its voting stock. The depository's Security Position Listing Report lists the number of shares of the issue on deposit with DTC itemized by Participant; prior to the existence of the depository, many of the shares now included in this report would have been represented by certificates that might have circulated by endorsement for prolonged periods before being re-registered. Security Position Listings are automatically sent to each issuer, free of charge, once



Definitely in the Italian style of the 16th and 17th Centuries, this enameled silver fish may have been fashioned at the court of Rudolph II in Prague, to which a number of Italian artists had gravitated at about that time. It was probably meant to be worn as a pendant.

each year, indicating Participant positions as of the record date for the issuer's annual meeting. Issuers may also obtain interim listings on a daily, weekly, monthly or dividend-record-date basis, upon request and for a modest fee.

DTC's Participant Proxy Contact List specifies the name and address of each DTC Participant, together with the name and telephone number of the individual responsible for handling proxies there. The Contact List is updated and reprinted four times a year and sent to issuers free of charge.

DTC's Omnibus Proxy provides for the exercise of voting rights and for direct communications between issuers and Participants holding their voting securities. In effect, the Omnibus Proxy is an assignment—Cede & Co., the shareholder of record, assigns to each Participant the voting rights associated with the shares in that Participant's DTC account as of record date. DTC sends the Omnibus Proxy (together with a list identifying the Participant assignees) to the issuer after the record date for the shareholders' meeting at which the votes may be cast. At the same time, DTC notifies each shareholder Participant that the Omnibus Proxy has been sent to the issuer and of the number of shares the Participant is entitled to vote.

Upon completion of these steps—which normally take place in a single day soon after record date—DTC is removed from the chain of communications between issuer and beneficial owners. Each Participant is able

to ask the issuer or its agent directly for whatever quantity of proxy material it needs to discharge its obligations to beneficial owners and each issuer is able to contact Participants directly. These communications occur in the same manner as if DTC did not exist.

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### Voluntary Offerings

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DTC offers several services related to voluntary offerings, each designed to keep securities immobilized in the depository during periods when Participants have the right to surrender them for cash and/or other securities. Use of these services grew substantially in 1981. The services themselves are as follows.

#### o Tender and Exchange Offers

In 1981, Depository Trust processed 86 tender and exchange offers by book-entry, involving 48 agents from 23 states. The 86 offers included 6 in which the book-entry program was used to elect a payment option under a mandatory reorganization plan. The handling of these 86 offers brought the value of offerings processed through the program since its inception in 1978 to \$2.71 billion and the number of agents to 63.

One notable 1981 offering, though actually concluded in January 1982, illustrates this service: United States Steel Corporation's tender offer for Marathon Oil Company. Based largely on plans



drawn up in December by depository employees working with personnel from Bankers Trust Company, the offeror's agent, and Goldman, Sachs & Co., the dealer manager, DTC was able to process Participant acceptances of over 4.9 million shares by book-entry, the return of oversubscribed shares by book-entry following proration, and payment for Participants from Bankers Trust of over \$622 million in same-day funds on the first payment date.

The 86 offers processed in 1981 constituted 27.2% of the total number of offers that could have been accepted in part by book-entry procedures, up from the 17% of 1980. Nevertheless, 59 agents who could have used the service during 1981 failed to do so. The loss caused by the lack of provision for, or use of, the service is the cost created by the unnecessary withdrawal of securities from the book-entry environment. Agents, issuers and depository Participants thereby incur increased processing costs. In some cases, Participants also lose timely use of cash payments and, where acceptances are prorated by agents, timely use of returned shares. Accordingly, DTC will continue its efforts to bring additional agents into the program in 1982; support from more investment bankers at the planning stages will assist these efforts.

• **Conversions**

DTC's conversion procedures allow Participants to use book-entry methods to surrender convertible debt and equity securities in their depository accounts for same-day credit in the underlying securities, usually common stock. Participant processing expense is thereby reduced, while the costs of financing transactions during the interval when the certificates would otherwise be at the conversion agent are eliminated. Almost 550 convertible issues are eligible for this service; approximately \$2.25 billion of book-entry securities conversions were completed in 1981.

• **Redemption of Floating Rate Notes and Rollovers of Government Securities**

DTC Participants may redeem floating rate notes and other securities with similar repayment options by means of instructions to the depository, the cash proceeds being credited to their DTC settlement

accounts. Participants with maturing U.S. Treasury bills on deposit can also use DTC to reinvest, or "rollover," the proceeds into new bills issued on the maturity date. Although the number of transactions effected through these two services is not large, the services themselves are considered useful by Participants in that they reduce the expense associated with exception processing.

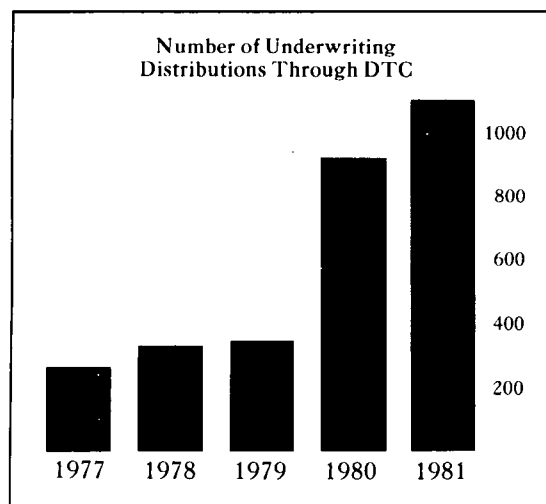
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### Distribution of Underwritings

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The DTC service for the book-entry distribution of and payment for securities offered in public underwritings showed vigorous growth in 1981. The service was used by 71 managing underwriters to distribute \$83.5 billion of the total value of 1,099 issues. In 1980, the service handled 900 issues for 40 managers with \$40 billion distributed through DTC. The 1981 distributions comprised 739 issues of equity, 299 issues of corporate debt, and 61 municipal bond issues, with values of \$53.1 billion, \$29.9 billion, and \$521 million, respectively.

DTC's underwriting distribution service is designed to benefit underwriters and issuers, in addition to broker and bank Participants.





The Italian Renaissance featured, among other things, beautiful workmanship in semiprecious stones. This covered cup in the shape of Hydra was fashioned of jasper, probably by Michele Mazzafirri for Grand Duke Ferdinand I of Florence between 1570 and 1600. The gold statuette of Hercules on the lid stands poised to hurl the stone with which the hero kills the monster in the Greek myth. The heads and tail of the Hydra form the handles of the cup.

Underwriters realize lower financing costs by the elimination of day loans and, in the case of distant closings, overnight or weekend loans. Issuers are afforded substantial reductions in the issuance and transfer of certificates. Bank and broker Participants receiving book-entry deliveries benefit through the elimination of the endorsement, microfilming, packaging, delivery and receipt of certificates and associated documents, as well as the rapid delivery turnaround normally associated with the use of book-entry.

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### Options

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Use of DTC's interface with The Options Clearing Corporation (OCC) increased at a rapid pace throughout 1981. By yearend, 61 banks and 27 broker-dealers had securities "pledged" to satisfy OCC requirements, as compared with 54 banks and 36 broker-dealers at the end of 1980. The total value of securities pledged approximated \$1.8 billion, or 85% of the value of securities collateral with OCC from all sources, up from 76% at yearend 1980.

- **The "Third-Party Pledge System"** offered by DTC is an alternative to the escrow receipt method, in which a bank holds securities in an escrow account, issuing a receipt which can be used in lieu of the securities to satisfy segregation requirements for the writer's CALL option. Under the Third-Party Pledge System, banks may pledge

to OCC securities on deposit at DTC. One major improvement over the escrow receipt method is that changes in the quantity of shares pledged do not require release and re-issuance of escrow receipts, nor do changes in the option series to be collateralized. In the former case, the amount of shares pledged is simply increased or reduced, as required, while in the latter the pledgor merely submits a "rollover" form supplied by OCC. In addition, processing is simplified because there are no repeated movements of paper among the parties to the transaction. And, finally, since certain shareholders' equity limits of the escrow receipt method do not apply, any bank depository member may use the pledge method to the full extent that it has the securities to pledge.

Early in 1981, DTC expanded its interface with OCC to establish a Third-Party Pledge System for PUTS. This capability provides for a situation in which a PUT writer has deposited cash with a bank and the bank has invested the cash in U.S. Treasury bills. Under these circumstances, the PUT writer may instruct the bank to deposit the T-bills with a securities depository and then pledge them to OCC for the account of the OCC clearing member carrying the writer's short position. OCC then reduces the clearing member's margin requirements accordingly.

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### Dividend Reinvestment

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Launched in December 1976 with a single dividend reinvestment plan offered by American Telephone



& Telegraph Company, DTC's Dividend Reinvestment Service (*DRS*) had grown to include 89 participating plans by yearend 1981. It helped generate almost \$399 million of new capital for participating issuers through dividend reinvestments in 1981, up from 63 plans and \$291 million in 1980. The fourth quarter of 1981 marked the nineteenth consecutive quarter-to-quarter increase in Participant use of this service since its implementation, capping the five years of extraordinary growth depicted in the accompanying chart.

The purpose of *DRS* is to allow those Participants who wish to reinvest all or part of their dividends in a security that is subject to an issuer's reinvestment plan to do so by book-entry, without withdrawing the underlying shares from their DTC accounts. The advantages to Participants are significant. Without *DRS*, a Participant would have to either refrain from depositing or withdraw from the depository prior to record date those securities in which dividends might be reinvested, even if a

definite decision had not yet been reached. In either case, the certificates involved would have to be handled on an exception basis and the benefits of certificate immobilization through depository usage would be partially defeated. In addition, Participants themselves would have to arrange for reinvestment of dividends through the various plan administrators, and then handle both the certificates for the stock thereby purchased and the checks for cash in lieu of fractional shares. With *DRS*, these cumbersome and duplicative tasks are eliminated as between Participant and plan administrator, and replaced by a far more flexible and less costly set of largely automated book-entry transactions with DTC.

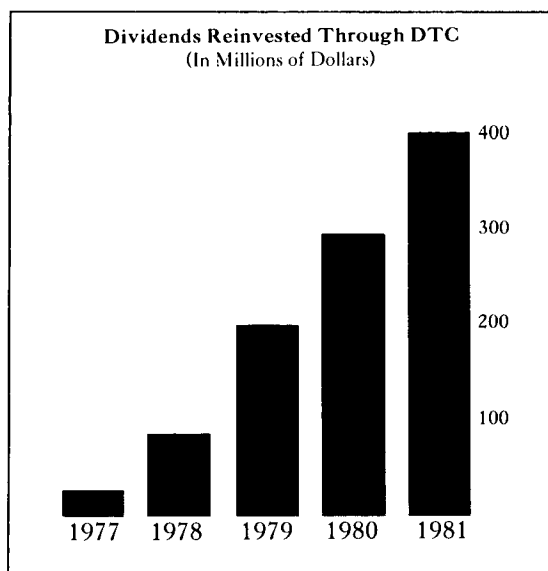
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### Special Order-Out

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In 1978, with the cooperation of DTC, the National Securities Clearing Corporation (NSCC) developed a new service designed to substantially reduce the delays that brokers normally experience when delivering physical securities to institutional customers around the country. This service, which is known as Special Order-Out, permits the delivery of certificates on settlement day to institutions in 15 cities; another 5 cities will be added to the network in the near future.

Under the Special Order-Out service, brokers who are members of NSCC and DTC may use the depository's urgent COD withdrawal procedure to order physical securities out of DTC on the afternoon before settlement day, in anticipation of DTC book-entry receipt of those securities on settlement day. NSCC then ships the certificates to the designated cities for availability on settlement day if book-entry receipt at DTC has occurred as anticipated. Prior to the service, brokers had to wait until positions had been established on the depository's books on settlement day before initiating the withdrawal for subsequent shipment via courier to the remote city, thereby delaying delivery until the day after settlement day, at best.



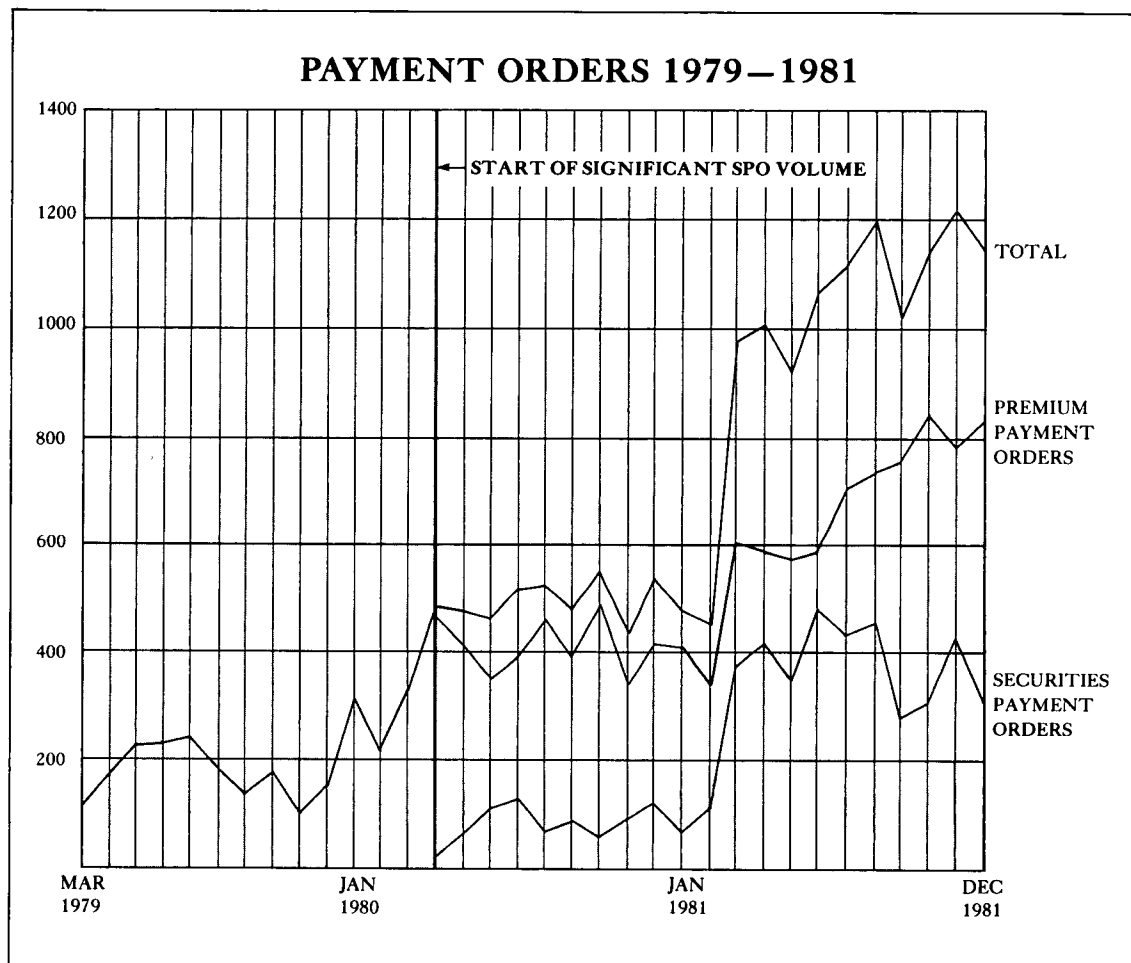


## Payment Orders

DTC's Payment Order service, which was established in 1979, accords Participants the opportunity to use their DTC accounts to settle money payments that are associated with securities transactions that have taken place separately. Major applications of the service include marks-to-the-market of stock loans previously made (known as the Securities Payment Order, or SPO, portion of the service) and the collection of

options contract premiums related to third-party deposits or releases of underlying securities into and out of the DTC account of The Options Clearing Corporation (known as the Premium Payment Order, or PPO, portion of the service).

Use of Payment Orders climbed sharply throughout 1981, sparked by increased usage among a growing number of bank and broker-dealer Participants. During the year, 49 banks and 74 broker-dealers used the service, up from 28 banks and 51 broker-dealers for 1980, with a 120% year-to-year rise in transaction volume.



Between March 1979 and December 1981, total monthly volume in DTC's Payment Order service grew to 1,138 orders from 113 in the month the service began. One major factor was the emergence of significant SPO volume in April 1980. During the

same three years, the daily average value of all payment orders grew to \$1.1 million from \$96,000, while the number of users grew to 29 banks and 34 broker-dealers for PPOs and 26 banks and 61 broker-dealers for SPOs.



The monogram RD and the bear-and-staff symbol indicate that this gold-stamped leather binding once covered a book belonging to Robert Dudley, Earl of Leicester. The Elizabethan bibliophile was rumored to have murdered his first wife, never to have actually married his second, and to have fallen victim to poison at the hands of his third. This particular book was a chivalric romance by the Italian poetess Tullia d'Aragona.



Another Italian Renaissance masterpiece, this vase was created in the 15th or 16th Century in Florence. It was fashioned for the Medici, who dominated that city from 1434 to 1494.

## The Automation of Depository Services

A continuing priority at DTC has been the automation of internal depository operations and of the channels of communication which link DTC with Participants, other users, and transfer agents. Major emphasis has been given to automating the receipt and processing of Participant instructions and to DTC reporting back to Participants. The depository reduces its operating costs by such means and, more important, Participants can reduce their own processing costs; moreover, all parties gain through the reduction of errors caused by manual procedures.

The systems DTC uses to communicate with others fall into three major categories—the Participant Terminal System (*PTS*), Automated Participant Interface (*API*), and Computer Communications Facility (*CCF*), each of which is described below.

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### Participant Terminal System

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The depository's Participant Terminal System (*PTS*) is a network of computer terminal stations located in Participants' offices throughout the United States and tied directly to DTC's computers. Participants use their terminals to communicate instructions, inquiries and other messages to DTC and to receive messages and reports from DTC via the printer with which each terminal is equipped. The direct link between Participants and the depository afforded by *PTS* speeds and eases the communications process, replacing the preparation and delivery of hard-copy instructions and reports. This is particularly useful for Participants located outside New York City.



During 1981, the number of terminals in Participants' offices increased to 386 from 272 a year earlier, while the average daily number of total transactions—including inquiries and messages, as well as instructions for specific transactions—grew 33% to almost 229,000 at yearend from over 172,000 a year earlier. (For the full year, daily volume averaged 196,000, up 50% from 131,000 a year earlier.) Among these types of transactions, the average daily number of Deliver Orders rose to 39,000 from 28,000, representing about 73% of the depository's total Deliver Order volume; the daily number of COD urgent withdrawals averaged 6,300, representing approximately 89% of total COD volume; and pledges of collateral averaged 800 per day at yearend, or some 36% of the depository's overall pledge volume. Releases of collateral may also be effected by means of *PTS*.

The steady growth of *PTS* since its inception in 1975 reflects the many benefits it accords its users. In addition to its capabilities for processing instructions, *PTS* facilitates improved money management by allowing the quick turnaround or reclamation of deliveries. It is also a major aid in the prompt balancing of settlement statements and—through the capability it provides for the verification of CUSIP numbers, issue eligibility, Participants' security positions at DTC and similar information—the avoidance of costly errors.

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### Automated Participant Interface

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Many of DTC's Participants have large volumes of depository activity for which input through *PTS* would not be economical. But the underlying data have already been captured by their computers in a form readable by DTC's computers. The Automated Participant Interface (*API*) allows DTC Participants or their data processing service bureaus who are able to produce depository instructions by computer to enter

those instructions directly into DTC's computer system by means of hand-delivered or transmitted magnetic tapes instead of by clerically processed paper forms. *API* capabilities currently include magnetic tape instructions for routine Withdrawals-by-Transfer, Deliver Orders, and Deposits.

#### • Magnetic Tape Transfer Instructions

Under this program, DTC is able to (1) receive customer name Withdrawal-by-Transfer (WT) instructions from Participants in magnetic tape form, (2) process the tapes through its own computers, and (3) deliver or transmit the resulting DTC output tapes to transfer agents for automated processing through the transfer agents' computer systems.

Such a system offers substantial advantages to all concerned, replacing more costly and error-prone processing procedures. By yearend 1981, the number of Participants submitting transfer instructions in magnetic tape form had grown to 80, accounting for approximately 73% of DTC's average daily transfer volume of about 27,500 instructions for over 42,000 certificates.

The ability to process incoming tapes through DTC's computers and deliver or transmit the resulting output to transfer agents for automated processing dates back to 1979, when the depository developed an analytical program which enabled its computers to accept nonstandard transfer data from Participants and restructure the great majority of them into a standard record for transfer agents. In November 1981, The First National Bank of Boston became the sixth transfer agent to accept magnetic tape instructions for *FAST* WTs, adding 165 issues to the program. Magnetic tape *FAST* WT instructions were already in use by American Telephone & Telegraph Company (for 5 issues), Citibank, N.A. (324 issues), GTE Shareholder Services, Inc. (one issue), Manufacturers Hanover Trust Company (808 issues) and Morgan Guaranty Trust Company of New York (583 issues).



During the 16th Century, some Milanese and Florentine artisans worked in styles so similar that it is now almost impossible to distinguish them. This covered agate vase in bas-relief with handles of enameled gold and an enameled statuette of Hercules on the lid could have been from either city.

- **Direct Mailing of Certificates**

Early in 1981, DTC launched a program to provide an optional enhancement to its magnetic tape transfer instruction service: the direct mailing of new certificates by transfer agents to the customers of depository Participants. Conducted with the participation of Manufacturers Hanover Trust Company, the first transfer agent to offer this service, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, the first Participant to program its daily magnetic tape transfer instructions to DTC to include the names and addresses of the customers to whom the certificates are to be mailed, the pilot was undertaken with 20 issues. By yearend, it had been expanded to include 808 securities issues, and GTE Shareholder Services, Inc. and Kidder, Peabody & Co., Incorporated had joined the pilot.

In its current phase, the program includes all of the issues for which Manufacturers Hanover acts as *FAST* transfer agent plus General Telephone & Electronics common stock. Upon receipt of magnetic tape transfer instructions from Merrill Lynch or Kidder, Peabody, DTC passes the tape through its own analytic program, which reformats the instructions so that they will be readable by the transfer agent's computer. Upon receipt of the instructions, the transfer agent issues and mails the new certificates to the name and address indicated by the Participant and sends a "return tape" to DTC so that the depository may update its own records.

DTC, in turn, passes the tape on to the Participant, Merrill Lynch or Kidder, Peabody, to complete the record updating process.

At yearend, some 40,500 certificates had been mailed by this method. On the basis of results, a number of other Participants and transfer agents have expressed strong interest in direct mail programs, and further growth of this service is expected in 1982.

- **Magnetic Tape Deliver Orders**

Under the Deliver Order (DO) portion of *API*, Participants can input delivery instructions to DTC on magnetic tape for either day- or night-cycle processing. Still relatively small, the program comprises one bank, four broker-dealer Participants, three regional depositories and a service bureau that provides recordkeeping services for brokers and other financial institutions. At yearend 1981, the volume of regular delivery instructions received on tape under this program accounted for 14% of DTC's total DO volume.

- **Magnetic Tape Deposits**

Another recent addition to *API*, the capability of accepting deposit instructions on magnetic tape, was developed to simplify the deposit process while reducing errors. Initiated as a pilot service in 1979, its usage is still relatively low as a percentage of DTC's total deposit volume.



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### Computer Communications Facility

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Though use of magnetic tape substantially reduces the manual processing and associated costs of accepting Participants' instructions, it does not eliminate them entirely, since the tapes themselves must be physically handled. Toward the end of eliminating such physical handling, DTC designed a Computer Communications Facility (CCF) to be used for direct computer-to-computer communications between DTC and Participants. Designed to allow the transmission of instructions from Participants' computers to DTC's computers and for transmission of certain DTC data from DTC's computers to Participants' computers, making use of DTC-supplied software, CCF became operational in 1980. Throughout that year, the number of CCF applications remained limited.

In 1981, CCF use was expanded with the addition of five new capabilities beyond the identification of DTC-eligible issues and Participants: Withdrawals-by-Transfer, *ID* trade data, *ID* confirmations, *ID* affirmations, and Participant daily activity and position balances. As a result of these additions, the number of Participants using CCF for one or more capabilities rose to 12.

DTC's plans call for further development of CCF during the year ahead. Efforts will focus on expanding the applications of CCF to other Participants and other depository services. Ultimately, DTC hopes to use the same facility to communicate with other entities in addition to Participants, such as other depositories and transfer agents.

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### Other Automation Developments

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In addition to various developments in the growth of DTC's automated services for Participants in 1981,

other significant developments occurred in the depository's automated capabilities.

- **Telecommunications Monitor**

During 1981, DTC made significant progress in developing new internal computer systems to handle the anticipated growth of the 1980s—especially in such areas as municipal bond services and the *ID* system—as well as increased volume under existing services. Toward the end of maintaining the speediest and most efficient communications with depository users, a new telecommunications monitor—Customer Information Control System (CICS)—was installed late in the year. Already capable of processing virtually all Participant-originated communications far more efficiently than past programs, the new monitor will eventually be used to control communications throughout the entire *PTS* network.

- **Computer Output on Microfiche**

In 1979, DTC developed the capability for producing certain computer output reports on microfiche for distribution to Participants and for internal DTC use at significant savings in handling and record storage requirements. During 1981, DTC's microfiche output increased 91%. Further growth is expected in 1982 and beyond, as the number of reports DTC is capable of producing in this form continues to expand.

- **Optical Scanning Capability**

Continued progress was registered during the year in the development of optical scanning equipment as an alternative to key-entering certain data, thereby permitting substantial cost savings. The equipment was brought to an acceptance recognition level of 90% of certain documents, and the volume of documents scanned, to approximately 28,000 daily at yearend. Based upon this success, additional applications will be pursued in 1982.



Some of the finest Italian Renaissance pieces were fashioned of rock crystal. This example, in the shape of an imaginary bird, dates to the second half of the 16th Century. The lower portion of the bowl is adorned with hunting scenes cut into the crystal.

## Interfaces in a National Clearance and Settlement System

Depository Trust's interfaces with other clearing agencies—both clearing corporations and other securities depositories—constitute a major element in the national system for the clearance and settlement of securities transactions. These interfaces enable participants in various clearing agencies to use their securities positions in one location to settle transactions in other clearing corporations and with users of other depositories by book-entry deliveries. This arrangement eliminates the inter-regional movement of securities certificates, thereby contributing to their further immobilization.

Depository Trust maintains an interface with the National Securities Clearing Corporation (NSCC) in New York. Broker-dealer Participants in DTC may use their positions at DTC to settle with other broker-dealers whose transactions are cleared by NSCC.

DTC also has interfaces with Midwest Securities Trust Company, Pacific Securities Depository Trust Company and Philadelphia Depository Trust Company. An important facility made possible by these relationships is the "third-party" delivery service which permits a sole member of any one of

these depositories to settle transactions with any member of DTC, eliminating the requirement that a member belong to both depositories in order to effect such settlements.

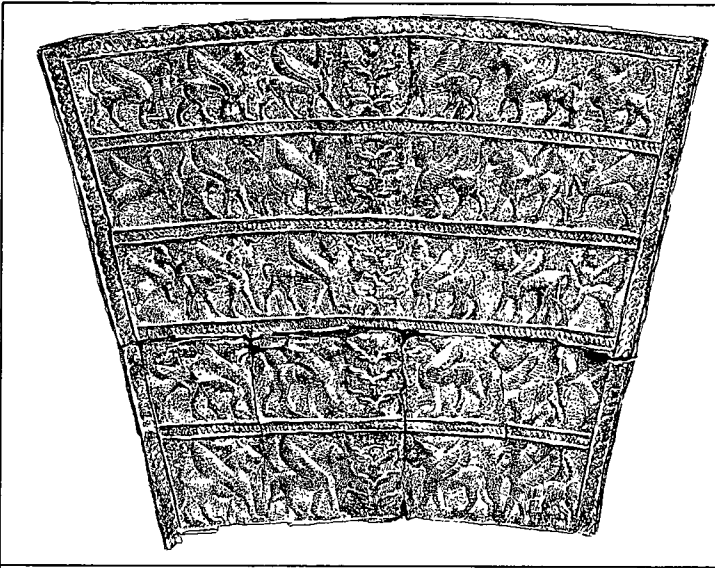
Throughout most of the year, a similar interface was also maintained with the New England Securities Depository Trust Company (NESDTC). In late October, however, the Board of Governors of the Boston Stock Exchange and the Board of Directors of NESDTC voted to discontinue their existing clearing and depository systems and to rely primarily on the systems at National Securities Clearing Corporation and DTC to provide them with clearance, settlement and custodial services. By yearend, approximately \$1 billion in market value of 6,500 securities issues had been redeposited by NESDTC with DTC, and the conversion to a new operating format was well under way.

DTC also has interfaces with The Options Clearing Corporation (described elsewhere in this report), The Canadian Depository for Securities, and Trans Canada Options Inc.



This golden helmet was worn by Charles IX of France (1550-1574). King at ten under the regency of his mother, Catherine de Médicis, Charles is perhaps best remembered for the massacre of 20,000 French Protestants on St. Bartholomew's Day, shortly before the end of his reign, in 1572.





In classical times, the term Scythia referred to all of the Eurasian land mass north of the Chinese, Persian and Roman Empires, from the Pacific Ocean to what is now eastern Germany. This ornamental pectoral of solid gold, from the 7th or 8th Century B.C., was recovered in the village of Ziwiye, once part of the Persian Empire, in 1947.

## Protection for Participants' Securities

Depository Trust is the world's largest custodian of corporate stocks and bonds and rapidly growing in importance as a custodian of municipal bonds. Its record holdings and activity—and their steady growth—reflect the fact that the depository's program of safeguards is widely regarded as the most comprehensive yet developed to monitor the movement and custody of securities. DTC's unique system rests upon the extensive internal controls, physical security, repeated internal and external audits, insurance coverage, a multimillion-dollar protective Participants Fund, and other features described below. Its effectiveness is perhaps best evidenced by three facts.

- In the 14 years since the inception of the Depository Trust system, it has transferred ownership of securities worth almost \$5 trillion.
- There has never been a claim against the DTC Participants Fund.
- There has never been a claim against DTC or its insurers for the negotiation of missing certificates.

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### Internal Controls

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DTC's internal control system is designed to record the movements and location of every individual certificate in DTC's custody, from the time it is received, through its processing to and from transfer agents, through its entry into and delivery from the vault. The records required by this system are also used to resolve processing errors, facilitate reconciliation and audits and for similar purposes. The key features are as follows.

- Automated certificate-number control is DTC's single most important safeguard. A unique computerized record cross-indexes each certificate by issue, number, denomination and date of receipt, permitting maintenance of control and rapid reconstruction of paperflow regardless of volume. The data available from this record provide an important tool in reconciliation, research and the collection of dividend and interest payments.



Auditing is also facilitated, with the auditors accounting for certificates by denomination and certificate number, when comparing physical certificates to computer-generated inventory listings.

- Registered certificates deposited with DTC normally are quickly transferred into the depository's nominee name, Cede & Co. This step permits prompt determination of certificate validity, i.e., that the certificate is not subject to a "stop transfer" order or otherwise defective. It also enhances control over the collection of dividends and interest.
- Large denomination "jumbo" certificates are used to consolidate many of the securities on deposit. Because of their high value, "jumbos" are extremely difficult for unauthorized persons to negotiate, and the risk of loss is thereby further reduced.
- DTC places restrictive endorsements on the back of certain "jumbo" certificates to further preclude their negotiation by unauthorized persons.
- Registered certificates remain in non-negotiable form while in DTC's custody.
- Microfilm records of certificates and their related documentation are made upon receipt into or delivery out of the depository. The film is developed on premises to ensure the capture of all information while the certificates are still in the processing stream.
- Duplicate computer files of all transactions are maintained in separate storage locations, including one remote rural site, permitting prompt reconstruction of files in the event that a processing interruption were to occur. DTC also maintains comprehensive files of original documents and production reports in addition to the duplicate computer files and microfilm records.

Additionally, proposed significant changes to the internal control system are tested by DTC's internal auditors and independent accountants.

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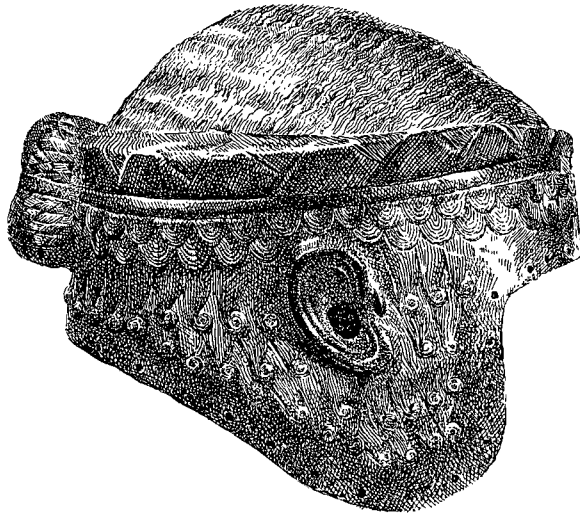
## Physical Security

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DTC's physical security system is an extremely sophisticated one, encompassing both electronic and physical devices, a large security force and other security professionals.

The salient features of the system include the following:

- An access control mechanism, including floor-to-ceiling steel turnstiles, inhibits unauthorized entry into data processing areas. Entry is restricted to employees with specially encoded photo identification cards, who must also key in an individualized numerical password to secure admission. The turnstiles are monitored by closed circuit television; a record of all entries and exits is maintained.
- A surveillance system of closed circuit television cameras and video monitors provides complete coverage of the vault and other securities processing areas. Color video is used to monitor especially sensitive areas such as those in which coupon clipping and other processing of bearer instruments are conducted.
- A silent alarm system is strategically located at points throughout the securities processing areas. Vibration alarms are installed to signal any attempt to forcibly penetrate the vault. A modern smoke and heat detection and fire control system protects the vault and computer sites. Systems interruptions or malfunctions themselves trigger independent malfunction alarms that alert the Security Department.
- A security force monitors the television surveillance, access control, and fire control systems, screens all persons entering and leaving security areas, and determines the contents of all packages.
- A modern underground vault on DTC's premises contains most of the securities deposited



This helmet is one of the finest examples of Mesopotamian goldsmithery of the First Dynasty of Ur (circa 2850-2450 B.C.). Created for an individual by name of Meskalam-dug, who was possibly a prince but certainly a man of great wealth, the helmet is of beaten gold in the form of a wig. The hair and braided headband are shown in exceptional detail; holes at the bottom were for laces that held a padded lining.

with it. To maximize security, the vault is divided into separate areas for bearer instruments, working denominations of registered securities, and “jumbo” certificates of registered issues, each with its own access requirements and controls over personnel authorized to enter. Other securities are kept in the form of balance certificates maintained by qualifying transfer agents.

- Registered securities delivered to or received from transfer agents and other parties are required to be in non-negotiable form.
- Special waste paper treatment and disposal methods help to prevent the escape of certificates or usable written information from secured processing areas.

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### Securities Recordkeeping

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DTC uses a double-entry recordkeeping system to control securities positions. Every transaction in a Participant’s account is recorded and the physical location of underlying certificates—at DTC, with transfer agents, at other depositories, or in transit—is identified. These records are also used as a source for internal reports and reports to Participants, and by the depository’s Reconciliation Division to locate and correct any differences with Participant records.

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### User Verifications

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Among the most effective depository safeguards is the continuous verification of DTC records by users, based on their own records of activity with the depository.

Each morning, Participants and Pledges receive a daily report itemizing and summarizing the previous day’s activity in their accounts. These reports start with the opening balance of securities in each issue in which there was a transaction and go on to list each transaction in that issue on that day and the closing balance of securities in that issue after accounting for all transactions. Daily reports of cash transactions are also available. Under the depository’s Rules, Participants are required to report any differences between their own records and the depository’s statements. DTC has a research staff to help reconcile any differences.

In addition, each Participant and Pledgee receives a monthly position statement showing the status of all of its securities positions, including those in which there may not have been any transactions. Participants and Pledgees are required to confirm the accuracy of their monthly position statements in writing, within 10 business days after the statement has been made available to them. Failure to confirm can result in a fine under



the depository's Rules. These continual confirmations protect the integrity of the DTC system and encourage a high degree of cooperation at the operational level between the depository and its users.

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### Internal and External Audits

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The securities records of Depository Trust are tested both by DTC's internal auditors and by Price Waterhouse, the depository's independent accountants. Through their combined efforts, all securities issues in DTC's vault are counted at least once a year.

The internal audit program focuses on DTC's certificate processing, data processing, and financial operations. Certificate inventory control includes daily counts of all certificates in selected issues in the vault, so scheduled that each issue will be counted at least once a year by DTC's internal or external auditors. To ensure that issues are not selected for counting in a predictable sequence, a random method of selection is used. In addition, special counts of high-value certificates are conducted more frequently. DTC's Auditor submits to the Audit Committee of the Board of Directors monthly reports which summarize the status of his work. The Committee consists of four Directors charged with the responsibility of supervising the Auditor and the Auditing Department and reviewing and approving the internal audit program.

During the course of the year, among other things, Price Waterhouse performs the following in connection with its examination of DTC's financial statements:

- tests securities records and positions;
- tests all significant changes in internal controls and operating procedures;

- tests controls for the safeguarding of securities, dividends, data processing, and other depository operations;
- issues a Report on Internal Accounting Control, which is available to Participants, Pledges, and their accountants, upon request; and
- issues a Memorandum on Principal Procedures and Internal Controls Surrounding Securities Held for Others, which is also available upon request, and is prepared especially for the use of Participants' independent accountants.

DTC's Audit Committee also reviews the scope of the auditing procedures of the independent accountants, directly receiving all reports issued by such accountants to the depository, and meets with them periodically to discuss the results of their work.

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### Insurance

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The insurance coverage available for securities deposited in DTC is among the most extensive of any private institution in the financial industry.\*

Specifically, insurance is available in the following amounts per event:

**A. Losses Occurring on Premises:**

1. \$100 million coverage under Primary and Excess Blanket Bonds; plus
2. \$5 million Lost Instrument Bond Premium Policy, covering premiums for purchase of lost instrument bonds for securities losses in excess of \$100 million.

\*The description of insurance protection set forth in this section includes summaries of the terms of DTC's insurance policies and Rules and Procedures, to which reference should be made for complete statements on these subjects.

**B. Losses Occurring in Transit by Messenger or Armored Car Carrier:**

1. Primary coverage of
  - (a) \$5 million under Air Courier Messenger Policy covering securities lost in transit via Brink's or Wells Fargo Armored Service Corporation; and
  - (b) \$250 million In-Transit coverage provided by the insurer of the armored car carrier service used by DTC; and
  - (c) \$100 million under Primary and Excess Blanket Bonds for securities lost while in the custody of messengers;
2. Excess coverage of
  - (a) \$100 million under Primary and Excess Blanket Bonds for securities lost while in the custody of an armored carrier;
  - (b) \$20 million under Excess In-Transit Bond covering securities losses in excess of \$100 million when securities are in the custody of messengers, and in excess of \$350 million when securities are in the custody of an armored car carrier;
  - (c) \$5 million under Armored Car and Messenger Policy covering securities losses in excess of \$120 million when securities are in the custody of messengers, and in excess of \$370 million when securities are in the custody of an armored car carrier;
  - (d) \$5 million under Lost Instrument Bond Premium Policy covering premiums for the purchase of lost instrument bonds for securities losses in excess of \$125 million when securities are in the custody of messengers, and in excess of \$375 million when securities are in the custody of an armored car carrier.

**C. Losses Occurring in the Mail:**

1. \$15 million under Mail Policy covering securities lost after having been sent via registered mail;
2. \$15 million under Mail Policy covering securities lost after having been sent via United States Postal Service Express Mail Service, Option 1 (Door-to-Door) and Post Office-to-Addressee service;
3. \$250,000 under Mail Policy covering securities lost after having been sent via First Class Mail.

Still more protection is available to bank and broker-dealer Participants with their own standard blanket bond coverage, in the form of riders to their policies providing that such bonds will cover securities held by DTC for the account of the Participant. A bank or broker-dealer with such a rider to its blanket bond would be reimbursed by its own insurer (to the extent of the coverage provided by the rider) for its *pro rata* share of uninsured securities losses by DTC in the unlikely event that such losses were to exceed DTC's insurance coverage.

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## Participants Fund

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The Participants Fund is a \$200 million reserve fund contributed by Participants and maintained by DTC to satisfy any losses not covered by DTC's insurance. DTC's Rules provide that any such loss would normally be charged initially against undivided profits or retained earnings, but permit the Board of Directors instead to elect to charge it to the Participants Fund.

Should a loss be suffered by DTC due to the failure of a Participant to satisfy its obligations to DTC, such loss would first be charged to that Participant's contribution to the Participants Fund. If the loss were in excess of that Participant's contribution (or if the loss were sustained for reasons other than a Participant's failure), the excess may then be charged to the contributions of other Participants to the Participants Fund on a *pro rata* basis.

DTC's Rules provide that, in the event of any charge against a Participant's contribution to the Participants Fund (whether *pro rata* or otherwise), the Participant is required to make an additional contribution to the Participants Fund in an amount equal to the charge.

To date, no charges of any sort have ever been made to the Participants Fund of either DTC or its predecessor organizations.

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## Protective Procedures

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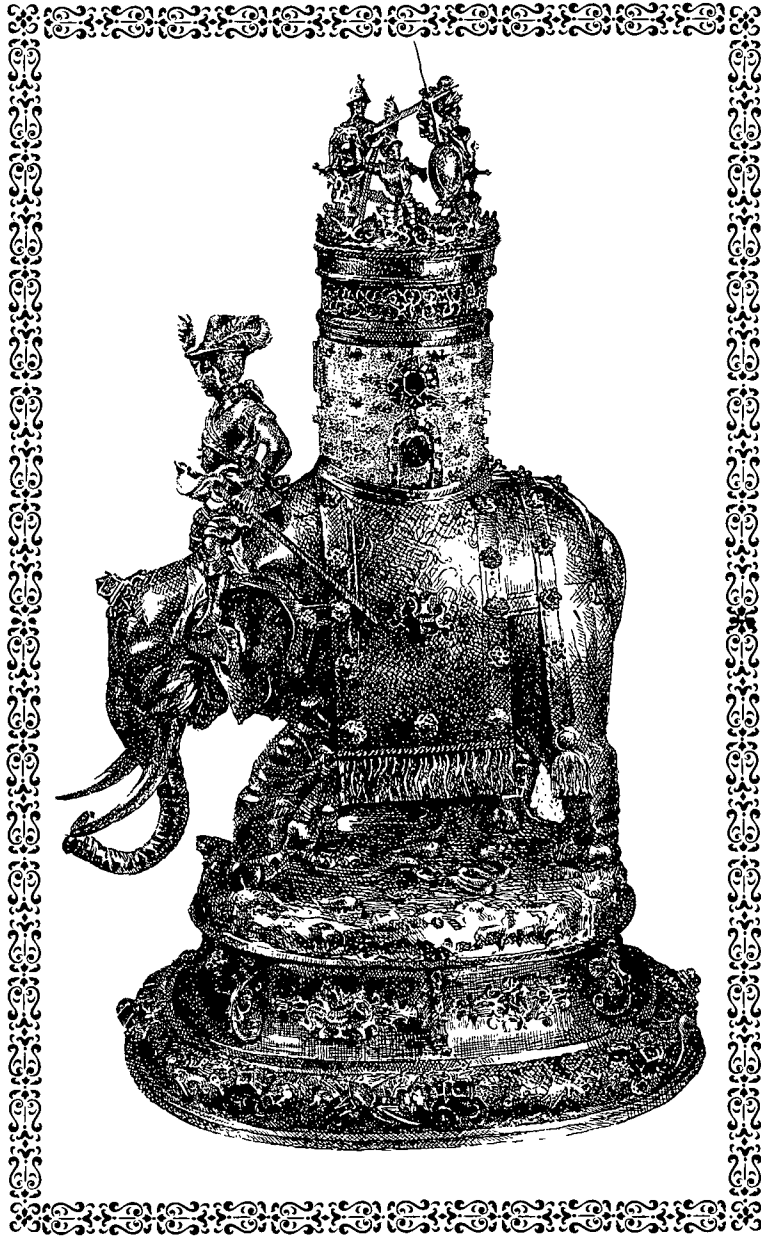
Other depository procedures are also available to protect Participants. DTC's Rules provide a variety of remedies to minimize the possibility of loss arising from the unexpected insolvency of a Participant. In the event of signs of a Participant's operational or financial inadequacy, or advice to that effect from self-regulatory organizations or others, DTC carefully monitors that Participant's further activity, implementing such protective remedies as events warrant.

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## Regulatory Examinations

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The Depository Trust Company is a limited purpose trust company organized under the banking laws of New York State and a member of the Federal Reserve System. As such, DTC undergoes unannounced annual examinations by the New York State Banking Department and the Federal Reserve Bank of New York, which report their findings to DTC's Board of Directors.



This 21-inch-high drinking vessel was created in the form of a tower elephant in Nürnberg during the late 16th Century. The tower and elephant are hollow and the platform is removable to facilitate use of the vessel for the purpose for which it was intended. Fashioned by Urban Wolff, the piece is of gilded silver, mother-of-pearl, emeralds, rubies, sapphires, hyacinths and mountain crystals.



The senior officers of DTC: Arnold Fleisig (left), William F. Jaenike, Edward J. McGuire, Jr., John P. Crowley, Conrad F. Ahrens, Thomas J. Lee, William T. Dentzer, Jr. (seated).

## Officers of The Depository Trust Company

**William T. Dentzer, Jr.**  
Chairman and Chief  
Executive Officer

**Conrad F. Ahrens**  
President and Chief  
Operating Officer

**Senior Vice Presidents**  
John P. Crowley  
Arnold Fleisig  
William F. Jaenike  
Thomas J. Lee

**Secretary/Counsel**  
Edward J. McGuire, Jr.

**Vice Presidents**  
Michael A. Agnes  
Nicholas J. Arrigan  
Joseph J. Bellantoni  
Robert A. Dick  
Dennis J. Dirks  
Michael Fedorochko  
Charles J. Horstmann  
Joseph J. Marino  
Vincent A. Mauro  
Richard J. O'Brien  
Frank Petrillo  
James V. Reilly  
Nishan G. Vartabedian

**Comptroller**  
Michael A. Agnes

**Treasurer**  
John P. Crowley

**Auditor**  
Thomas F. Coleman

**Director of Security**  
Michael T. Mullen

**Assistant Secretary**  
Donna Grant Reilly

**Assistant Treasurer**  
Leonard A. Miele

### Committees of the Board of Directors

**Nominating Committee**  
Jon A. Bulkley, Chairman  
Donald L. Calvin  
Daniel P. Davison

**Audit Committee**  
Charles C. Smith, Chairman  
Frank E. Dominach, Jr.  
Stephen C. Eyre  
James F. Ganley

**Compensation Committee**  
Richard B. Fisher, Chairman  
Peter A. Cohen  
Robert P. Rittereiser

## The Board of Directors



**William T. Dentzer, Jr.**  
Chairman and Chief  
Executive Officer,  
The Depository  
Trust Company



**Conrad F. Ahrens**  
President and Chief  
Operating Officer,  
The Depository  
Trust Company



**Jon A. Bulkley**  
President and Co-Chief  
Executive Officer,  
Moseley, Hallgarten,  
Estabrook & Weeden  
Inc., and Chairman,  
Securities Settlement  
Corporation



**Donald L. Calvin**  
Executive Vice  
President, Market  
Development and  
Public Affairs,  
New York Stock  
Exchange, Inc.



**Peter A. Cohen**  
Vice Chairman,  
Shearson American  
Express



**Daniel P. Davison**  
President and Chief  
Executive Officer,  
United States Trust  
Company of  
New York



**Frank E. Dominach, Jr.**  
Executive Vice President  
and Director at Bache  
Halsey Stuart Shields  
Incorporated



**William S. Edgerly**  
Chairman, President,  
and Chief Executive  
Officer, State Street  
Boston Corporation,  
State Street Bank  
and Trust Company



**Stephen C. Eyre**  
Senior Vice President-  
Secretary, Citicorp



**Richard B. Fisher**  
Managing Director and  
member of the Manage-  
ment Committee of  
Morgan Stanley & Co.  
Incorporated



**James F. Ganley**  
Executive Vice President,  
Irving Trust Company



**C. Richard Justice**  
Senior Vice President,  
National Association of  
Securities Dealers, Inc.



**G. Christian Lantzsch**  
Vice Chairman,  
Mellon Bank, N.A.



**Robert P. Rittreiser**  
Executive Vice President,  
Strategic Development,  
Merrill Lynch & Co., Inc.



**Charles C. Smith**  
Executive Vice President,  
Administration, Bankers  
Trust Company





An Institutional Delivery system communication is received through a Participant Terminal System terminal at DTC's telecommunications center. Observing are: Walter H. Cushman (left) and Barbara Douglas, Senior Vice President and Vice President, respectively, of The Bank of New York; Herbert Friedman, Vice President and Cashier, Salomon Brothers Inc; Charles M. Viviano, Vice President and Executive Cashier, Bache Halsey Stuart Shields Incorporated; and William F. Lackner, Director, *ID* Account Administration, DTC. DTC's Neil F. Brander, Director, Applications, explains how the telecommunications facility functions.

## 1981 in Retrospect

The full year's growth of DTC's various services is described elsewhere in this report. The particular events or activities mentioned below are some of the major milestones that the depository experienced in the year just ended.

### DTC Activity Records

Total DTC activity rose to a record high during 1981, reflecting both the heavy trading volume during the first part of the year and the continued growth of depository usage. On average, there were over 207,000 transactions processed in DTC's major services each business day of the year, with a peak daily average of 223,000 transactions throughout the second quarter. In round numbers, the daily average figures for major services included 27,100 deposits, 139,100 deliveries, 27,500 Withdrawals-by-Transfer, 7,100 urgent COD withdrawals, and 6,100 pledges or releases of collateral.

### Net Deposit Growth: A Full Month at \$1.5 Billion per Day

DTC's net deposit growth—securities deposits minus withdrawals—jumped to an unprecedented high of 945 million shares for the month of June and 5.4 billion shares for all of 1981, far exceeding the

1980 record of 508 million shares for December and 4 billion shares for the full year.

In addition, June 1981 deposits included debt securities in the face amount of approximately \$4.8 billion, bringing the combined market value of debt and equity net deposits to a record total of \$32.8 billion for the month, or \$1.5 billion per business day.



A review of the benefits of depository usage from the standpoint of an insurance company: DTC's Robert B. Beck, Director (left), and Marianne Adam, Senior Securities Officer, with Metropolitan Life Insurance Company's John Mallon, Manager, Bond and Stock Records, and Arthur G. Typermass, Vice President and Treasurer, Corporate Investments, at Met Life headquarters in New York City.



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**Dividends: 92% Payment  
Date Performance Yields  
\$1.14 Billion, 99.9% in  
Same-Day Funds**

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DTC's cash dividends and interest processing operation posted a new single-day high on December 10, 1981, when a record \$1.14 billion of dividends and interest was received and credited to Participants' accounts. For all of 1981, dividends and interest payments rose to \$27.9 billion from \$19.3 billion for 1980. Both sets of figures reflect the large increase in the number of shares and bonds on deposit with DTC during 1981.

At the same time, the percentages of payments received on payable date and in immediately-available



DTC's Alan R. Hutton, Manager (left), and Bradley P. Sweeny, New York office partner of Bacon, Whipple & Co., at DTC during The Rolfite Company underwriting for which Bacon, Whipple was the lead underwriter.

funds also improved. Of the value of all such payments received from dividends disbursing agents in 1981, approximately 72% was received on payable date and approximately 86% was in immediately-available funds. Comparable 1980 figures were 67% and 76%, respectively. The improvement in dividends payment

performance was especially marked toward the end of the year. For the month of December, on-time payment performance value climbed to 84%, with 93% in immediately-available funds. On December 10, the day on which the new record was set, the \$1.14 billion received represented 92% of the payments due to DTC that day; of this amount, 99.9% was received in same-day funds.

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**Reorganization Payments:  
A \$1.4 Billion Day**

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On December 8, DTC received a record reorganization payment of over \$1.4 billion to be paid to Participants in the mandatory merger of Santa Fe International Corp. into Kuwait Petroleum Corp. The payment was received on the first available payment date in same-day funds. DTC exchanged approximately 13 million shares with Bankers Trust Company for a payment of \$662 million and 14.5 million shares with First Interstate Bank of California for a payment of \$740 million. Reorganization payments represent funds received for Participants as a result of a corporate action, i.e. mandatory merger, tender or exchange offer or the redemption of an entire issue. The previous



Lawrence J. Gallaway, Vice President, Irving Trust Company (left), and Michael Fedorochko, Vice President, Systems and Computing, DTC, share a light moment, while Robert Ross, Senior Vice President, E.F. Hutton & Company Inc., and Vincent A. Mauro, Vice President, Reconciliation, DTC, review output from DTC's optical scanning equipment, which reached an acceptance recognition level of 90% at yearend 1981.



DTC's Richard Porzio, Director & *ID* Product Manager, holds a presentation copy of one of a series of advertisements for DTC's Institutional Delivery system, to the obvious satisfaction of Edward E. Madden, Group Executive in charge of Master Trust/Master Custodial Services at The Chase Manhattan Bank, N.A., whose picture and quoted remarks appear in the ad. Flanking the pair are DTC's John M. Lanning, Director, *ID* Sales and Account Administration (left), and Chase's Edward H. Ahern, Vice President, Investment Manager and Operational Services Division.

single-day record payment was \$330 million on June 19, 1980.

The transfer of certificates from, and the crediting of payments to, Participants' accounts was handled entirely by book-entry at DTC. Interest income on the overnight investment of this and other reorganization payments received in December was refunded to the appropriate Participants after month-end. Investment income refunds to Participants involved in reorganizations are separate from the investment income refunds to Participants related to dividends and interest payments received through DTC.

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### **Book-Entry Deliveries: A 5.4 Billion-Share Month**

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High volume in the nation's securities markets, increased institutional participation in the depository system, and a substantial increase in the number of DTC-eligible issues propelled DTC's book-entry delivery volume to a new monthly record in June 1981. Average daily deliveries swelled to 150,600—up 21% from the 1980 daily average. At the same time, the average daily number of shares delivered rose to 246 million—up 48% from the 1980 average. Altogether, 5.4 billion shares were delivered through DTC in June and 55.3 billion, valued at \$1.65 trillion, in all of 1981.

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### **DTC Power Back-Up Saves the Day**

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On September 9, DTC's emergency power system passed its first major test in a real emergency situation with flying colors. At 3:23 p.m., an explosion at a

Consolidated Edison facility plunged almost all of New York's financial district into its third major blackout within the past decade and a half. Depository personnel were able to bring the emergency generators on-stream without significant delay—preserving all



Discussing DTC's new program to provide depository services for units are Len Mayer, Vice President, Mayer & Schweitzer, Inc. (left), Herbert I. Levitt, General Partner of Operations, Spear, Leeds & Kellogg, and Kenneth M. Scholl, Director, Reorganization/Proxy Division at DTC, at the depository's headquarters in New York City.

electronic services, including the Participant Terminal System, the Computer Communications Facility, and all book-entry functions—and without loss of data. Thus, all Participants whose own electronic equipment was still functioning—including those located outside of the blacked-out area and those with a back-up power supply—were able to maintain electronic interfaces with the depository.



## Record Value in Underwriting Distribution

On June 17, the bulk of American Telephone & Telegraph Company's mammoth \$1 billion plus common stock offering was distributed by Morgan Stanley & Co. Incorporated, the lead underwriter, through DTC. Consisting of 18,150,000 shares with a value of \$1.03 billion, the offering was the biggest equity financing ever underwritten. The portion distributed through DTC had a value of over \$950 million, or approximately 92% of the total.

In preparation for the closing, personnel from AT&T, Morgan Stanley and DTC prepackaged a total of only 1,500 certificates registered in DTC's nominee name (Cede & Co.), reflecting the fact that over 16 million shares were initially recorded in a balance certificate held by AT&T under DTC's *FAST* program. By contrast, 2,876 certificates were issued for the remaining 8% of the issue, physically distributed outside DTC. In addition to the AT&T offering, Morgan Stanley distributed five other offerings through DTC on the same day, with a combined value of approximately \$361 million.



Examining a certificate from a unit investment trust in DTC's vault: Malcolm J. Hood (left) and Alexander V.R. Halsey, Senior Vice Presidents at United States Trust Company of New York; John C. Martin, Jr., Manager, Vault Operations, and Nishan G. Vartabedian, Vice President, both of DTC; and H. William Stabenow, Vice President, John Nuveen & Co. Incorporated.

## Municipal Bond Program Begins

In August, DTC inaugurated a broad new program to make state and local government bonds (municipal bonds) eligible for depository services. DTC Participants widely viewed this action as the most important new service the depository could undertake to help them deal with this significant problem area for securities industry processing.

The aim of the program is gradually to make more and more actively-traded municipal issues already outstanding eligible for depository services and to distribute as many new issues as possible through DTC's underwriting service.



Joseph P. Markey, Vice President, Kidder, Peabody & Co. Incorporated (left), Donald B. Herterich, Senior Vice President, Manufacturers Hanover Trust Company, and DTC's Americo J. Porzio, Jr., Director, Transfer Agent Liaison, and Salvador Martinez Jr., Participant Services Representative, in DTC's data processing center, where tapes are being processed in connection with the depository's program for the direct mailing of new certificates by transfer agents to the customers of DTC Participants.

By yearend, 3,706 municipal issues had been made eligible, 6 new issues had been distributed by underwriters, and some \$1.25 billion in principal amount of bonds had been deposited into DTC's custody. About 1,000 issues will be added monthly



during 1982. A minimum of 100,000 eligible issues is projected by 1985, under plans which call for the use of regional bank custodians later as the program expands.



Representatives of DTC and Morgan Guaranty Trust Company of New York, following a meeting on indirect depository participation through the accounts of Participant banks, such as Morgan Guaranty. Left to right: Cheryl Lambert, Participant Services Representative, Albert M. Munson II, Associate Counsel, and Patricia H. Trainor, Associate Counsel, all of DTC, and Peter D.S. Dale, Senior Vice President, Ralph M. Mastrangelo, Vice President, and William J. McGoldrick, Senior Vice President, all of Morgan Guaranty.

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### Single-Day Settlement Volume Tops Third-of-a-Billion Shares

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On Wednesday, November 18, DTC handled the greatest single-day's book-entry delivery volume in its history — 366 million shares, versus a daily average of 222 million shares for all of 1981.

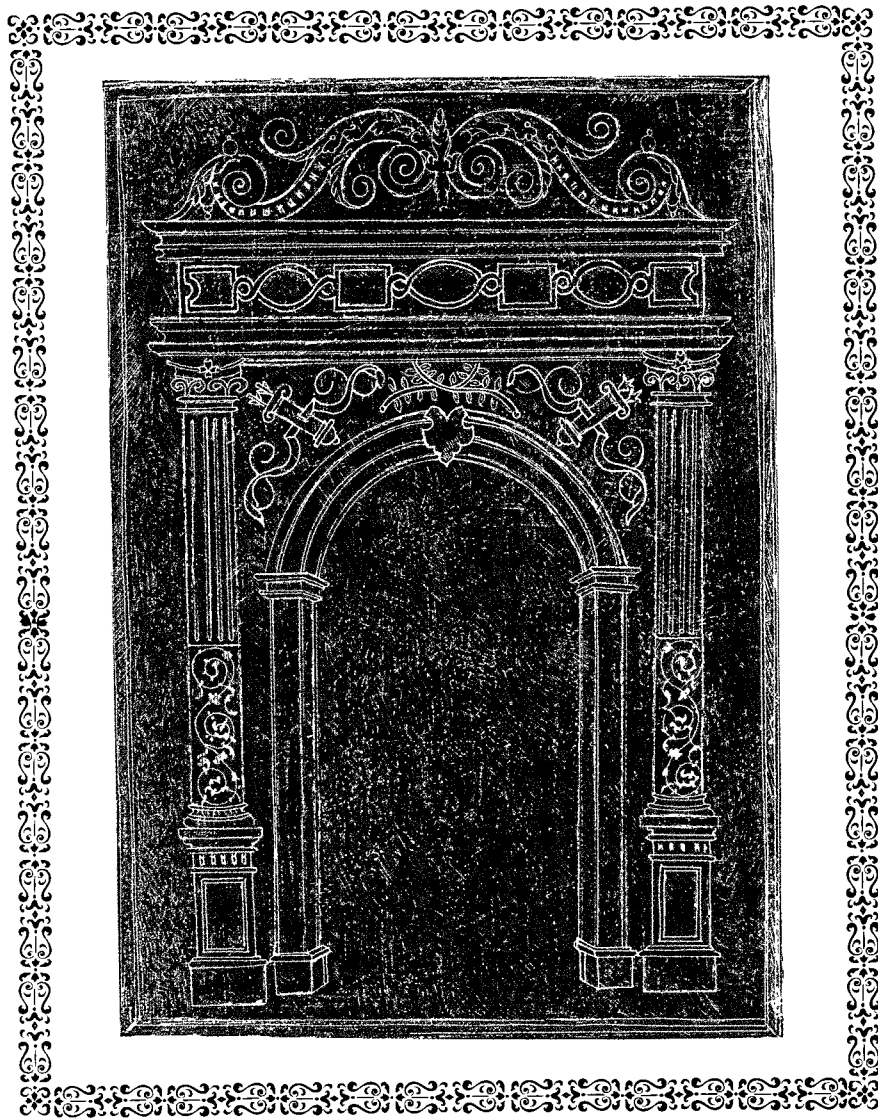
Continuous net settlement deliveries rose to a new

single-day record of 122,180 as a result of the double settlement day for trades effected on November 10 and 11. The double settlement day occurred because November 11 was a bank holiday but not a stock exchange holiday, or in other words, a trade day but not a settlement day. Since stock transactions customarily settle on the fifth settlement day following trade day, the trades of Tuesday, November 10 and Wednesday, November 11 — which represented 95.9 million shares on the New York Stock Exchange alone — both settled on November 18.

In addition, November 18 deliveries included 71,320 Deliver Orders, representing 271 million shares, which brought the total number of book-entry deliveries on that date to 193,500.



DTC's John J. O'Grady, Director, Participant Services (left), concludes a visit at the headquarters of Seattle-First National Bank in Seattle, Washington. Bidding him farewell are Donna J. Harms, Vice President and Manager, Richard V. Fulp, Senior Vice President and Manager, and Wanda S. Hanson, Vice President and Manager.



This gold-tooled classic facade covered a volume of Herodian's Roman History, translated from Greek into French by Jacques, Comte de Vintemille and published in 1522.



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**Report of Independent  
Accountants**

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**To the Board of Directors 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 changes in financial position present fairly the financial position of The Depository Trust Company (the "Company") at December 31, 1981 and 1980, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including the physical examination and confirmation of selected securities held for others by the Company.

*Price Waterhouse*

153 EAST 53RD STREET  
NEW YORK, NEW YORK  
FEBRUARY 3, 1982

The Depository Trust Company  
Statement of Condition

	December 31,	
	1981	1980
<b>Assets</b>		
Cash	\$ 30,406,000	\$ 58,977,000
Repurchase agreements (Note 1)	152,772,000	156,318,000
U.S. Government securities (Note 1)	6,034,000	6,176,000
Receivables: —		
Participants:		
For settlements	43,028,000	5,800,000
For services	5,301,000	5,729,000
Affiliates	672,000	323,000
Dividends, interest and other (Note 5)	5,938,000	5,789,000
Prepaid expenses and deposits	1,137,000	494,000
Equipment and leasehold improvements, less accumulated depreciation of \$4,221,000 in 1981 and \$3,002,000 in 1980	5,636,000	3,622,000
Leased property under capital leases, less accumulated amortization of \$6,863,000 in 1981 and \$4,929,000 in 1980 (Note 7)	6,801,000	8,178,000
Contributions to Participants Fund, callable on demand (Note 3)	193,973,000	208,565,000
	<u>\$451,698,000</u>	<u>\$459,971,000</u>
<b>Liabilities and stockholders' equity</b>		
Liabilities: —		
Drafts payable (Note 1)	\$ 103,492,000	\$ 76,226,000
Accounts payable and accrued expenses	10,412,000	6,070,000
Payable to Participants:		
On settlements	16,516,000	29,871,000
On receipt of securities	15,917,000	23,540,000
Dividends and interest received (Note 5)	92,476,000	97,665,000
Payable to affiliates	339,000	1,540,000
Obligations under capital leases, including \$1,895,000 in 1981 and \$1,620,000 in 1980 due within one year (Note 7)	6,808,000	7,922,000
	<u>245,960,000</u>	<u>242,834,000</u>
Participants Fund (Note 3):		
Deposits received	5,150,000	4,170,000
Contributions callable on demand	193,973,000	208,565,000
	<u>199,123,000</u>	<u>212,735,000</u>
Stockholders' equity:		
Capital stock — authorized, issued and outstanding, 18,500 shares of \$100 par value	1,850,000	1,850,000
Surplus (Note 1)	776,000	555,000
Undivided profits	3,989,000	1,997,000
	<u>6,615,000</u>	<u>4,402,000</u>
	<u>\$451,698,000</u>	<u>\$459,971,000</u>

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





The Depository Trust Company  
**Statement of Revenues and Expenses and Undivided Profits**

	For the years ended December 31,	
	1981	1980
<b>Revenues:</b>		
Services to Participants (Note 4)	<b>\$58,419,000</b>	\$ 56,285,000
Interest income	<b>32,253,000</b>	18,494,000
Services to affiliates (Note 4)	<b>943,000</b>	831,000
	<u><b>91,615,000</b></u>	<u>75,610,000</u>
<i>Less— Refunds to Participants (Note 2)</i>	<u><b>20,551,000</b></u>	<u>16,468,000</u>
	<u><b>71,064,000</b></u>	<u>59,142,000</u>
<b>Expenses:</b>		
Employee costs	<b>42,988,000</b>	35,296,000
Rent, maintenance and utilities	<b>5,254,000</b>	5,115,000
Data processing rentals and supplies	<b>4,522,000</b>	3,968,000
Professional and other services	<b>3,582,000</b>	2,630,000
Amortization and interest on capital leases	<b>2,706,000</b>	2,050,000
Depreciation and amortization	<b>1,263,000</b>	796,000
Charges from affiliates (Note 4)	<b>903,000</b>	3,899,000
Income taxes (Note 6)	<b>790,000</b>	99,000
Other expenses	<b>6,843,000</b>	5,010,000
	<u><b>68,851,000</b></u>	<u>58,863,000</u>
<b>Excess of revenues over expenses and refunds</b>		
	<b>2,213,000</b>	279,000
Undivided profits, beginning of year	<b>1,997,000</b>	1,745,000
	<u><b>4,210,000</b></u>	<u>2,024,000</u>
Transfer to surplus (Note 1)	<u><b>(221,000)</b></u>	<u>(27,000)</u>
<b>Undivided profits, end of year</b>	<u><b>\$ 3,989,000</b></u>	<u>\$ 1,997,000</u>

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

The Depository Trust Company  
Statement of Changes in Financial Position

For the years ended  
December 31,  
1981                      1980

**Financial resources were provided by:**

Operations:

Excess of revenues over expenses and refunds	\$ 2,213,000	\$ 279,000
Noncash charges (credits) included in expenses--		
Depreciation and amortization	1,263,000	796,000
Amortization on capital leases	1,925,000	1,362,000
Other operating items, net	<u>107,000</u>	<u>(90,000)</u>
Resources provided from operations	5,508,000	2,347,000
Increase in drafts payable	27,266,000	17,867,000
Increase in accounts payable and accrued expenses	4,251,000	1,564,000
Increase in cash contributions to Participants Fund	980,000	341,000
Capital lease obligations incurred	548,000	3,029,000
Increase in payable to Participants	—	54,541,000
Decrease in receivable from Participants	—	3,467,000
	<u>38,553,000</u>	<u>83,156,000</u>

**Financial resources were used for:**

Increase in receivable from Participants	36,800,000	—
Decrease in payable to Participants	26,167,000	—
Purchases of equipment and leasehold improvements	3,367,000	1,469,000
Capital lease payments	1,662,000	1,451,000
Decrease (increase) in payable to affiliates	1,201,000	(82,000)
Additions to leased property under capital leases	548,000	3,029,000
Increase (decrease) in receivable from affiliates	349,000	(135,000)
Increase (decrease) in dividends, interest and other receivables	129,000	(26,000)
Other, net	589,000	(221,000)
	<u>70,812,000</u>	<u>5,485,000</u>

Net (decrease) increase in cash, repurchase agreements and U.S. Government securities during the year	(32,259,000)	77,671,000
Cash, repurchase agreements and U.S. Government securities, beginning of year	<u>221,471,000</u>	<u>143,800,000</u>
Cash, repurchase agreements and U.S. Government securities, end of year	<u>\$ 189,212,000</u>	<u>\$ 221,471,000</u>

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



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**The Depository  
Trust Company**

**Notes to Financial Statements**  
*December 31, 1981 and 1980*

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**Note 1 — Summary of Significant  
Accounting Policies**

**(a) Securities on deposit**

Securities held by the Company for Participants, which aggregated approximately 19.0 billion shares and \$111.3 billion in face value of debt securities (\$560 billion at combined market value) at December 31, 1981, and 13.6 billion shares and \$68.7 billion in face value of debt securities (\$493 billion at combined market value) at December 31, 1980, are not recorded in the accompanying financial statements. Cash dividends and interest received or due on such securities and in process of distribution or awaiting claim are recorded in the statement of condition.

**(b) Equipment and leasehold improvements**

Equipment and leasehold improvements are recorded at cost. Equipment is depreciated over estimated useful lives (generally five to eight years), using principally accelerated methods. Leasehold improvements are amortized on the straight-line method over the lives of the related leases, which are less than the useful lives of the improvements.

**(c) Leases**

Leased property under capital leases, principally data processing equipment and related facilities, is amortized on the straight-line method over the lease term or asset life, as applicable, and interest expense is accrued on the basis of the outstanding lease obligations.

**(d) Pension plan**

The Company's eligible employees are included in the defined benefit pension plan of New York Stock Exchange, Inc. and its subsidiary companies. Pension costs charged to expense and paid to New York Stock Exchange, Inc. in 1981 for funding were \$1,379,000 (1980—\$1,159,000) and comprise normal costs and amortization over ten years of unfunded prior service costs. The value of the assets of the pension plan of New York Stock Exchange, Inc. at December 31, 1981 exceeded the vested liability thereof.

The Financial Accounting Standards Board Statement No. 36 (FAS36), Disclosure of Pension Information, requires financial statement disclosure of certain additional information relating to defined benefit pension plans. Information required pursuant to FAS36 was not available for 1981 on a separate company basis.

**(e) Marketable securities**

Repurchase agreements represent U.S. Government and U.S. Government Agency securities purchased under agreements to resell at current prices, generally over periods of three days or less. These agreements are recorded at cost and interest is accrued as earned. U.S. Government securities are recorded at amortized cost, which approximates market value.

The Company invests available federal funds in repurchase agreements and at the same time makes disbursements against such in clearinghouse funds.

The resulting drafts payable are eliminated the next business day when the repurchase agreements are converted back to cash.

**(f) Income taxes**

Provision is made for income taxes applicable to revenues and expenses reported in the financial statements in periods which differ from those in which they are subject to taxation. Investment tax credits on property acquired and leased are applied, when available, under the flow-through method as a reduction of the income tax provision when the property is placed in service.

**(g) Surplus**

Transfers to surplus of 10% of excess of revenues over expenses and refunds will be made annually until such time as surplus equals 65% of capital stock as required by the New York State Banking Law.

**Note 2 — Organization and Ownership**

The Company is a limited purpose trust company providing central securities depository and related services to the securities, banking and related industries. At December 31, 1981, New York Stock Exchange, Inc. owned approximately 42% of the capital stock of the Company, with the remainder owned by the American Stock Exchange, National Association of Securities Dealers and certain 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.

Pursuant to a policy adopted by the Board of

Directors in 1975, the Company does not pay dividends to stockholders, but refunds to all of its Participants each year revenues in excess of current needs. Effective June 1, 1980, the Board of Directors modified the Company's general refund policy to provide also for a monthly refund to Participants of income earned from the overnight investment of cash dividends, interest, and reorganization payments to the Company for Participants. Such monthly refunds totaled \$14,951,000 in 1981 (1980 — \$4,368,000). Total refunds to Participants amounted to \$20,551,000 in 1981 (1980 — \$16,468,000).

**Note 3 — Participants Fund**

Participants in the depository are required to contribute to the Participants Fund amounts which relate to their activity in the depository. The Fund is available to secure the Participants' obligations to the Company, and certain uninsured losses, if such should occur, could be charged to the Fund. Required contributions are received in cash or are callable on demand and secured by securities of the United States or instrumentalities of the United States, states and political subdivisions and certain eligible nonconvertible registered corporate debt securities.

Effective February 1, 1981, the Board of Directors limited the aggregate amount of all contributions to the Fund to \$200,000,000.

**Note 4 — Transactions with Affiliates**

The Company was party to an agreement to purchase software and software related improvements from New York Stock Exchange,



Inc. The terms of the agreement provided for the Company to pay 6.5% of its gross revenues from services during the period January 1, 1976 to June 30, 1983, up to a maximum payment of \$13,500,000. The final payment was made in the first quarter of 1981. The amount expensed was \$622,000 in 1981 (1980—\$3,605,000).

Revenues from Participants (net of refunds) for 1981 include \$1,429,000 (1980—\$2,933,000) received from National Securities Clearing Corporation, an affiliate of New York Stock Exchange, Inc. Of this amount, \$1,267,000 (1980—\$2,767,000) was related to services for continuous net settlement deliveries. Additionally, for certain clerical services, the Company received \$354,000 (1980—\$324,000) from National Securities Clearing Corporation.

#### Note 5 — Dividends and Interest on Securities on Deposit

The Company receives cash and stock dividends and interest on securities registered in the name of its nominee which it distributes to the owners of the securities. Amounts received on securities withdrawn before the record date but not transferred from the name of the Company's nominee cannot be distributed unless claimed by the owners of the securities. At December 31, 1981, cash dividends and interest payable amounted to \$92,476,000, of which \$25,085,000 was distributed to Participants on the next business day and \$67,391,000 was held pending claim by the record date owners of the applicable securities; stock dividends payable and unclaimed (which are not recorded in the accompanying financial statements) totaled \$31,506,000 at market value, representing amounts received by the Company after June 30, 1978. Unclaimed dividends received prior to July 1, 1978 have been transferred to New York State in accordance with abandoned property laws.

Cash dividends and interest receivable at December 31, 1981 amounted to \$4,405,000. Stock

dividends receivable (which are not recorded in the accompanying financial statements) amounted to \$6,162,000 at market value.

#### Note 6 — Income Taxes

The net income tax provision for 1981 and 1980 is summarized as follows:

	<u>1981</u>	<u>1980</u>
Current:		
Federal	\$1,080,000	\$ 3,000
Investment tax credits	(869,000)	(3,000)
Other tax credits	(176,000)	—
State and local	762,000	8,000
Deferred:		
Federal	(12,000)	90,000
Investment tax credits	41,000	(83,000)
State and local	(36,000)	84,000
	<u>\$ 790,000</u>	<u>\$ 99,000</u>

The following is a reconciliation between the reported total income tax expense and the amount computed by multiplying income before income tax by the applicable statutory income tax rate:

	<u>1981</u>	<u>1980</u>
U.S. Federal income tax rate	46.0%	46.0%
Increases (reductions) in tax rate resulting from:		
Investment tax credits	(27.6)	(22.8)
State and local taxes, net of federal income taxes	13.1	13.2
Other	(5.2)	(10.2)
Effective tax rate	<u>26.3%</u>	<u>26.2%</u>

At December 31, 1981, the Company has available for federal income tax purposes investment tax credit carryforwards of \$121,000, all of which expire in 1996, and \$61,000 for financial statement purposes.

An extraordinary example of baroque goldsmithery, this luxury pot was fashioned by Christoph Jamnitzer in Nürnberg during the early 17th Century. The craftsman's brother, Wenzel, is even better known as a goldsmith to collectors of the work of that period.



#### Note 7 — Leases and Other Commitments

Capital leases—See Note 1 regarding the treatment of capital leases. The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of December 31, 1981:

Year ending December 31:	
1982	\$ 2,551,000
1983	2,309,000
1984	1,835,000
1985	794,000
1986	328,000
1987-1989	<u>550,000</u>
Total minimum lease payments	8,367,000
Less— Amount representing interest	<u>1,559,000</u>
Present value of net minimum lease payments (including current installments of \$1,895,000)	<u>\$ 6,808,000</u>

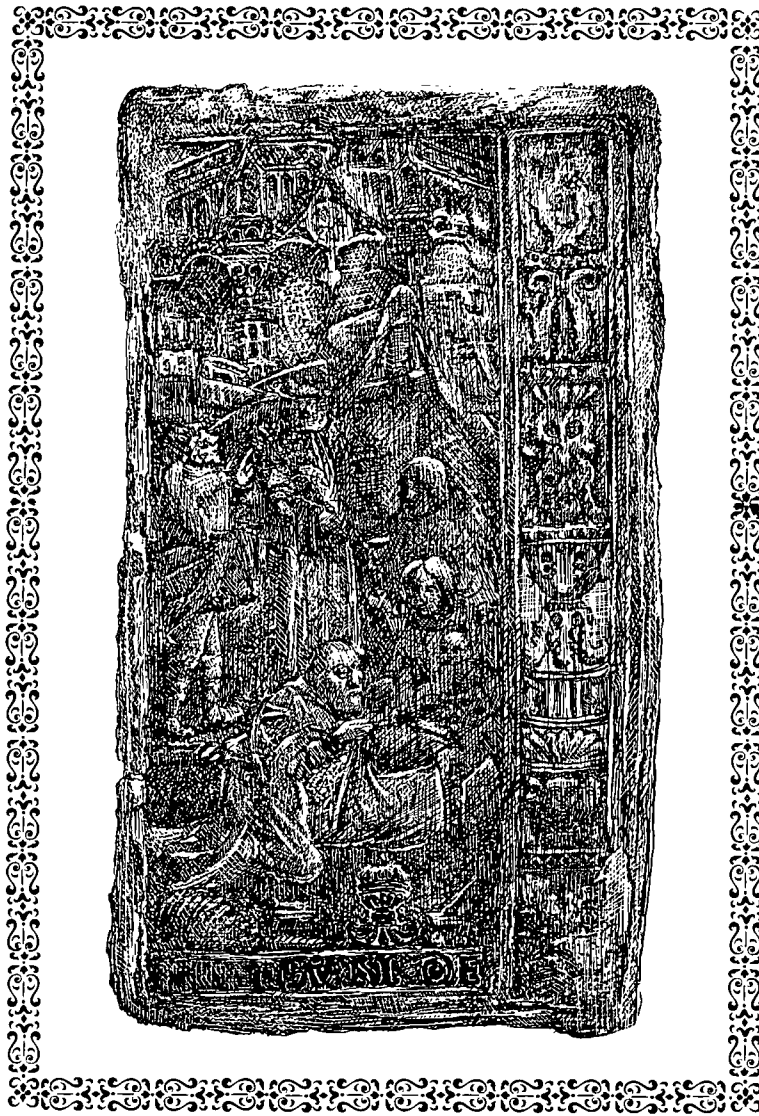
Operating leases—The Company leases a major portion of its office space as a subtenant of New York Stock Exchange, Inc. These leases are accounted for as operating leases and provide for base rentals and escalations, plus increases in rental

escalations subsequent to 1981. Presented below are the future minimum rental payments required under operating leases having initial noncancellable lease terms in excess of one year as of December 31, 1981:

Year ending December 31:	
1982	\$ 3,931,000
1983	3,901,000
1984	3,815,000
1985	3,775,000
1986	3,787,000
1987-1991	<u>5,846,000</u>
Total minimum payments required	<u>\$25,055,000</u>

Rent expense in 1981 was \$3,438,000 (1980—\$3,215,000) for office space and \$2,668,000 (1980—\$2,358,000) for data processing equipment.

In 1981, the Company entered into a fifteen-year lease for additional office space which should become available for occupancy in mid-1983. The lease provides for annual rental payments of \$6,646,000 over the first five years plus electricity and escalations. Thereafter, rental payments are subject to adjustments based on the Consumer Price Index for the New York region. These amounts are not included in the above table of minimum rental payments.



This scene, depicting the Adoration of the Magi, is the other half of the binding that appears on the rear cover of this report. It too is panel-stamped in leather after a Pigouchet metalcut; it is exceptional for its wealth of background detail.



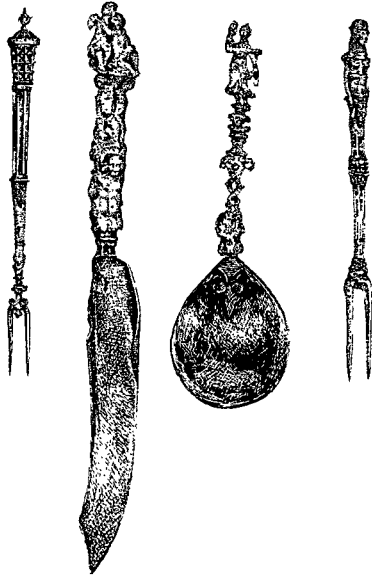
## Participants†

### Banks (93)

AmeriTrust Company  
BankAmerica Securities Services Company of New York  
Bank of America National Trust and Savings Association  
Bank of California (The)  
Bank of New York (The)  
Bank of Tokyo Trust Company (The)  
Bankers Trust Company  
Boston Safe Deposit and Trust Company  
Bradford Trust Company  
Brown Brothers Harriman & Co.  
Centerre Bank, N.A.  
Central Fidelity Bank, N.A.  
Central National Bank of Cleveland  
Chase Manhattan Bank, N.A. (The)  
Chemical Bank  
Citibank, N.A.  
Citizens and Southern National Bank (The)  
Citizens Fidelity Bank and Trust Company  
Connecticut Bank and Trust Company (The)  
Daiwa Bank, Limited (The), New York Agency  
Equitable Trust Company (The)  
European American Bank and Trust Company  
Fidelity Bank (The)  
Fidelity Union Bank  
Fiduciary Trust Company of Boston  
Fiduciary Trust Company of New York  
Fifth Third Bank (The)  
First American Bank, N.A.  
First-City National Bank of Binghamton, N.Y.  
First Jersey National Bank  
First Kentucky Trust Company (The)  
First & Merchants National Bank  
First National Bank in Dallas  
First National Bank in Palm Beach  
First National Bank of Atlanta (The)  
First National Bank of Birmingham  
First National Bank of Boston (The)  
First National Bank of Chicago  
First National Bank of Colorado Springs (The)  
First National Bank of Maryland (The)  
First National Bank of Minneapolis  
First National Bank of St. Paul  
First National Bank of Topeka (The)  
First Pennsylvania Bank, N.A.  
First Tennessee Bank N.A. Memphis  
First Trust Company of Saint Paul  
First Union National Bank  
Fourth National Bank & Trust Company of Wichita  
Hartford National Bank and Trust Company  
Indiana National Bank (The)  
Industrial National Bank of Rhode Island  
Investors Bank and Trust Company  
Irving Trust Company  
Lincoln First Bank, N.A.  
Manufacturers Hanover Trust Company  
Manufacturers National Bank of Detroit  
Manufacturers and Traders Trust Company  
Marine Midland Bank  
Maryland National Bank  
M&I Marshall & Ilsley Bank  
Mellon Bank, N.A.  
Mercantile Trust Company National Association  
Mercantile-Safe Deposit and Trust Company  
Merchants National Bank & Trust Company of Indianapolis  
Michigan National Bank-Grand Rapids  
Morgan Guaranty Trust Company of New York  
N S & T Bank, N.A.  
National Bank of Australasia Limited (The), New York Agency  
National Bank of Detroit  
National Bank of North America  
National Westminster Bank Limited  
New England Merchants National Bank  
North Carolina National Bank  
Northwestern National Bank of Minneapolis  
Old Kent Bank and Trust Company  
Philadelphia National Bank (The)  
Rhode Island Hospital Trust National Bank  
Riggs National Bank of Washington, D.C. (The)  
Seattle-First National Bank  
Security Pacific National Bank  
Shawmut Bank of Boston, N.A.  
State Street Bank and Trust Company  
Swiss Bank Corporation-New York Branch  
Texas Commerce Bank, N.A.  
Toledo Trust Company (The)  
Trust Company Bank  
United Bank of Denver, National Association

† As of December 31, 1981





These specimens, of differing patterns, typify the Italian enamel tableware with chased handles of the 16th and 17th Centuries. Such handles were customarily adorned with enamel, reliefs and precious stones; blades were also often decorated with engravings or silver inlays.

United States Trust Company of New York  
 United Virginia Bank  
 Valley National Bank of Arizona  
 Wachovia Bank and Trust Company, N.A.  
 Wells Fargo Bank, National Association  
 Zion First National Bank

**Broker-Dealers (270§)**

ABD Securities Corporation  
 Adams, Harkness & Hill, Inc.  
 Adler, Coleman & Co.  
 Advest, Inc.  
 Agora Securities, Inc.  
 Alger (Fred) & Company, Incorporated  
 Allen & Company Incorporated  
 Alpine Associates  
 Alstead, Strangis & Dempsey Incorporated\*  
 American Securities Corporation  
 Anderson & Strudwick, Incorporated\*  
 Arnhold and S. Bleichroeder, Inc.  
 Aronson, Woolcott & Co., Inc.\*  
 Asiel & Co.  
 Atlantic Capital Corporation  
 Bache Halsey Stuart Shields Incorporated  
 Bacon, Whipple & Co.  
 Baird, Patrick & Co., Inc.  
 Baird (Robert W.) & Co. Incorporated  
 Barrett & Company  
 Battery Park Settlement Corporation  
 Bear, Stearns & Co.  
 Beare & Moynahan, Inc.\*  
 Beauchamp & Co.  
 Becker (A.G.) Incorporated  
 Bedford Partners  
 Bell & Beckwith  
 Benton & Company  
 Bernstein (Sanford C.) & Co., Inc.  
 Blair (William) & Company  
 Blunt Ellis & Loewi Incorporated  
 Boettcher & Company  
 Bradford Broker Settlement, Inc.  
 Bradford (J.C.) & Co.  
 Branch, Cabell & Co.  
 Brandt (Robert) & Co.  
 Brown (Alex.) & Sons

Brown & Company Securities Corporation\*  
 Burgess & Leith Incorporated  
 Burns Fry and Timmins Inc.  
 Burns, Pauli & Co., Inc.  
 Cantor, Fitzgerald & Co.  
 Cantor (S.B.) & Co., Inc.\*  
 Capital Shares, Inc.\*  
 Carolina Securities Corporation  
 Carr Securities Corporation  
 Carr & Thompson, Inc.\*  
 Carroll McEntee & McGinley Equity Corp.  
 Cartwright (L.) & Co.\*  
 Chicago Corporation (The)  
 Christopher (B.C.) & Company  
 Cleary & Co., Inc.  
 Coburn & Meredith, Inc.\*  
 Colin, Hochstin Co.  
 Conklin, Cahill & Co.  
 Conklin, Cahill, Inc.  
 Conning & Co.  
 Cosentino & DeFelice, Inc.\*  
 Coughlin and Company, Inc.\*  
 Countrywide Securities Corp.  
 Cowen & Co.  
 Craig-Hallum, Inc.  
 Dain Bosworth Incorporated  
 Daiwa Securities America, Inc.  
 Davenport & Co. of Virginia, Inc.  
 Davis (Shelby Cullom) & Co.  
 de Cordova, Cooper & Co.  
 Deltec Securities Corporation\*  
 Denton & Company, Inc.\*  
 Dillon, Read & Co. Inc.  
 Doft & Co., Inc.  
 Dominick Investor Services Corporation  
 Dominion Securities Ames Inc.  
 Donald & Co. Securities, Inc.\*  
 Donaldson, Lufkin & Jenrette Securities Corporation  
 Drexel Burnham Lambert Incorporated  
 Drysdale Securities Corporation  
 Easton & Co.  
 Eberstadt (F.) & Co., Inc.  
 Edwards (A.G.) & Sons, Inc.  
 Einhorn & Co.  
 Engler & Budd Company\*  
 Eppler, Guerin & Turner, Inc.

Equity Securities Trading Co., Inc.\*  
Ernst & Co.  
EuroPartners Securities Corp.  
Evans & Co., Inc.  
Exchange Securities, Inc.\*  
Execution Services Incorporated  
Fagenson & Co., Inc.  
Fahnestock & Co.  
Ferris & Company, Incorporated\*  
Financial America Securities, Inc.\*  
First Albany Corporation  
First Birmingham Securities Corporation\*  
First Boston Corporation (The)  
First Jersey Securities, Inc.  
First Manhattan Co.  
First Southwest Company  
Foster & Marshall Inc.  
Frances (E.G.) Co., Inc.  
Frank (Walter N.) & Co.  
Frankel (Wm. V.) & Co., Inc.\*  
Freehling & Co.  
Fried (Albert) & Co.  
Gintel & Co.  
Goldberg Securities  
Goldman, Sachs & Co.  
Gowell Securities Corp.\*  
Gradison & Company Incorporated  
Gruntal & Co.  
Gruss (Oscar) & Son Incorporated  
Hanifen, Imhoff, Inc.\*  
Haupt, Andrews, Fraiman & Hug  
Hawthorne Securities Corporation\*  
Henderson Brothers, Inc.  
Herzfeld & Stern  
Herzog, Heine, Geduld, Inc.  
Hill, Thompson, Magid & Co., Inc.\*  
Hilliard (J.J.B.), Lyons (W.L.), Inc.  
Hirshon, Roth & Co.  
Howard, Weil, Labouisse, Friedrichs Incorporated  
Hudson (R.S.) & Co., Inc.\*  
Hummer (Wayne) & Co.  
Hutton (E.F.) & Company Inc.  
Icahn & Co., Inc.  
Illinois Company Incorporated (The)  
Ingalls & Snyder  
Institutional Equity Corporation  
Interstate Securities Corporation  
Jacobson (Benjamin) & Sons  
Janney Montgomery Scott Inc.  
Jefferies & Company, Inc.  
Johnston, Lemon & Co., Inc.\*  
Jones (Edward D.) & Co.  
Josephthal & Co. Incorporated  
Kalb, Voorhis & Co.  
Kaufmann, Alsberg & Co.  
Kidder, Peabody & Co. Incorporated  
Koonce Securities, Inc.\*  
Krieger (Henry) & Co.  
LaBranche & Co.  
Laidlaw Adams & Peck Inc.  
Lasker, Stone & Stern  
Lawrence (Cyrus J.) Incorporated  
Lawrence, O'Donnell & Co.  
Lazard Frères & Co.  
Leonard (B.J.) and Company, Inc.\*  
Lewco Securities Corp.  
Mabon, Nugent & Co.  
Madoff (Bernard L.)  
Manley, Bennett, McDonald & Co.  
Marcus & Company  
Marcus Schloss & Co., Inc.  
Marks (Carl) & Co., Inc.  
Masten (A.E.) & Co., Incorporated  
May & Gannon, Inc.\*  
Mayer & Schweitzer, Inc.  
McCourtney-Breckenridge & Company\*  
McDonald & Company  
McLeod Young Weir Incorporated  
Meehan (M.J.) & Company  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Mesirow & Company  
Mitchel, Schreiber, Watts & Co., Inc.  
MKI Securities Corp.  
Montgomery Securities  
Moore & Schley, Cameron & Co.  
Moors & Cabot, Inc.\*  
Morgan, Keegan & Company, Inc.  
Morgan, Olmstead, Kennedy & Gardner, Incorporated  
Morgan Stanley & Co. Incorporated  
Muller & Company, Inc.  
Murphey, Marseilles and Smith  
Murphy & Durieu  
Neuberger & Berman  
New Japan Securities International, Inc.  
Newhard, Cook & Co. Incorporated  
Nick (J.F.) & Co.  
Nomura Securities International, Inc.  
Norbay Securities, Inc.\*  
Norris & Hirshberg, Inc.\*  
Nuveen (John) & Co. Incorporated  
O'Connor & Associates  
O'Connor Securities  
Offerman & Co., Inc.\*  
Olde & Co., Incorporated  
Oppenheimer & Co., Inc.  
OTC Net, Incorporated\*  
Paine, Webber, Jackson & Curtis Incorporated  
Parker (S.C.) & Co., Inc.\*  
Pasternak Securities  
Pforzheimer (Carl H.) & Co.  
Piper, Jaffray & Hopwood, Incorporated  
Pitfield, Mackay & Co., Inc.  
Prescott, Ball & Turben  
Purcell, Graham & Co., Inc.  
Q & R Clearing Corporation  
Quinn (E.J.) & Co., Inc.\*  
Rauscher Pierce Refsnes, Inc.  
Raymond, James & Associates, Inc.  
Reaves (W.H.) & Co., Inc.  
Reich & Co., Inc.  
Richardson Securities, Inc.  
Riviere Securities Corporation\*  
Robb, Peck, McCooley & Co., Inc.  
Robertson, Colman, Stephens & Woodman  
Robinson-Humphrey Company, Inc. (The)  
Rodman & Renshaw, Inc.  
Roney (Wm. C.) & Company  
Ross (Arthur H.), Inc.  
Rotan Mosle Inc.  
Rothschild (L.F.), Unterberg, Towbin  
Roulston Research Corp.  
Rowland Clearing Services, Inc.  
Ryan Beck & Co.\*  
Sade & Co.  
Sage, Ruddy & Co., Inc.  
Salomon Brothers Inc  
Schapiro (M.A.) & Co., Inc.  
Scherck, Stein & Franc, Inc.\*  
Schwab (Charles) & Co., Inc.  
Scott & Stringfellow, Inc.  
Seasongood & Mayer\*  
Securities Settlement Corporation  
Seemala Corporation  
Seligman Securities, Inc.  
Shaine (H.B.) & Co., Inc.  
Shearson/American Express Inc.  
Sheppards and Chase (Overseas)  
Simon (I.M.) & Co.

§ Excludes some firms with limited activity.

\* NSCC Sponsored Account



This Mycenaean goblet of the 15th Century B.C. was one of a pair of solid gold goblets that were imported from Crete by a Peloponnesian prince or made for him locally in the Minoan style. The cups show the capture of two wild bulls, either to keep them from raiding domestic cattle or to provide animals for the Cretan bull games, during which athletic youths vaulted over the heads of wild bulls in a performance remotely reminiscent of the modern rodeo.

Smith Barney, Harris Upham & Co., Incorporated  
 Smith (E.H.) Jacobs & Co.\*  
 Smith, Moore & Co.\*  
 Southwest Securities, Inc.  
 Spear, Leeds & Kellogg  
 Steichen (R.J.) & Company\*  
 Stern & Kennedy  
 Sterne, Agee & Leach, Inc.  
 Stifel, Nicolaus & Company Incorporated  
 Stillman, Maynard & Co.  
 StockCross, Inc.\*  
 Stokes, Hoyt & Co.  
 Streicher (J.) & Co.  
 Sutro & Co. Incorporated  
 Swiss American Securities Inc.  
 Thomson McKinnon Securities Inc.  
 Tompane (A.B.) & Co.  
 Transatlantic Securities Company  
 Tucker, Anthony & Day (R.L.), Inc.  
 Tweedy Browne Clearing Corporation  
 Unified Securities Corporation  
 Vincent (Burton J.), Chesley & Co.  
 Viner (Edward A.) & Co., Inc.  
 Wagner, Stott & Co.  
 Wall Street Clearing Company  
 Walsh, Greenwood, Wish & Co.  
 Weber, Hall, Sale & Associates, Inc.  
 Wechsler & Krumholz, Inc.  
 Wedbush, Noble & Cooke, Inc.\*  
 Weiss, Peck & Greer  
 Wellington & Co.  
 Wheat, First Securities, Inc.  
 Williams (Jerry), Inc.\*  
 Witter (Dean) Reynolds Inc.  
 Wittow & Company, Inc.\*  
 Wood Gundy Incorporated  
 Wreszin, Prosser, Romano & Co.  
 Yamaichi International (America), Inc.  
 Ziegler Thrift Trading, Inc.\*

**Clearing Agencies (7)**

Canadian Depository for Securities Limited (The)  
 Midwest Securities Trust Company  
 National Securities Clearing Corporation  
 New England Securities Depository Trust Company  
 Options Clearing Corporation (The)  
 Pacific Securities Depository Trust Company

Philadelphia Depository Trust Company

**Banks Reported to be Participating in the Depository on an Indirect Basis (362†§)**

**Alabama**

Central Bank of Birmingham  
 First Alabama Bank of Huntsville, N.A.  
 First National Bank of Mobile  
 First National Bank of Tuscaloosa  
 Merchants National Bank of Mobile

**Alaska**

Alaska National Bank of the North, Fairbanks  
 Alaska Statebank, Anchorage  
 National Bank of Alaska, Anchorage

**Arizona**

First Interstate Bank of Arizona, N.A., Phoenix  
 Great Western Bank and Trust, Phoenix  
 Harris Trust Company of Arizona, Scottsdale

**California**

Bank of A. Levy, Oxnard  
 California Canadian Bank, San Francisco  
 City National Bank, Beverly Hills  
 Lloyds Bank California, Los Angeles  
 Mechanics Bank of Richmond (The)  
 San Diego Trust & Savings Bank  
 Trust Company of California (The), Los Angeles  
 Trust Company of the West, Los Angeles

**Colorado**

Central Bank of Denver  
 Colorado National Bank, Denver  
 First National Bank in Boulder  
 First National Bank of Denver (The)  
 First National Bank of Englewood (The)  
 First National Bank in Grand Junction  
 First National Bank in Loveland  
 Greeley National Bank

**Connecticut**

Citytrust, Bridgeport  
 Connecticut National Bank (The), Bridgeport  
 First Bank, New Haven  
 Merchants Bank & Trust Company (The), Norwalk  
 New England Bank & Trust Company, Enfield  
 Putnam Trust Company of Greenwich  
 State National Bank of Connecticut, Bridgeport  
 Union Trust Company, New Haven  
 Westport Bank & Trust Co. (The)

**Delaware**

Bank of Delaware, Wilmington  
Delaware Trust Company, Wilmington  
Farmers Bank of the State of Delaware, Wilmington  
Wilmington Trust Company

**District of Columbia**

American Security Bank, N.A.  
National Bank of Washington (The)

**Florida**

Bank of Palm Beach and Trust Company  
Barnett Bank of Jacksonville, N.A.  
Barnett Banks Trust Company, N.A., Jacksonville  
Century National Bank of Broward, Fort Lauderdale  
Ellis Bank & Trust Company, Sarasota  
Exchange Bank and Trust Company of Florida (The), Tampa  
First Marine Bank and Trust Company of The Palm Beaches,  
Lake Worth  
First National Bank of Florida, Tampa  
First National Bank of Fort Myers  
First National Bank of Mount Dora  
First National Bank and Trust Company of Naples  
First National Bank and Trust Company of Riviera Beach  
First National Bank & Trust Company of Stuart  
First National Bank of Venice  
Flagship Bank of Jacksonville  
Flagship Bank of Tampa  
Flagship National Bank of Miami  
Florida Bank of Fort Lauderdale  
Florida Bank and Trust Company of Daytona Beach  
Florida First National Bank of Jacksonville  
Florida First National Bank of Ocala  
Florida First National Bank of Pensacola  
Florida First National Bank of Vero Beach  
Florida National Bank of Gainesville  
Florida National Bank of Lakeland  
Florida National Bank of Miami  
Florida National Bank at Orlando  
Florida National Bank of Palm Beach County  
Florida National Bank of St. Petersburg  
Gulfstream Bank, N.A., Boca Raton  
Gulfstream Bank, N.A., Fort Lauderdale  
Landmark First National Bank of Fort Lauderdale  
Lee County Bank, Fort Myers  
Metropolitan Bank and Trust Company, Tampa  
National Bank of Sarasota  
National Trust Company (The), Fort Myers  
Peoples Bank of Lakeland  
Royal Trust Bank of Miami, N.A.  
Southeast Bank of Broward  
Southeast Bank of Jacksonville  
Southeast Bank of New Smyrna  
Southeast Banks Trust Company, N.A., Miami  
Southeast First Bank of Largo  
Southeast First National Bank of Miami  
Southeast First National Bank of Sarasota  
Southeast National Bank of Bradenton  
Southeast National Bank of Deerfield  
Southeast National Bank of Naples  
Southeast National Bank of Orlando  
Sun Bank of Miami  
Sun Bank of Ocala  
Sun Bank of St. Lucie County  
Sun Bank and Trust Company of St. Petersburg  
Sun Bank of Volusia County  
Sun First National Bank of Dunedin  
Sun First National Bank of Lake County  
Sun First National Bank of Orlando  
Sun First National Bank of Palm Beach County  
Venice Nokomis Bank & Trust Company

**Georgia**

American National Bank of Brunswick  
Bank of the South, N.A., Atlanta  
Columbus Bank and Trust Company  
Georgia Bank (The), Macon  
National Bank of Georgia, Atlanta

**Hawaii**

American Trust Company of Hawaii, Honolulu  
Bishop Trust Company, Ltd., Honolulu  
First Hawaiian Bank, Honolulu  
Hawaiian Trust Company, Ltd., Honolulu

**Idaho**

First Interstate Bank of Idaho, N.A., Boise  
First Security Bank of Idaho, Boise  
Idaho Bank & Trust Co., Pocatello  
Idaho First National Bank (The), Boise

**Illinois**

Champaign National Bank (The)  
First National Bank and Trust Company, Evanston  
Merchants National Bank of Aurora (The)  
Pioneer Bank & Trust Company, Chicago

**Indiana**

Anderson Banking Company  
Citizens National Bank of Evansville  
First Bank and Trust Company of South Bend  
First National Bank of Richmond (The)  
Floyd County Bank, New Albany  
Irwin Union Bank and Trust Company, Columbus  
Lincoln National Bank and Trust Company, Fort Wayne  
Merchants National Bank of Terre Haute  
Peoples Bank & Trust Company, Indianapolis  
Peoples Trust Bank, Fort Wayne  
Purdue National Bank of Lafayette  
St. Joseph Bank and Trust Company, South Bend  
Second National Bank of Richmond (The)  
Terre Haute First National Bank

**Iowa**

Iowa-Des Moines National Bank  
Merchants National Bank of Cedar Rapids (The)

**Kansas**

Brotherhood Bank & Trust Company, Kansas City  
Commerce Bank & Trust, Topeka  
Union National Bank of Wichita

**Kentucky**

Bank of Commerce and Trust Company, Lexington  
Second National Bank & Trust Company (The), Lexington  
State National Bank of Maysville (The)  
Third National Bank of Ashland (The)

**Louisiana**

Hibernia National Bank, New Orleans

**Maine**

Bar Harbor Banking and Trust Company  
Canal National Bank, Portland  
Casco Bank & Trust Company, Portland  
Depositors Trust Company, Augusta  
Maine National Bank, Portland  
Merchants National Bank of Bangor  
Merrill Trust Company, Bangor  
Northeast Bank & Trust Company, Bangor

**Massachusetts**

Arlington Trust Company, Lawrence  
BayBank Harvard Trust Company, Cambridge  
BayBank Merchants, N.A., New Bedford  
BayBank Middlesex, N.A., Burlington  
BayBank Norfolk County Trust Company, Dedham  
BayBank Valley Trust Company, Springfield  
Berkshire Bank and Trust Company, Pittsfield  
Cambridge Trust Company  
Duffee Attleboro Bank, Fall River  
First Agricultural Bank, Pittsfield  
First National Bank of Ipswich (The)  
First Safety Fund National Bank, Fitchburg  
Guaranty Bank and Trust Company, Worcester  
Guaranty-First Trust Company, Waltham  
Mechanics National Bank, Worcester  
Pacific National Bank of Nantucket  
Plymouth Home National Bank, Brockton  
Shawmut First Bank and Trust Company, Springfield

\* NSCC Sponsored Account

† As of December 31, 1981

§ Includes only those which have given permission for use of their names.



Pope Nicholas IV (1288-1292) introduced a new style in papal chalices. Fashioned in 1290, this specimen incorporated a smaller cup, polygonal stem decorated with engravings or enamels, lobed base divided into compartments decorated with leafwork, each with an enameled medallion, and an overall look distinctly floral in effect.

South Shore Bank, Quincy  
 Union National Bank, Lowell  
 United States Trust Company of Boston  
 Worcester County National Bank, Worcester

**Michigan**

American National Bank and Trust Company of Michigan, Kalamazoo  
 Ann Arbor Bank and Trust Company  
 Ann Arbor Trust Company  
 City Bank & Trust Company, N.A., Jackson  
 City National Bank, Detroit  
 Commercial Savings Bank of St. Clair County, St. Clair  
 Detroit Bank & Trust  
 Farmers & Merchants National Bank, Benton Harbor  
 First National Bank & Trust Company of Kalamazoo, Michigan  
 National Bank of Jackson  
 Pacesetter Bank & Trust, Grand Haven  
 Second National Bank of Saginaw, Michigan

**Minnesota**

American National Bank and Trust Company, St. Paul  
 First National Bank of Duluth  
 IDS Benefit Trust Company, Minneapolis  
 Marquette National Bank of Minneapolis (The)  
 Midland National Bank of Minneapolis  
 Northwestern National Bank of St. Paul

**Mississippi**

First National Bank of Jackson

**Missouri**

Centerre Trust Company of St. Louis  
 First National Bank of Kansas City  
 Guaranty Trust Company of Missouri (The), Dayton  
 Metro Trust Company, Clayton  
 Pioneer Bank and Trust Company, St. Louis  
 Traders Bank, Kansas City  
 United Missouri Bank of Kansas City, N.A.

**Montana**

Northwestern Bank of Helena  
 Security Bank, NA, Billings

**Nebraska**

First National Bank and Trust Company of Lincoln  
 First Northwestern Trust Company of Nebraska, Omaha  
 National Bank of Commerce, Lincoln

**Nevada**

First Interstate Bank of Nevada, N.A., Reno

**New Hampshire**

Amoskeag National Bank & Trust Co., Manchester

Bank of New Hampshire National Association, Concord  
 First National Bank of Peterborough  
 Indian Head National Bank of Nashua  
 Merchants National Bank of Manchester (The)

**New Jersey**

Bank of New Jersey (The), Camden  
 Broadway Bank & Trust Company, Paterson  
 Central Jersey Bank and Trust Company, Freehold  
 Chatham Trust Company (The)  
 Citizens First National Bank of New Jersey, Ridgewood  
 City Trust Services, N.A., Elizabeth  
 First National Bank of New Jersey, Totowa  
 First National Bank of Princeton (The)  
 First National State Bank of New Jersey, Newark  
 Interchange State Bank, Elmwood Park  
 Maplewood Bank and Trust Company (The)  
 National State Bank (The), Elizabeth  
 New Jersey Bank, N.A., Paterson  
 New Jersey National Bank, Trenton  
 Security National Bank of New Jersey, Newark  
 Somerset Trust Company, Somerville  
 Summit and Elizabeth Trust Company, Summit  
 United Counties Trust, Elizabeth  
 United Jersey Bank, Hackensack  
 Urban National Bank, Franklin Lakes

**New Mexico**

First Interstate Bank of Albuquerque

**New York**

Chemung Canal Trust Company, Elmira  
 Glens Falls National Bank & Trust Company  
 Key Trust Company, Albany  
 Liberty National Bank and Trust Company, Buffalo  
 Long Island Trust Company, Garden City  
 Oneida National Bank and Trust Company of Central New York (The), Utica  
 St. Lawrence National Bank (The), Canton  
 Savings Bank Trust Company, New York  
 Security Trust Company, Rochester  
 Tompkins County Trust Company, Ithaca  
 Wilber National Bank, Oneonta

**North Carolina**

Bank of North Carolina, N.A., Jacksonville  
 Branch Banking & Trust Company, Wilson  
 Carolina First National Bank, Lincoln  
 Central Carolina Bank & Trust Company, Durham  
 City National Bank, Charlotte  
 Independence National Bank, Gastonia

Northwestern Bank (The), North Wilkesboro  
Peoples Bank and Trust Company, Rocky Mount  
Southern National Bank of North Carolina, Lumberton  
United Carolina Bank, Monroe  
United Carolina Bank, Whiteville

#### **North Dakota**

Bank of North Dakota, Bismarck

#### **Ohio**

BancOhio National Bank, Columbus  
Bank One of Columbus, N.A.  
Bank One Trust Company, N.A., Columbus  
First National Bank (The), Dayton  
First National Bank of Cincinnati (The)  
First National Bank of Toledo  
Huntington National Bank of Columbus (The)  
National City Bank, Cleveland  
Ohio Citizens Bank, Toledo  
Second National Bank of Warren (The)  
Third National Bank & Trust Company (The), Dayton  
Winters National Bank and Trust Company, Dayton

#### **Oklahoma**

Bank of Oklahoma, National Association, Tulsa  
F&M Bank & Trust Company (The), Tulsa  
First National Bank and Trust Company of Oklahoma City (The)  
First National Bank and Trust Company of Tulsa (The)  
Liberty National Bank and Trust Company of Oklahoma City (The)  
Trust Company of Oklahoma, Tulsa  
Utica National Bank & Trust Company, Tulsa

#### **Oregon**

First Interstate Bank of Oregon, N.A., Portland

#### **Pennsylvania**

American Bank and Trust Co. of Pa., Reading  
Bank of Pennsylvania, Reading  
Commonwealth National Bank (The), Harrisburg  
Continental Bank, Norristown  
Dauphin Deposit Bank & Trust Company, Harrisburg  
Easton National Bank and Trust Company  
Equibank, N.A., Pittsburgh  
First-Eastern Bank, N.A., Wilkes-Barre  
First National Bank of Allentown (The)  
First Seneca Bank and Trust Company, Oil City  
First Valley Bank, Bethlehem  
Frankford Trust Company, Philadelphia  
Hamilton Bank, Lancaster  
Hazelton National Bank (The)  
Marine Bank, Erie  
McDowell National Bank of Sharon  
Merchants National Bank of Allentown (The)  
Northeastern Bank of Pennsylvania, Scranton  
Northern Central Bank, Williamsport  
Security Bank and Trust Company, Stroudsburg  
Security-Peoples Trust Company, Erie  
Southeast National Bank of Pennsylvania (The), West Chester  
Third National Bank and Trust Company of Scranton  
Union Bank and Trust Company of Eastern Pennsylvania,  
Bethlehem  
Union National Bank of Pittsburgh (The)  
United Penn Bank, Wilkes-Barre

#### **Rhode Island**

New England Trust Company, Providence  
Old Stone Bank, Providence  
Pawtucket Trust Company  
Washington Trust Company (The), Westerly

#### **South Carolina**

Bankers Trust of South Carolina, Columbia  
Citizens and Southern National Bank of South Carolina,  
Columbia  
First National Bank of South Carolina, Columbia  
South Carolina National Bank, Columbia  
Southern Bank and Trust Company, Greenville

#### **Tennessee**

American National Bank and Trust Company, Chattanooga  
Park National Bank (The), Knoxville  
Third National Bank, Nashville  
Union Planters National Bank of Memphis  
Valley Fidelity Bank and Trust Company, Knoxville

#### **Texas**

American National Bank of Austin (The)  
Austin National Bank  
Bank of the Southwest, Houston  
City National Bank in Wichita Falls  
First City Bank of Dallas  
First City National Bank of Houston  
First International Bank in Houston, N.A.  
First National Bank of Amarillo (The)  
First Security Bank of Beaumont, N.A.  
Frost National Bank, San Antonio  
Houston National Bank  
Mercantile National Bank at Dallas  
National Bank of Commerce of Dallas  
RepublicBank Dallas, N.A.  
River Oaks Bank & Trust Company, Houston  
Southern National Bank of Houston

#### **Utah**

First Security Bank of Utah, N.A., Salt Lake City  
Tracy-Collins Bank and Trust Company, Salt Lake City

#### **Vermont**

Chittenden Trust Company, Burlington  
First Vermont Bank and Trust Company, Brattleboro  
Howard Bank (The), Burlington

#### **Virginia**

Bank of Virginia Trust Company, Richmond  
Central Fidelity Bank, N.A., Lynchburg  
First American Bank of Virginia, McLean  
National Bank of Fairfax (The)  
Virginia National Bank, Norfolk

#### **Washington**

Bellingham National Bank (The)  
First Interstate Bank of Washington, Seattle  
Frank Russell Trust Company, Tacoma  
Old National Bank of Washington, Spokane  
Peoples National Bank of Washington, Seattle  
Seattle Trust & Savings Bank

#### **West Virginia**

Charleston National Bank (The)

#### **Wisconsin**

Affiliated Bank of Hilldale, Madison  
Affiliated Bank of Madison  
Bank of Janesville  
Citizens Trust Company (The), Sheboygan  
First Bank N.A., Milwaukee  
First National Bank and Trust Company of Racine  
Kellogg-Citizens National Bank of Green Bay  
Marine Bank of Beaver Dam  
Marine Bank of Madison  
Marine National Bank of Neenah  
Marine Trust Company N.A. (The), Milwaukee  
Merchants & Savings Bank, Janesville  
Peoples Marine Bank of Green Bay  
Security Marine Bank of Madison  
Valley Trust Company, Appleton  
West Bend Marine Bank

#### **DTC Stockholders (58†)**

The full list of 1981 DTC stockholders, in order of their holdings, is as follows:

New York Stock Exchange, Inc.  
Bankers Trust Company  
Merrill Lynch & Co., Inc.  
Citibank, N.A.  
American Stock Exchange, Inc.  
National Association of Securities Dealers, Inc.  
The Chase Manhattan Bank, N.A.  
Manufacturers Hanover Trust Company  
The Bank of New York  
Morgan Guaranty Trust Company of New York

† As of December 31, 1981



This enameled gold paten from the Chigi Chapel in the Cathedral of Siena was donated by Pope Alexander VII in 1658. It is typical of the gifts that Popes often used on suitable occasions to honor princes or towns that had won their favor.

United States Trust Company of New York  
 Irving Trust Company  
 Mellon Bank, N.A.  
 Wells Fargo Bank, National Association  
 Marine Midland Bank  
 Goldman, Sachs & Co.  
 Chemical Bank  
 Northwestern National Bank of Minneapolis  
 State Street Bank and Trust Company  
 Salomon Brothers Inc  
 A.G. Edwards & Sons, Inc.  
 Morgan Stanley & Co. Incorporated  
 The Citizens and Southern National Bank  
 Lewco Securities Corp.  
 First & Merchants National Bank  
 Donaldson, Lufkin & Jenrette Securities Corporation  
 Hartford National Bank and Trust Company  
 Swiss American Securities Inc.  
 Shawmut Bank of Boston, N.A.  
 The First Boston Corporation  
 Alex. Brown & Sons  
 Edward A. Viner & Co., Inc.  
 The Connecticut Bank and Trust Company  
 Wood Gundy Incorporated  
 Arnhold and S. Bleichroeder, Inc.  
 The Equitable Trust Company  
 First Jersey National Bank  
 Burgess & Leith Incorporated  
 F. Eberstadt & Co., Inc.  
 Maryland National Bank  
 Bradford Trust Company  
 Execution Services Incorporated  
 Mayer & Schweitzer, Inc.  
 Oscar Gruss & Son Incorporated  
 Carl Marks & Co., Inc.  
 Carl H. Pforzheimer & Co.  
 LaBranche & Co.  
 Boettcher & Company  
 Prescott, Ball & Turben  
 The Fidelity Bank  
 Stillman, Maynard & Co.  
 W.H. Reaves & Co., Inc.  
 Pitfield, Mackay & Co., Inc.  
 Fagenson & Co., Inc.  
 J.F. Nick & Co.  
 The First National Bank of Atlanta  
 Stock Clearing Corporation  
 Mitchel, Schreiber, Watts & Co., Inc.

#### Pledgeses (101†§)

Algemene Bank Nederland N.V., New York Branch  
 AmeriTrust Company  
 Arizona Bank (The)  
 Banca Catalana-New York Office  
 Bank of America, National Trust and Savings Association  
 Bank Hapoalim, B.M.  
 Bank Leumi Trust Company of New York  
 Bank of New York (The)  
 Bank of Nova Scotia (The)  
 Bank of Tokyo Trust Company (The)  
 Bankers Trust Company  
 Banque de Paris et des Pays-Bas  
 Barclays Bank International Limited  
 Boatmen's National Bank of St. Louis (The)  
 Bradford Trust Company  
 Brown Brothers Harriman & Co.  
 California First Bank  
 Canadian Imperial Bank of Commerce  
 Center Bank, N.A.  
 Central National Bank of Cleveland  
 Chase Manhattan Bank, N.A. (The)  
 Chemical Bank  
 Citibank, N.A.  
 Citizens Fidelity Bank and Trust Company  
 Citizens and Southern National Bank (The)  
 Connecticut Bank and Trust Company (The)  
 Continental Illinois National Bank and Trust Company  
 of Chicago  
 Credit Lyonnais, New York Branch  
 Credito Italiano  
 Crocker National Bank  
 Daiwa Bank, Limited (The), New York Agency  
 Detroit Bank & Trust Company (The)  
 Equitable Trust Company (The)  
 European-American Bank & Trust Company  
 Fidelity Bank (The)  
 Fiduciary Trust Company of New York  
 Fifth Third Bank (The)  
 First American Bank, N.A.  
 First Interstate Bank of California  
 First Jersey National Bank  
 First & Merchants National Bank  
 First National Bank of Arizona  
 First National Bank of Atlanta (The)  
 First National Bank of Chicago  
 First National Bank in Dallas

First National Bank of Kansas City  
 First National Bank of Louisville  
 First National Bank of Maryland (The)  
 First National Bank of Minneapolis  
 First National Bank of Oregon  
 First National Bank and Trust Company of Tulsa (The)  
 First Pennsylvania Bank, N.A.  
 First Union National Bank  
 Fuji Bank and Trust Company (The)  
 Harris Trust and Savings Bank  
 Hartford National Bank and Trust Company  
 Houston National Bank  
 Indiana National Bank (The)  
 Investors Bank and Trust Company  
 Irving Trust Company  
 Lincoln First Bank, N.A.  
 Manufacturers Hanover Trust Company  
 Manufacturers National Bank of Detroit  
 Marine Midland Bank  
 Maryland National Bank  
 Mellon Bank, N.A.  
 Mercantile Trust Company National Association  
 Mercantile-Safe Deposit and Trust Company  
 Merchants National Bank & Trust Company of Indianapolis  
 Morgan Guaranty Trust Company of New York  
 National Bank of Detroit  
 National Bank of North America  
 National Westminster Bank Limited  
 New England Merchants National Bank  
 North Carolina National Bank  
 Northern Trust Company (The)  
 Northwestern National Bank of Minneapolis  
 Pittsburgh National Bank  
 Provident National Bank  
 Republic National Bank of New York  
 RepublicBank Dallas, N.A.  
 Royal Bank of Canada (The), New York Agency  
 Royal Bank and Trust Company (The)  
 Sanwa Bank Limited (The)  
 Seattle-First National Bank  
 Security Pacific National Bank  
 Shawmut Bank of Boston, N.A.  
 State Street Bank and Trust Company  
 Sumitomo Trust & Banking Co., Ltd. (The)  
 Swiss Bank Corporation-New York Branch  
 Swiss Credit Bank  
 Texas Commerce Bank, N.A.  
 Toledo Trust Company (The)  
 Toronto-Dominion Bank (The)  
 Union Bank of Switzerland, New York Branch  
 Union First National Bank of Washington  
 United Bank of Denver, National Association  
 United States Trust Company of New York  
 United Virginia Bank  
 Wachovia Bank and Trust Company, N.A.  
 Wells Fargo Bank, National Association

### Depository Facilities (33†)

#### *Atlanta, Georgia*

Citizens and Southern National Bank (The)  
 First National Bank of Atlanta (The)

#### *Baltimore, Maryland*

First National Bank of Maryland (The)

#### *Birmingham, Alabama*

First National Bank of Birmingham

#### *Boston, Massachusetts*

New England Securities Depository Trust Company  
 Shawmut Bank of Boston, N.A.  
 State Street Bank and Trust Company

#### *Charlotte, North Carolina*

First Union National Bank

#### *Cleveland, Ohio*

AmeriTrust Company

#### *Dallas, Texas*

First National Bank in Dallas

Republic National Bank of Dallas  
*Denver, Colorado*  
 United Bank of Denver, National Association  
*Hartford, Connecticut*  
 Connecticut Bank and Trust Company (The)  
 Hartford National Bank and Trust Company  
*Houston, Texas*  
 Houston National Bank  
*Indianapolis, Indiana*  
 Merchants National Bank & Trust Company of Indianapolis  
*Los Angeles, California*  
 Security Pacific National Bank  
 Wells Fargo Bank, National Association  
*Louisville, Kentucky*  
 Citizens Fidelity Bank & Trust Company  
 First Kentucky Trust Company (The)  
*Milwaukee, Wisconsin*  
 First Wisconsin Trust Company  
*Minneapolis, Minnesota*  
 First National Bank of Minneapolis  
 Northwestern National Bank of Minneapolis  
*Nashville, Tennessee*  
 United American Bank  
*Philadelphia, Pennsylvania*  
 Fidelity Bank (The)  
 Provident National Bank  
*Pittsburgh, Pennsylvania*  
 Mellon Bank, N.A.  
*Providence, Rhode Island*  
 Industrial National Bank of Rhode Island  
*Richmond, Virginia*  
 First & Merchants National Bank  
*Rochester, New York*  
 Lincoln First Bank, N.A.  
*St. Louis, Missouri*  
 Centerre Bank, N.A.  
 Mercantile Trust Company National Association  
*San Francisco, California*  
 Wells Fargo Bank, National Association

### Investment Companies Reported to be Using Depository Services (201†§) (Listed by Custodian Bank)

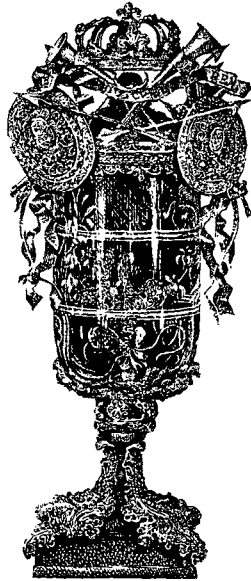
#### **BANK OF NEW YORK (THE)**

Adams Express Company  
 Alpha Fund, Inc.  
 Charter Fund, Inc.  
 Corporate Leaders Trust Fund Certificates Series A  
 Corporate Leaders Trust Fund Certificates Series B  
 Drexel Burnham Fund (The)  
 Dreyfus Fund Incorporated (The)  
 Dreyfus Leverage Fund, Inc. (The)  
 Fairfield Fund, Inc.  
 44 Wall Street Equity Fund, Inc. (The)  
 44 Wall Street Fund, Inc. (The)  
 General Electric S & S Program Mutual Fund  
 Lehman Corporation (The)  
 Merrill Lynch Capital Fund, Inc.  
 Merrill Lynch Special Value Fund, Inc.  
 National Securities Balanced Fund  
 National Securities Bond Fund  
 National Securities Dividend Fund  
 National Securities Growth Fund  
 National Securities Income Fund  
 National Securities Preferred Fund  
 National Securities Stock Fund  
 Over the Counter Securities Fund, Inc.  
 Petroleum & Resources Corporation  
 Quasar Associates, Inc.  
 Shearson Appreciation Fund, Inc. (The)

† As of December 31, 1981

§ Includes only those which have given permission for use of their names.





The Reliquary of St. Louis of Toulouse was fashioned of rock crystal and gold filigree in 16th Century Venice. By this period of the Renaissance, crystal had become indispensable as an ornament of the rich, and gold filigree as an ornament on the crystal. Venice was one of the many centers of the art; religious applications quickly began to outdo private displays of luxury as targets of the artists' efforts.

Shearson Income Fund, Inc.  
Shearson New Directions Fund, Inc.

**BOSTON SAFE DEPOSIT AND TRUST COMPANY**

IPI-Income & Price Index Fund  
Johnston Capital Appreciation Fund  
Johnston Income Fund

**CHASE MANHATTAN BANK, N.A. (THE)**

AMCAP Fund, Inc.  
American Balanced Fund, Inc.  
American Mutual Fund, Inc.  
Bond Fund of America, Inc. (The)  
Bond Portfolio for Endowments, Inc.  
Endowments, Inc.  
Foster & Marshall Growth Fund Inc.  
Growth Fund of America, Inc. (The)  
Income Fund of America, Inc. (The)  
Investment Company of America (The)  
NML One Fund  
New Perspective Fund, Inc.  
RCM Growth Equity Fund, Inc.  
Sentry Fund, Inc.

**CITIBANK, N.A.**

International Investors Incorporated  
Oppenheimer Fund, Inc.  
Oppenheimer Income Fund of Boston, Inc.  
Oppenheimer Special Fund, Inc.

**CONNECTICUT BANK AND TRUST COMPANY (THE)**

Phoenix Fund, Inc.

**FIRST JERSEY NATIONAL BANK**

Fundamental Investors, Inc.  
Merrill Lynch Basic Value Fund, Inc.  
Merrill Lynch Equi Bond I Fund, Inc.

**FIRST NATIONAL BANK OF BOSTON (THE)**

Beacon Growth Fund, Inc.  
Colonial Fund (The)  
Colonial Growth Shares, Inc.  
Colonial High Yield Securities, Inc.  
Colonial Income Fund, Inc.  
Colonial Option Growth Trust  
Colonial Option Income Fund, Inc.  
Colonial Qualified Dividend Trust  
Colonial Tax Managed Trust  
State Mutual Securities, Inc.

**FIRST NATIONAL BANK OF MINNEAPOLIS**

Common Stock Fund of State Bond & Mortgage Co.  
IDS Bond Fund, Inc.  
IDS Mutual Fund, Inc.  
IDS New Dimensions Fund, Inc.  
Investors Selective Fund, Inc.  
Investors Variable Payment Fund, Inc.  
North Star Bond Fund, Inc.  
North Star Regional Fund, Inc.  
North Star Stock Fund, Inc.  
State Bond Diversified Fund  
State Bond & Mortgage Progress Fund

**HARTFORD NATIONAL BANK AND TRUST COMPANY**

Value Line Fund, Inc. (The)  
Value Line Income Fund, Inc. (The)  
Value Line Leveraged Growth Fund, Inc.  
Value Line Special Situations Fund, Inc. (The)

**INVESTORS BANK AND TRUST COMPANY**

Eaton & Howard Balanced Fund  
Eaton & Howard Income Fund  
Eaton & Howard Stock Fund  
Foursquare Fund Inc.  
Planned Investment Fund Inc.  
Savings Bank Investment Fund - Income Series

**MANUFACTURERS HANOVER TRUST COMPANY**

Oppenheimer Directors Fund, Inc.  
Oppenheimer Time Fund, Inc.

**MERCHANTS NATIONAL BANK & TRUST COMPANY OF INDIANAPOLIS**

Unified Accumulation Fund, Inc.  
Unified Growth Fund, Inc.  
Unified Income Fund, Inc.  
Unified Mutual Shares, Inc.

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK**

Lord, Abbett Bond-Debenture Fund, Inc.  
Lord, Abbett Developing Growth Fund, Inc.

**NEW ENGLAND MERCHANTS NATIONAL BANK**

American Dual Vest Fund  
Tudor Hedge Fund

**NORTHWESTERN NATIONAL BANK OF MINNEAPOLIS**

IDS Growth Fund, Inc.

IDS Progressive Fund, Inc.  
Investors Stock Fund, Inc.

**RIGGS NATIONAL BANK OF WASHINGTON, D.C.  
(THE)**

Aetna Income Shares, Inc.  
Aetna Variable Encore Fund, Inc.  
Aetna Variable Fund, Inc.  
Washington Mutual Investors Fund, Inc.

**SHAWMUT BANK OF BOSTON, N.A.**

Directors Capital Fund, Inc.  
Eaton-Vance Tax Managed Trust  
Energy Fund Incorporated  
Evergreen Fund, Inc. (The)  
Evergreen Total Return, Inc. (The)  
Fidelity Contrafund, Inc.  
Fidelity Corporate Bond Fund, Inc.  
Fidelity Fund, Inc.  
Fidelity High Income Fund  
Fidelity Integrity Fund  
Fidelity Maverick Fund  
Fidelity Puritan Fund, Inc.  
Fidelity Qualified Dividend Fund  
Fidelity Standish Fund  
Fidelity Triad Fund  
Gateway Option Income Fund, Inc.  
Good and Bad Times Fund, Inc.  
Guardian Mutual Fund, Inc.  
New York Venture Fund, Inc.  
Partners Fund, Inc. (The)  
Sogen International Fund, Inc.  
Sun Growth Fund, Inc.  
United Services Fund, Inc.  
Venture Income (+) Plus, Inc.

**STATE STREET BANK AND TRUST COMPANY**

American General Capital Bond Fund, Inc.  
American General Convertible Fund  
Chancellor New Decade Growth Fund, Inc.  
Chancellor Tax-Exempt Daily Income Fund, Inc.  
Explorer Fund, Inc.  
Federated Option Income Fund, Inc.  
Fidelity Destiny Fund  
Fidelity Trend Fund, Inc.  
Financial Bond Shares, Inc.  
Financial Dynamics Fund, Inc.  
Financial Industrial Fund, Inc.  
Financial Industrial Income Fund, Inc.  
INA High Yield Fund  
INA Investment Securities, Inc.  
Ivest Fund, Inc.  
Massachusetts Capital Development Fund, Inc.  
Massachusetts Financial Bond Fund, Inc.  
Massachusetts Financial Development Fund, Inc.  
Massachusetts Financial Emerging Growth Trust  
Massachusetts Financial High Income Trust  
Massachusetts Financial International Trust Bond Portfolio  
Massachusetts Income Development Fund, Inc.  
Massachusetts Investors Growth Stock Fund, Inc.  
Massachusetts Investors Trust  
Merrill Lynch Corporate Bond Fund, Inc. (High Income Portfolio)  
Merrill Lynch Corporate Bond Fund, Inc. (High Quality Portfolio)  
Merrill Lynch Corporate Bond Fund, Inc. (Intermediate Term Portfolio)  
Morgan (W.L.) Growth Fund, Inc.  
NEL Income Fund, Inc.  
PAC Development Fund  
PAC Mariner Fund  
Price (T. Rowe) Growth Stock Fund, Inc.  
Price (T. Rowe) New Era Fund, Inc.  
Price (T. Rowe) New Horizons Fund, Inc.  
Price (T. Rowe) New Income Fund, Inc.  
Putnam Convertible Fund, Inc.  
Putnam Duo Fund  
Putnam (George) Fund of Boston (The)  
Putnam Growth Fund (The)  
Putnam High Yield Trust  
Putnam Income Fund, Inc. (The)

Putnam Investors Fund, Inc.  
Putnam Option Income Trust  
Putnam Vista Fund, Inc.  
Putnam Voyager Fund, Inc.  
Qualified Dividend Portfolio I, Inc.  
Qualified Dividend Portfolio II, Inc.  
Scudder Common Stock Fund, Inc.  
Scudder Duo Vest, Inc.  
Scudder Duo Vest Exchange Fund, Inc.  
Scudder Income Fund, Inc.  
Scudder Special Fund, Inc.  
Source Capital Fund  
Trustees' Commingled Equity Fund  
USAA Growth Fund  
USAA Income Fund  
USAA Sunbelt Era Fund  
Vanguard Fixed Income Securities Fund  
Vanguard Index Trust  
Variable Stock Fund, Inc.  
Wellesley Income Fund, Inc.  
Wellington Fund, Inc.

**TEXAS COMMERCE BANK, N.A.**

American National Bond Fund, Inc.  
American National Growth Fund, Inc.  
American National Income Fund, Inc.  
Commerce Income Shares, Inc.  
Current Interest, Inc.  
Industries Trend Fund, Inc. & Pilot Fund Inc.  
Investment Quality Interest, Inc.

**UNITED BANK OF DENVER, N.A.**

Bank Stock Fund, Inc.  
Janus Fund, Inc.  
One Hundred Fund, Inc. (The)  
One Hundred and One Fund, Inc. (The)

**UNITED STATES TRUST COMPANY OF NEW YORK**

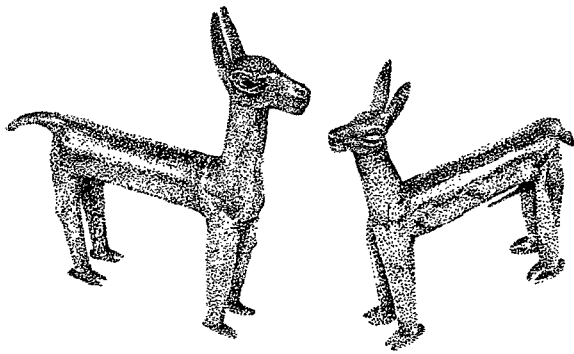
Able Associates Fund  
Foundation Growth Stock Fund, Inc.  
Twentieth Century Investors, Inc.

**Institutions Participating Fully  
in the Institutional Delivery  
(ID) System (547†§)**

A. Sarasin & Cie, Banquiers (Basel, Switzerland)  
Aetna Casualty and Surety Company (The) (Hartford,  
Connecticut)  
Aetna Income Shares Inc. (Hartford, Connecticut)  
Aetna Life Insurance and Annuity Company (Hartford,  
Connecticut)  
Aetna Life Insurance Company (The) (Hartford, Connecticut)  
Aetna Life Insurance - Separate Accounts (Hartford, Connecticut)  
Aetna Variable Encore Fund, Inc. (Hartford, Connecticut)  
Aetna Variable Fund, Inc. (Hartford, Connecticut)  
Affiliated FM Insurance Company (Johnston, Rhode Island)  
Akzona Pension Fund (Asheville, North Carolina)  
Alaska National Bank of the North (Fairbanks, Alaska)  
Alaska Statebank (Anchorage, Alaska)  
American Bank & Trust Company (Monroe, North Carolina)  
American Bank and Trust Co. of Pa. (Reading, Pennsylvania)  
American National Bank of Brunswick (Brunswick, Georgia)  
American National Bank and Trust Company (St. Paul,  
Minnesota)  
American Security Bank, N.A. (Washington, D.C.)  
American Trust Company of Hawaii (Honolulu, Hawaii)  
American United Life Insurance Company - Equity Fund  
(Indianapolis, Indiana)  
AmeriTrust Company (Cleveland, Ohio)  
Amoskeag National Bank & Trust Co. (Manchester,  
New Hampshire)  
Amsterdamsche Crediet - En Handelsbank N.V. (Amsterdam,  
The Netherlands)  
Anderson Banking Company (Anderson, Indiana)

† As of December 31, 1981

§ Includes only those which have given permission for use of their names.

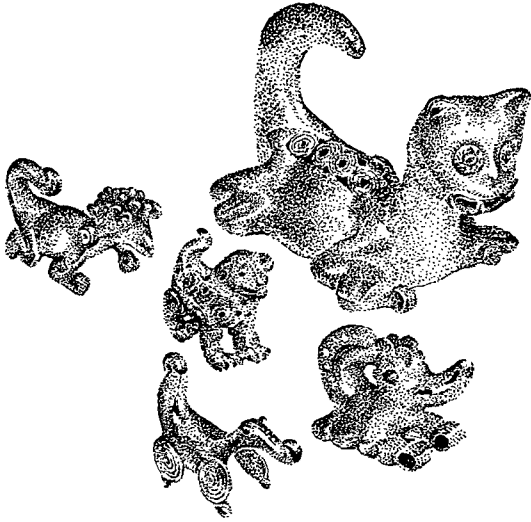


Only a small fraction of the gold work of pre-Columbian America survived the rapacity of the Conquistadors, but what has survived is of exquisite beauty. These 15th-16th Century Peruvian llamas were probably used as offerings to increase the fertility of the herds. Judging by the dates, they were probably among the last examples of the art, since local craftsmen were soon to be deprived of precious materials and forced to turn to stone and other base substances for their future efforts.

Appalachian Insurance Company (Johnston, Rhode Island)  
 Arizona State Retirement System (Phoenix, Arizona)  
 Arlington Trust Company (Lawrence, Massachusetts)  
 Associated Madison Companies, Inc. (New York, New York)  
 Austin National Bank (Austin, Texas)  
 Baldwin & Lyons, Inc. (Indianapolis, Indiana)  
 Banca Del Ceresio (Lugano, Switzerland)  
 Banca Della Svizzera Italiana - A/C IBIS (Lugano, Switzerland)  
 Banca Della Svizzera Italiana - Lugano (Lugano, Switzerland)  
 Banca Della Svizzera Italiana - Zurich (Zurich, Switzerland)  
 BancOhio National Bank - Trust Department (Columbus, Ohio)  
 Bank of A. Levy (Oxnard, California)  
 Bank of Bermuda Ltd. (The) (Hamilton, Bermuda)  
 Bank Cantrade A.G. (Zurich, Switzerland)  
 Bank of Commerce and Trust Company (Lexington, Kentucky)  
 Bank of Delaware (Wilmington, Delaware)  
 Bank & Finance Co., Inc. (Berne, Switzerland)  
 Bank Landau & Kinche AG. (Zurich, Switzerland)  
 Bank In Liechtenstein (Vaduz, Liechtenstein)  
 Bank Mees & Hope NV (Amsterdam, The Netherlands)  
 Bank of N.T. Butterfield & Son, Ltd. (The) (Hamilton, Bermuda)  
 Bank of New Hampshire National Association (Concord, New Hampshire)  
 Bank of New Jersey (The) (Morristown, New Jersey)  
 Bank of New York (The) (New York, New York)  
 Bank of Pennsylvania (Reading, Pennsylvania)  
 Bank of Scotland (Edinburgh, Scotland)  
 Bank of the South N. A. (Atlanta, Georgia)  
 Bank of Tokyo Trust Company (The) (New York, New York)  
 Bank of Virginia Trust Company (Richmond, Virginia)  
 Bank Von Ernst & Cie (Berne, Switzerland)  
 Bankers Trust Company (Directed Accounts) (New York, New York)  
 Bankers Trust Company (Trust Department) (New York, New York)  
 Bankers Trust - Passive Management (New York, New York)  
 Bankers Trust - Personal Securities Services (New York, New York)  
 Bankers Trust of South Carolina (Columbia, South Carolina)  
 Bankhaus Marcard (Hamburg, West Germany)  
 Bankhaus Schneider und Muenzing (Munich, Germany)  
 Banque Bruxelles Lambert S.A. (Brussels, Belgium)  
 Banque Française du Commerce Extérieur (Paris, France)  
 Banque Gutzwiller, Kurz, Bungener S.A. (Geneva, Switzerland)  
 Banque Internationale à Luxembourg (Luxembourg)  
 Banque Keyser Ullman France (Paris, France)  
 Banque Keyser Ullman en Suisse S.A. (Geneva, Switzerland)  
 Banque Leu, Ltd. (Zurich, Switzerland)  
 Banque Louis-Dreyfus (Paris, France)  
 Banque Migros (Geneva, Switzerland)  
 Banque de la Mutuelle Industrielle (Paris, France)

Banque Pariente (Geneva, Switzerland)  
 Banque Privée de Gestion (Paris, France)  
 Banque Privée S.A. (Paris, France)  
 Banque Rothschild (Paris, France)  
 Banque Scandinave en Suisse (Geneva, Switzerland)  
 Banque Vernes et Commerciale de Paris (Paris, France)  
 Banque de L'Union Européenne (Paris, France)  
 Banque Worms (Paris, France)  
 Barnett Banks Trust Company, N.A. (Jacksonville, Florida)  
 Bayerische Vereinsbank International S.A. (Luxembourg)  
 Bellingham National Bank (The) (Bellingham, Washington)  
 Berliner Handels - Und Frankfurter Bank (Frankfurt, West Germany)  
 Bingham, Dana & Gould (Boston, Massachusetts)  
 Birmingham Trust National Bank - Trust Department (Birmingham, Alabama)  
 Bishop Trust Company, Ltd. (Honolulu, Hawaii)  
 Bordier & Cie (Geneva, Switzerland)  
 Boston Safe Deposit and Trust Company (Boston, Massachusetts)  
 Bounty Management Corporation (Boston, Massachusetts)  
 Branch Banking & Trust Company (Wilson, North Carolina)  
 Breisach Pinschoff Schoeller (Vienna, Austria)  
 Brolliet & Cie (Geneva, Switzerland)  
 Brotherhood Bank & Trust Company (Kansas City, Kansas)  
 Buckmaster & Moore Ltd. (London, England)  
 Buffalo Savings Bank (Buffalo, New York)  
 Buffalo Savings Bank - Life Insurance (Buffalo, New York)  
 Bullock Fund (New York, New York)  
 Caisse de Depots et Consignations (Paris, France)  
 California Canadian Bank - Trust Department (San Francisco, California)  
 Cambridge Trust Company (Cambridge, Massachusetts)  
 Canadian Fund (New York, New York)  
 Carolina First National Bank (Lincolnton, North Carolina)  
 Casco Bank & Trust Company (Portland, Maine)  
 Case Western Reserve University/AmeriTrust Company of Cleveland (Cleveland, Ohio)  
 Case Western Reserve University/Central National Bank of Cleveland (Cleveland, Ohio)  
 Case Western Reserve University/National City Bank of Cleveland (Cleveland, Ohio)  
 Center Trust Company of St. Louis (St. Louis, Missouri)  
 Central Bank of Denver (Denver, Colorado)  
 Central Carolina Bank & Trust Company (Durham, North Carolina)  
 Central Fidelity Bank, N.A. (Richmond, Virginia)  
 Century National Bank of Cleveland (Cleveland, Ohio)  
 Chase Manhattan Bank, N.A. (The) (New York, New York)  
 Chase Manhattan Bank (Switzerland) (New York, New York)  
 Chase Manhattan Index Fund (New York, New York)  
 Chemical Bank - Equity Trading (New York, New York)  
 Chemung Canal Trust Company (Elmira, New York)  
 Citibank, N.A. (New York, New York)

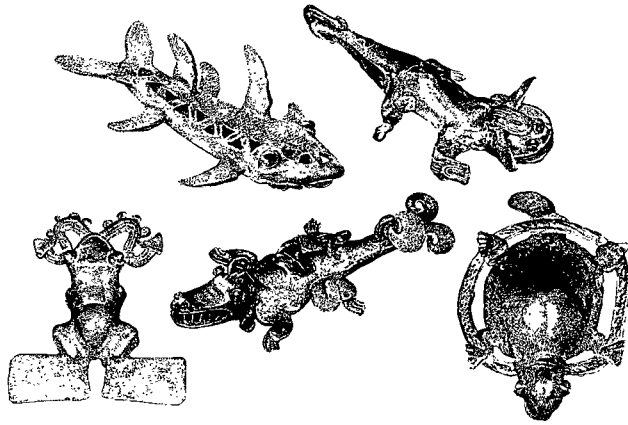
Citibank, N.A. - PPB Security Services (New York, New York)  
 Citizens Fidelity Bank and Trust Company (Louisville, Kentucky)  
 Citizens First National Bank of New Jersey (Ridgewood, New Jersey)  
 Citizens National Bank of Evansville (Evansville, Indiana)  
 Citizens and Southern National Bank (The) (Atlanta, Georgia)  
 Citizens and Southern National Bank of South Carolina (Columbia, South Carolina)  
 Citizens Trust Company (The) (Sheboygan, Wisconsin)  
 City National Bank (Beverly Hills, California)  
 City National Bank (Charlotte, North Carolina)  
 City National Bank in Wichita Falls (Wichita Falls, Texas)  
 City Trust Company - Separate Funds Account (Bridgeport, Connecticut)  
 City Trust Services, N.A. (Elizabeth, New Jersey)  
 Citytrust (Bridgeport, Connecticut)  
 College Retirement Equities Fund (New York, New York)  
 Colorado National Bank (Directed Accounts) (Denver, Colorado)  
 Colorado National Bank (Trust Department) (Denver, Colorado)  
 Columbus Bank and Trust Company - Trust Department (Columbus, Georgia)  
 Commerce Income Shares (Houston, Texas)  
 Commercial Loan Insurance Corp. TF Alaska Director of Insurance Depository Account (Milwaukee, Wisconsin)  
 Condron (J.L.) & Co. (Greenwich, Connecticut)  
 Connecticut National Bank (The) (Bridgeport, Connecticut)  
 Conservest Management Company (Boston, Massachusetts)  
 Continental Bank (Norristown, Pennsylvania)  
 Coutts & Co "Robarts Office" (London, England)  
 Credit Commercial de France (Paris, France)  
 Credit Industriel et Commercial (Paris, France)  
 Crown Agents for Overseas Governments (London, England)  
 Daiwa Bank, Limited (The) (New York, New York)  
 Darier & Cie. (Geneva, Switzerland)  
 Delbrück & Co., Privatbankiers (Cologne, Germany)  
 Den Norske Creditbank (Oslo, Norway)  
 Deseret Trust Company (Salt Lake City, Utah)  
 Dividend Shares Inc. (New York, New York)  
 Durfee Attleboro Bank (Fall River, Massachusetts)  
 Easton National Bank and Trust Company (Easton, Pennsylvania)  
 Edinburgh American Assets Trust Ltd. (Edinburgh, Scotland)  
 Effectenbank-Warburg Aktiengesellschaft (Frankfurt, West Germany)  
 Ellis Bank & Trust Company (Sarasota, Florida)  
 Equibank, N.A. (Pittsburgh, Pennsylvania)  
 Equitable Bank (The) (Baltimore, Maryland)  
 Equitable Life Insurance Co. (New York, New York)  
 Erste oesterreichische Sparkasse (Die) (Vienna, Austria)  
 European Trading Company (London, England)  
 Exchange Bank and Trust Company of Florida (The) (Tampa, Florida)  
 Explorer Fund, Inc. (Valley Forge, Pennsylvania)  
 Farmers Bank of the State of Delaware (Dover, Delaware)  
 Fender Transport Corporation (Geneva, Switzerland)  
 Ferrier, Lullin & Cie S.A. (Geneva, Switzerland)  
 Fidelity Aggressive Equity Trust (Boston, Massachusetts)  
 Fidelity Asset Investment Trust (Boston, Massachusetts)  
 Fidelity Balanced Equity Trust (Boston, Massachusetts)  
 Fidelity Bank (The) (Philadelphia, Pennsylvania)  
 Fidelity Bank Funds Management Clearing (Philadelphia, Pennsylvania)  
 Fidelity Bank Investment Advisory Service (Philadelphia, Pennsylvania)  
 Fidelity Cash Reserves (Boston, Massachusetts)  
 Fidelity Income Managed Equity Trust (Boston, Massachusetts)  
 Fidelity International Equity Trust (Boston, Massachusetts)  
 Fidelity Tax-Exempt Money Market Fund (Boston, Massachusetts)  
 Fidelity Union Trust Company (Newark, New Jersey)  
 Fiduciary Trust Company of Boston (Boston, Massachusetts)  
 Fifth Third Bank (The) (Cincinnati, Ohio)  
 Financial Bond Shares, Inc. (Denver, Colorado)  
 Financial Daily Income Shares, Inc. (Denver, Colorado)  
 Financial Dynamics Fund, Inc. (Denver, Colorado)  
 Financial Industrial Fund, Inc. (Denver, Colorado)  
 Financial Industrial Income Fund, Inc. (Denver, Colorado)  
 First Agricultural Bank (Pittsfield, Massachusetts)  
 First Alabama Bank of Huntsville, N.A. - Trust Department (Huntsville, Alabama)  
 First American Bank, N.A. (Washington, D.C.)  
 First Bank (New Haven, Connecticut)  
 First Bank and Trust Company of Boca Raton, N.A. (Boca Raton, Florida)  
 First Bank and Trust Company of South Bend (South Bend, Indiana)  
 First Charlotte Assets Trust (Edinburgh, Scotland)  
 First City Bank of Dallas (Dallas, Texas)  
 First Eastern Bank N.A. (Wilkes-Barre, Pennsylvania)  
 First Hawaiian Bank (Honolulu, Hawaii)  
 First Index Investment Trust, Inc. (Valley Forge, Pennsylvania)  
 First International Bank in Houston, N.A. (Houston, Texas)  
 First Interstate Bank of Arizona, N.A. (Phoenix, Arizona)  
 First Interstate Bank of Washington - Special Services Account (Seattle, Washington)  
 First Jersey National Bank (Jersey City, New Jersey)  
 First Kentucky Trust Company (The) (Louisville, Kentucky)  
 First Marine Bank and Trust Company (Riviera Beach, Florida)  
 First Marine Bank and Trust Company of The Palm Beaches (Lake Worth, Florida)  
 First & Merchants National Bank (Richmond, Virginia)  
 First National Bank (The) (Dayton, Ohio)  
 First National Bank of Allentown (The) (Allentown, Pennsylvania)  
 First National Bank of Birmingham (Birmingham, Alabama)  
 First National Bank of Boston (The) (Boston, Massachusetts)  
 First National Bank of Colorado Springs (The) (Colorado Springs, Colorado)  
 First National Bank in Dallas (Dallas, Texas)  
 First National Bank of Denver (The) (Denver, Colorado)  
 First National Bank of Florida (Tampa, Florida)  
 First National Bank of Maryland (The) (Baltimore, Maryland)  
 First National Bank of Minneapolis (Minneapolis, Minnesota)  
 First National Bank of Mount Dora (Mount Dora, Florida)  
 First National Bank of New Jersey (Totowa, New Jersey)  
 First National Bank in Palm Beach (Palm Beach, Florida)  
 First National Bank of Peterborough (Peterborough, New Hampshire)  
 First National Bank of Princeton (The) (Princeton, New Jersey)  
 First National Bank of Richmond (The) (Richmond, Indiana)  
 First National Bank of South Carolina (Columbia, South Carolina)  
 First National Bank of Toms River (The) (Toms River, New Jersey)  
 First National Bank of Topeka (The) - Trust Department (Topeka, Kansas)  
 First National Bank and Trust Company of Kalamazoo, Michigan (Kalamazoo, Michigan)  
 First National Bank and Trust Company of Oklahoma City (The) (Oklahoma City, Oklahoma)  
 First National Bank and Trust Company of Racine (Racine, Wisconsin)  
 First National Bank & Trust Company of Stuart (Stuart, Florida)  
 First National Bank of Venice (Venice, Florida)  
 First Safety Fund National Bank (Fitchburg, Massachusetts)  
 First Seneca Bank and Trust Company (Oil City, Pennsylvania)  
 First Trust Company of Saint Paul (St. Paul, Minnesota)  
 First Union National Bank of North Carolina (Charlotte, North Carolina)  
 First United Life Insurance Company (Gary, Indiana)  
 First Valley Bank (Bethlehem, Pennsylvania)  
 First-City National Bank of Binghamton (Binghamton, New York)



These stylized Colombian animals of the 12th-16th Centuries feature a golden jaguar (top) and an anteater (bottom). The other animals, while they suggest a number of familiar forms, are difficult for urban eyes to identify with confidence.

- First-City National Bank of Houston (Houston, Texas)  
 Fisher Controls Company (Marshalltown, Iowa)  
 Flagship Bank of Jacksonville (Jacksonville, Florida)  
 Flagship Bank of Tampa (Tampa, Florida)  
 Flagship National Bank of Miami - Trust Department (Miami, Florida)  
 Floyd County Bank (New Albany, Indiana)  
 Frank Russell Trust Company (Tacoma, Washington)  
 Franklin Management Corp. (Boston, Massachusetts)  
 General Electric Pension Trust (Stamford, Connecticut)  
 General Foods Index Fund/Chase (New York, New York)  
 Genossenschaftliche Zentralbank (Vienna, Austria)  
 Girozentrale und Bank der Österreichischen Sparkassen AG. (Vienna, Austria)  
 Glens Falls National Bank & Trust Company (Glens Falls, New York)  
 Greenwell (W.) & Company (London, England)  
 Guaranty-First Trust Company (Waltham, Massachusetts)  
 Gulf Life Insurance Company (Jacksonville, Florida)  
 Gulfstream Bank, N.A. (Boca Raton, Florida)  
 Gulfstream Bank, N.A. (Fort Lauderdale, Florida)  
 Guyerzeller Zurmont Bank AG. (Zurich, Switzerland)  
 Harleysville Insurance Company (Harleysville, Pennsylvania)  
 Hartford National Bank and Trust Company (Hartford, Connecticut)  
 Hartford Steam Boiler Inspection and Insurance Company (Hartford, Connecticut)  
 Hawaiian Trust Company, Ltd. (Honolulu, Hawaii)  
 Hazelton National Bank (The) (Hazelton, Pennsylvania)  
 Heil & Company (Valley Forge, Pennsylvania)  
 Hensch & Cie (Geneva, Switzerland)  
 Hibernia National Bank (New Orleans, Louisiana)  
 Hill Samuel & Co. Limited (London, England)  
 Home Savings Bank of Upstate New York (Albany, New York)  
 Hottinguer & Cie (Paris, France)  
 Houston National Bank (Houston, Texas)  
 Howard Bank (The) (Burlington, Vermont)  
 Huntington National Bank of Columbus (The) (Columbus, Ohio)  
 IBM Corp. Equity Investments (Armonk, New York)  
 IDS Bond Fund, Inc. (Minneapolis, Minnesota)  
 IDS Discovery Fund, Inc. (Minneapolis, Minnesota)  
 IDS Growth Fund, Inc. (Minneapolis, Minnesota)  
 IDS New Dimensions Fund, Inc. (Minneapolis, Minnesota)  
 IDS Progressive Fund, Inc. (Minneapolis, Minnesota)  
 Idaho Bank & Trust Co. (Pocatello, Idaho)  
 Idaho First National Bank (The) (Boise, Idaho)  
 Indian Head National Bank of Nashua (Nashua, New Hampshire)  
 Indiana National Bank (The) (Indianapolis, Indiana)  
 Indianapolis Life Insurance Company (Indianapolis, Indiana)  
 Industrial National Bank of Rhode Island (Providence, Rhode Island)  
 International Brotherhood of Teamster Chauffeurs, Warehousemen and Helpers of America - Defense Fund (Washington, D.C.)  
 International Brotherhood of Teamster Chauffeurs, Warehousemen and Helpers of America - General Fund (Washington, D.C.)  
 Investment Quality, Inc. (Houston, Texas)  
 Investors Bank and Trust Company - Wright Banks (Boston, Massachusetts)  
 Investor's Mutual, Inc. (Minneapolis, Minnesota)  
 Investors Selective Fund, Inc. (Minneapolis, Minnesota)  
 Investors Stock Fund, Inc. (Minneapolis, Minnesota)  
 Investors Variable Payment Fund, Inc. (Minneapolis, Minnesota)  
 Iowa-Des Moines National Bank (Des Moines, Iowa)  
 Irving Trust Company (New York, New York)  
 Ivest Fund, Inc. (Valley Forge, Pennsylvania)  
 Kaerntner Sparkasse (Klangenfurt, Austria)  
 Key Trust Company (Albany, New York)  
 Laing & Cruickshank (London, England)  
 Landmark First National Bank of Fort Lauderdale (Fort Lauderdale, Florida)  
 Lawrence Prust & Company (London, England)  
 Lee County Bank (Fort Myers, Florida)  
 Liberty Life Assurance Company of Boston (Boston, Massachusetts)  
 Liberty Life Assurance Company of Boston - Separate Account 'A' (Boston, Massachusetts)  
 Liberty Life Assurance Company of Boston - Separate Account 'B' (Boston, Massachusetts)  
 Liberty Mutual Fire Insurance Company (Boston, Massachusetts)  
 Liberty National Bank and Trust Company (Buffalo, New York)  
 Lincoln First Bank, N.A. (Rochester, New York)  
 Lincoln National Bank and Trust Company (Fort Wayne, Indiana)  
 Liquid Green Trust (Indianapolis, Indiana)  
 Lloyds Bank California (Los Angeles, California)  
 Lloyds Bank International (France) Limited (Paris, France)  
 Lloyds Bank International Limited (Geneva, Switzerland)  
 Long Island Trust Company (Garden City, New York)  
 Long Island Trust Company - Trust Department (Garden City, New York)  
 Long Island Trust Company Customers Accounts (Garden City, New York)  
 Los Angeles County Retirement System (Los Angeles, California)

M&I Marshall & Ilsley Bank (Milwaukee, Wisconsin)  
MGIC Assurance General Custody (Milwaukee, Wisconsin)  
MGIC Investment Corp. (Milwaukee, Wisconsin)  
Manufacturers Hanover Trust Company (New York, New York)  
Manufacturers Life Insurance Company (Toronto, Ontario, Canada)  
Manufacturers Life Insurance Company-Investment Management (Toronto, Ontario, Canada)  
Manufacturers National Bank of Detroit (Detroit, Michigan)  
Manufacturers and Traders Trust Company (Buffalo, New York)  
Marine Bank (Erie, Pennsylvania)  
Marine Midland Bank (New York, New York)  
Marine Trust Company, N.A. (The) (Milwaukee, Wisconsin)  
Marquette National Bank of Minneapolis (The) (Minneapolis, Minnesota)  
Maryland National Bank (Baltimore, Maryland)  
Maryland National Bank/Directed (Baltimore, Maryland)  
Maryland State Retirement Systems (Baltimore, Maryland)  
Massachusetts Capital Development Fund, Inc. (Boston, Massachusetts)  
Massachusetts Financial Bond Fund, Inc. (Boston, Massachusetts)  
Massachusetts Financial Development Fund, Inc. (Boston, Massachusetts)  
Massachusetts Financial High Income Trust (Boston, Massachusetts)  
Massachusetts Income Development Fund, Inc. (Boston, Massachusetts)  
Massachusetts Investors Growth Stock Fund, Inc. (Boston, Massachusetts)  
Massachusetts Mutual Life Insurance Company - Equities (Springfield, Massachusetts)  
McDowell National Bank of Sharon (Sharon, Pennsylvania)  
Mechanics Bank of Richmond (The) (Richmond, California)  
Mellon Bank, N.A. (Pittsburgh, Pennsylvania)  
Mercantile Trust Company, National Association (St. Louis, Missouri)  
Mercantile-Safe Deposit and Trust Company (Baltimore, Maryland)  
Merchants National Bank (Manchester, New Hampshire)  
Merchants National Bank of Allentown (The) (Allentown, Pennsylvania)  
Merchants National Bank of Bangor (Bangor, Maine)  
Merchants National Bank of Cedar Rapids (The) - Trust Division (Cedar Rapids, Iowa)  
Merchants National Bank of Terre Haute (Terre Haute, Indiana)  
Merchants National Bank & Trust Company of Indianapolis (Indianapolis, Indiana)  
Merchants National Bank & Trust Company of Indianapolis-Security Custody Department (Indianapolis, Indiana)  
Merchants & Savings Bank (Janetown, Wisconsin)  
Merck, Finck & Company (Dusseldorf, Germany)  
Metro Trust Company (Clayton, Missouri)  
Metropolitan Bank and Trust Company (Tampa, Florida)  
Migros Bank Basel (Basel, Switzerland)  
Migros Bank Zurich (Zurich, Switzerland)  
Monsanto Savings & Investment Plan (St. Louis, Missouri)  
Monthly Income Shares (New York, New York)  
Morgan (W.L.) Growth Fund, Inc. (Valley Forge, Pennsylvania)  
Morgan Guaranty Trust Company of New York (New York, New York)  
Mortgage Guaranty Insurance Corp. (Milwaukee, Wisconsin)  
Mortgage Guaranty Insurance Corp. ITF Alaska Director of Insurance Account (Milwaukee, Wisconsin)  
Mutual Benefit Life Insurance Company (Newark, New Jersey)  
Mutual Security Life Insurance Company (Fort Wayne, Indiana)  
N S & T Bank, N.A. (Washington, D.C.)  
N S & T Bank, N.A./Directed (Washington, D.C.)  
National Bank of Alaska (Anchorage, Alaska)  
National Bank of Commerce (Lincoln, Nebraska)  
National Bank of Detroit - Bank Investment Division (Detroit, Michigan)  
National Bank of Detroit - Trust Investment Department (Detroit, Michigan)  
National Bank of Fairfax (The) (Fairfax, Virginia)  
National Bank of Georgia (Atlanta, Georgia)  
National Bank of Westchester (Rochester, New York)  
National Central Bank (Lancaster, Pennsylvania)  
National City Bank-Trust Department (Cleveland, Ohio)  
National Trust Company (The) (Fort Myers, Florida)  
Nation-Wide Securities Co., Inc. (New York, New York)  
New England Trust Company (Providence, Rhode Island)  
New Jersey Bank, N.A. (Paterson, New Jersey)  
New Jersey National Bank (Trenton, New Jersey)  
New Mexico Educational Retirement Board (Santa Fe, New Mexico)  
New York State Teachers Retirement System (Albany, New York)  
New York Venture Fund, Inc. (New York, New York)  
Nomura Securities International, Inc. (New York, New York)  
North Carolina National Bank (Charlotte, North Carolina)  
Northeast Bank & Trust Company (Bangor, Maine)  
Northeastern Bank of Pennsylvania (Scranton, Pennsylvania)  
Northern Central Bank (Williamsport, Pennsylvania)  
Northwestern Bank (The) (North Wilkesboro, North Carolina)  
Northwestern Bank of Helena-Commercial (Helena, Montana)  
Northwestern Mutual Life Insurance Company (Milwaukee, Wisconsin)  
Northwestern Mutual Life Insurance Company - Bond Fund (Milwaukee, Wisconsin)  
Northwestern Mutual Life Insurance Company-Money Market Fund (Milwaukee, Wisconsin)  
Northwestern Mutual Life Insurance Company-Stock Fund (Milwaukee, Wisconsin)  
Northwestern National Bank of Minneapolis (Minneapolis, Minnesota)  
Oneida National Bank and Trust Company of Central New York (The) (Utica, New York)  
Ontario Municipal Employees Retirement Board (Toronto, Ontario, Canada)  
Pacific National Bank of Nantucket (Nantucket, Massachusetts)  
Paul Revere Equity Management Company (The) (Greenwich, Connecticut)  
Peoples Bank of Lakeland (Lakeland, Florida)  
Peoples Bank & Trust Company (Indianapolis, Indiana)  
People's Savings Bank-Bridgeport (Bridgeport, Connecticut)  
Pictet & Cie. (Geneva, Switzerland)  
Pierson, Heldring & Pierson N.V. (Amsterdam, The Netherlands)  
Pilgrim Management Corporation-Magna Cap Fund, Inc. (Fort Lee, New Jersey)  
Pilgrim Management Corporation - Magna Income Trust (Fort Lee, New Jersey)  
Pilgrim Management Corporation - Pilgrim Fund, Inc. (Fort Lee, New Jersey)  
Pilot Fund (Houston, Texas)  
Pioneer Bank & Trust Company (Chicago, Illinois)  
Plymouth Home National Bank (Brockton, Massachusetts)  
Premco-West Coast (Greenwich, Connecticut)  
Presidential Life Insurance Company (Nyack, New York)  
Protective Insurance Company (Indianapolis, Indiana)  
Provident Life & Accident Insurance (Chattanooga, Tennessee)  
Prudential Insurance Company of America (Newark, New Jersey)  
Public Employees Retirement Association of New Mexico (Santa Fe, New Mexico)  
Purdue National Bank of Lafayette (Lafayette, Indiana)  
Qualified Dividend Portfolio I, Inc. (Valley Forge, Pennsylvania)  
Qualified Dividend Portfolio II, Inc. (Valley Forge, Pennsylvania)  
RCM Growth Equity Fund, Inc. (San Francisco, California)  
Republic National Bank of Dallas (Dallas, Texas)  
Retirement & Family Protection Plan, International Brotherhood of Teamsters (Washington, D.C.)  
Riggs National Bank of Washington, D.C. (The) (Washington, D.C.)  
Rothschild Bank A.G. (Zurich, Switzerland)  
Royal Trust Bank of Miami, N.A. (Miami, Florida)  
St. Paul Fire & Marine Insurance Company Option Account (St. Paul, Minnesota)  
Savings Bank of Central Jersey (Plainfield, New Jersey)  
Schoeller & Co. Bank Aktiengesellschaft (Vienna, Austria)  
Schroeder, Munchmeyer, Hengst & Co. (Frankfurt, Germany)  
Scottish Life Assurance Company (Edinburgh, Scotland)



The golden shark was created in the 14th-15th Century in what was later to become Costa Rica. The gecko, turtle, crocodile and frog are 11th-16th Century figures from what was to become Panama. The frog, in particular, was a fertility symbol in southern Central America.

- Scottish Pensions Annuity Company Ltd. (Edinburgh, Scotland)  
 Seattle Trust & Savings Bank (Seattle, Washington)  
 Second National Bank of Richmond (The) (Richmond, Indiana)  
 Second National Bank & Trust Company (The) (Lexington, Kentucky)  
 Second National Bank of Warren (The) (Warren, Ohio)  
 Security Bank, NA (Billings, Montana)  
 Security Bank and Trust Company (Stroudsburg, Pennsylvania)  
 Security First Bank & Trust Company (Grand Haven, Michigan)  
 Security First National Bank (Sheboygan, Wisconsin)  
 Security Trust Company (Rochester, New York)  
 Security-Peoples Trust Company (Eric, Pennsylvania)  
 Shawmut Bank of Boston, N.A. (Boston, Massachusetts)  
 Shawmut First Bank and Trust Company (Springfield, Massachusetts)  
 Société Bancaire Barclays (Suisse) S.A. (Geneva, Switzerland)  
 South Carolina National Bank-Pension Accounts (Charleston, South Carolina)  
 South Shore Bank (Quincy, Massachusetts)  
 Southeast Banks Trust Company (Miami, Florida)  
 Southeast National Bank of Pennsylvania (The) (West Chester, Pennsylvania)  
 Southern Bank and Trust Company (Greenville, South Carolina)  
 Southern Methodist University Endowment Fund (Dallas, Texas)  
 Southern National Bank of North Carolina (Lumberton, North Carolina)  
 Southern Ohio Bank (Cincinnati, Ohio)  
 Springer Investment and Securities Company, Inc. (Indianapolis, Indiana)  
 State Mutual Life Assurance Company of America (Worcester, Massachusetts)  
 State National Bank of Connecticut (Bridgeport, Connecticut)  
 State National Bank of Maysville (The) (Maysville, Kentucky)  
 State Street Bank and Trust Company (Trust Division) (Boston, Massachusetts)  
 State of Wisconsin Investment Board (Madison, Wisconsin)  
 Stein Roe & Farnham Balanced Fund, Inc. (Chicago, Illinois)  
 Stein Roe & Farnham Stock Fund, Inc. (Chicago, Illinois)  
 Stein Roe Special Fund, Inc. (Chicago, Illinois)  
 Steinroe Bond Fund, Inc. (Chicago, Illinois)  
 Steinroe Tax-Exempt Bond Fund, Inc. (Chicago, Illinois)  
 Steinroe Universe Fund, Inc. (Chicago, Illinois)  
 Strauss Turnbull & Co. (London, England)  
 Summit and Elizabeth Trust Company (Summit, New Jersey)  
 Swiss Bank Corporation-New York Branch (New York, New York)  
 Swiss Volksbank, Geneva (Geneva, Switzerland)  
 Swiss Volksbank, Zurich (Zurich, Switzerland)  
 Teachers Insurance & Annuity Association (New York, New York)  
 Teamsters Affiliates Pension Plan (Washington, D.C.)  
 Terre Haute First National Bank (Terre Haute, Indiana)  
 Texas Commerce Bank, N.A. (Houston, Texas)  
 Texas Commerce Bank, N.A. - Investment Management (Houston, Texas)  
 Third National Bank of Ashland (The) (Ashland, Kentucky)  
 Third National Bank & Trust Company (The) (Dayton, Ohio)  
 Third National Bank and Trust Company of Scranton (Scranton, Pennsylvania)  
 Tompkins County Trust Company (Ithaca, New York)  
 Tracy-Collins Bank and Trust Company (Salt Lake City, Utah)  
 Treasurer of the State of North Carolina (Raleigh, North Carolina)  
 Trust Company Bank (Atlanta, Georgia)  
 Trust Company of Oklahoma (Tulsa, Oklahoma)  
 Trust Company of the West (Los Angeles, California)  
 Trustees' Commingled Equity Fund (Valley Forge, Pennsylvania)  
 Unified Accumulation Fund, Inc. (Indianapolis, Indiana)  
 Unified Growth Fund, Inc. (Indianapolis, Indiana)  
 Unified Income Fund, Inc. (Indianapolis, Indiana)  
 Unified Mutual Shares, Inc. (Indianapolis, Indiana)  
 Union Bank of Switzerland (Basel, Switzerland)  
 Union Bank of Switzerland (Berne, Switzerland)  
 Union Bank of Switzerland (Chiasso, Switzerland)  
 Union Bank of Switzerland (Geneva, Switzerland)  
 Union Bank of Switzerland (Lausanne, Switzerland)  
 Union Bank of Switzerland (Lugano, Switzerland)  
 Union Bank of Switzerland (Zurich, Switzerland)  
 Union Bank and Trust Company of Eastern Pennsylvania (Bethlehem, Pennsylvania)  
 Union National Bank (Lowell, Massachusetts)  
 Union National Bank of Wichita (Wichita, Kansas)  
 Union Trust Company (New Haven, Connecticut)  
 Union Trust Company (Stamford, Connecticut)  
 United Bank of Denver, National Association (Denver, Colorado)  
 United Carolina Bank (Whiteville, North Carolina)  
 United Farm Bureau Family Life Insurance Company (Indianapolis, Indiana)  
 United Jersey Bank (Hackensack, New Jersey)  
 United Penn Bank (Wilkes-Barre, Pennsylvania)  
 United States Fire Insurance Company (The) (Morristown, New Jersey)  
 United States Trust Company of Boston (Boston, Massachusetts)

United States Trust Company of New York (New York, New York)  
 United Virginia Bank (Richmond, Virginia)  
 University of Pennsylvania (Philadelphia, Pennsylvania)  
 University of Rochester (Rochester, New York)  
 Utica National Bank & Trust Company (Tulsa, Oklahoma)  
 Valley Trust Company (Phoenix, Arizona)  
 Value Line Fund, Inc. (New York, New York)  
 Value Line Income Fund, Inc. (New York, New York)  
 Value Line Leverage Growth Fund, Inc. (New York, New York)  
 Value Line Special Situations Fund, Inc. (New York, New York)  
 Venice Nokomis Bank & Trust Company (Venice, Florida)  
 Virginia National Bank (Norfolk, Virginia)  
 Vontobel (J) and Co. Bankiers (Zurich, Switzerland)  
 W. Greenwell & Company (London, England)  
 Wachovia Bank and Trust Company, N.A. (Winston-Salem, North Carolina)  
 Washington State Accident Fund (Olympia, Washington)  
 Washington State Accident Reserve Fund (Olympia, Washington)  
 Washington State Agriculture College Permanent Fund (Olympia, Washington)  
 Washington State Employees Retirement Fund (Olympia, Washington)  
 Washington State Judicial Retirement Fund (Olympia, Washington)  
 Washington State Law Enforcement Officers and Fire Fighters Fund (Olympia, Washington)  
 Washington State Medical Aid Fund (Olympia, Washington)  
 Washington State Normal School Permanent Fund (Olympia, Washington)  
 Washington State Patrol Retirement Fund (Olympia, Washington)  
 Washington State Permanent Common School Fund (Olympia, Washington)  
 Washington State Scientific School Permanent Fund (Olympia, Washington)  
 Washington State Teachers Pension Reserve Fund (Olympia, Washington)  
 Washington State Teachers Pension Reserve Fund/612 (Olympia, Washington)  
 Washington State Teachers Pension Reserve Fund/613 (Olympia, Washington)  
 Washington State Teachers Retirement Fund (Olympia, Washington)  
 Washington State University Permanent Fund (Olympia, Washington)  
 Washington State Volunteer Fireman's Relief and Pension Fund (Olympia, Washington)  
 Wellesley Income Fund, Inc. (Valley Forge, Pennsylvania)  
 Wellington Fund, Inc. (Valley Forge, Pennsylvania)  
 Wells Fargo Bank, National Association (San Francisco, California)  
 Wells Fargo Institutional Trust - Directed (San Francisco, California)  
 Wells Fargo Personal Trust - Directed (San Francisco, California)  
 Westfalenbank Aktiengesellschaft (Bochum, West Germany)  
 Westminster Bond Fund, Inc. (Valley Forge, Pennsylvania)  
 Westminster High Yield Fund, Inc. (Valley Forge, Pennsylvania)  
 Westport Bank & Trust Co. (The) (Westport, Connecticut)  
 Wholesale Door, Inc. - Profit Share Trust (Greenwich, Connecticut)  
 Wilber National Bank (Oneonta, New York)  
 Windsor Fund, Inc. (Valley Forge, Pennsylvania)  
 Winters National Bank and Trust Company (Dayton, Ohio)  
 Worcester County National Bank (Worcester, Massachusetts)  
 Zentralsparkasse und Kommerzbank Wien (Vienna, Austria)

**Investment Managers Participating Fully in the Institutional Delivery (ID) System (103†§)**

Aetna Life & Casualty Co. (The) (Hartford, Connecticut)  
 Alger (Fred) Management, Inc. (New York, New York)  
 Allendale Mutual Life Insurance Company (Johnston, Rhode Island)

Alliance Capital Management Corporation (New York, New York)  
 American Asset Management Co. (New York, New York)  
 American Management Enterprises (New York, New York)  
 American Research & Management Company (New York, New York)  
 AmeriTrust Company (Cleveland, Ohio)  
 Atalanta Capital Corp. (New York, New York)  
 Atlanta Capital Management (Atlanta, Georgia)  
 BA Investment Management Corporation (San Francisco, California)  
 BEA Associates, Inc. (New York, New York)  
 Basle Securities Corp. (New York, New York)  
 Batterymarch Financial Management (Boston, Massachusetts)  
 Bernstein-Macaulay, Inc. (New York, New York)  
 Boston Company (The) (Boston, Massachusetts)  
 Boston Security Counsellors, Inc. (Boston, Massachusetts)  
 Brown Brothers Harriman & Co. (New York, New York & Los Angeles, California)  
 Cannell (Peter B.) & Co., Inc. (New York, New York)  
 Capital Guardian Trust Co. (Los Angeles, California)  
 Carnegie Capital Advisors (New York, New York)  
 Century Capital Associates (New York, New York)  
 Chase Investors Management Corporation New York (New York, New York)  
 Chemical Bank (New York, New York)  
 Citibank, N.A. Investment Advisors (New York, New York)  
 Cole, Yeager & Wood, Inc. (New York, New York)  
 Colonial Management Associates, Inc. (Boston, Massachusetts)  
 Connecticut General Investment Management Company (Hartford, Connecticut)  
 Connecticut Mutual Life Insurance Company (Hartford, Connecticut)  
 Cumberland Advisors, Pty. (Vineland, New Jersey)  
 Delaware Investment Advisors, Inc. (Philadelphia, Pennsylvania)  
 Drexel, Burnham, Lambert Investment Advisors (New York, New York)  
 Eagle Management and Trust Company (Houston, Texas)  
 Endowment Management & Research Corporation (Boston, Massachusetts)  
 Equitable Life Assurance Society of the United States (New York, New York)  
 FMR Investment Management Services, Inc. (Boston, Massachusetts)  
 Fidelity Bank (The) (Philadelphia, Pennsylvania)  
 Fiduciary Trust Company of New York (New York, New York)  
 Financial Trust Company (Englewood, Colorado)  
 First City National Bank of Houston (Houston, Texas)  
 First Interstate Bank of Oregon, N.A. (Portland, Oregon)  
 First Trust Company of Saint Paul (St. Paul, Minnesota)  
 First Wisconsin Trust Company (Milwaukee, Wisconsin)  
 Forstmann-Leff Associates (New York, New York)  
 Fourth National Bank & Trust Company of Wichita (Wichita, Kansas)  
 Funds, Inc. (Houston, Texas)  
 General American Investors Company, Inc. (New York, New York)  
 General Electric Co. Trust Investment Operation (Stamford, Connecticut)  
 Glickenhau & Co. Investment Managers (New York, New York)  
 Grantham, Mayo, Van Oterloo & Co., Inc. (Boston, Massachusetts)  
 Heritage Capital Management (Salem, Massachusetts)  
 Hutton Asset Management (New York, New York)  
 IDS Advisory, Inc. (Minneapolis, Minnesota)  
 Investment Advisors, Inc. (Minneapolis, Minnesota)  
 John Hancock Advisors, Inc. (Boston, Massachusetts)  
 John Hancock Mutual Life Insurance Company (Boston, Massachusetts)  
 Kemper Financial Services, Inc. (Chicago, Illinois)  
 Lehman Management Co., Inc. (New York, New York)  
 Lipton (Thomas J.) Inc. (Englewood, New Jersey)

† As of December 31, 1981

§ Includes only those which have given permission for use of their names.





This figurine vessel was fashioned of gold on the Tiahuanaco Coast, Peru, between the 10th and 13th Centuries. A bird on the manikin's left shoulder is not visible from the angle of this drawing, but the monkey on its back suggests a timeliness all too familiar to modern viewers.

Back cover: When King David first glimpsed Bathsheba bathing, he set in motion a train of events which led to the scene depicted on the front cover of this report. This Norman panel stamping in leather shows the moment when his lust was born; it was part of the cover for the Royal Ordinances of Normandy, published circa 1519. Though the cover is signed Jehan des Jore, it is copied from a metalcut that appeared in Pigouchet's Book of Hours between 1496 and 1502.

Lord, Abnett & Co. (New York, New York)  
 Manufacturers Hanover Trust Company (New York, New York)  
 Massachusetts Financial Services Company (Boston, Massachusetts)  
 Massachusetts Mutual Life Insurance Company (Springfield, Massachusetts)  
 McCowan Associates, Inc. (New York, New York)  
 Mellon Bank, N.A. (Pittsburgh, Pennsylvania)  
 Mercantile Trust Company National Association (St. Louis, Missouri)  
 Merrill Lynch Asset Management (New York, New York)  
 Mitchell Investment Management Co. (Cambridge, Massachusetts)  
 Montag & Caldwell, Inc. (Atlanta, Georgia)  
 Morgan Guaranty Trust Company of New York - Trust & Investment of International Trade (New York, New York)  
 Morgan Stanley Asset Management (New York, New York)  
 Mutual Benefit Life Financial Services Company (Newark, New Jersey)  
 National Investment Services of America, Inc. (Milwaukee, Wisconsin)  
 Neuberger & Berman Pension Management, Inc. (New York, New York)  
 Noddings, Calamos & Associates, Inc. (Chicago, Illinois)  
 Oppenheimer Capital Corporation (New York, New York)  
 Pacific Investment Management Company (Newport Beach, California)  
 Parmelee Management Corporation (New York, New York)  
 Pilgrim Management Corporation (Fort Lee, New Jersey)  
 Price (F. Rowe) Associates, Inc. (Baltimore, Maryland)  
 Putnam Advisory Company, Inc. (The) (Boston, Massachusetts)  
 Reimer & Koger Associates, Inc. (Shawnee Mission, Kansas)  
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 Wheat Advisory, Inc. (Richmond, Virginia)  
 Wright Investors Service (Bridgeport, Connecticut)

DTC is indebted to the following individuals and organizations for much of the material that appears in this Annual Report.

Art Director: Mario Messina. Line Drawings: Mikhail Ivenitsky & Maxim Ivenitsky, New York City. Engraving of the dies for the covers: Eugene Prohaske, Styleart Engraving Co., New York City. Stamping and embossing of covers: Larry Fischer, Fischer-Partelow, Inc., New York City. DTC Photographs: Joyce Fay, New York City

Administrative Coordination: Susan Chase. Typography: Dwight Dixon, Paul Van Antwerp. Mechanical Art: Pat Mulvaney, Mino Hiromura, Eleanor Kyle, Jakarat Veerasarn, Amanda Humphrey. Final Proofing and Administrative Assistance: Daniel Farrell, Bonney Koumjian, Michele Salcedo. Historical Research: Catherine Temerson. Printed by Raleigh Lithograph Corporation, New York City. Bound by Printers Bindery, New York City. Cover Stock by Whitman Products Ltd., West Warwick, Rhode Island. Special thanks to: Dr. Robert S. Bianchi, Associate Curator, Department of Egyptian and Classical Art, The Brooklyn Museum; Torkom Demirjian, Ariadne Galleries; and Murry Abrams, Alan Worth and the many people at DTC who contributed their time and effort to ensuring the accuracy of this report.

Sources of illustrations: GOLD by Johann Willsberger, Doubleday & Company, Inc., 1976 (pp. 1,2,4,12,14,16,19,20,22,25,26,39,40,42,45, 61,66,74,76,78,80); GREAT TREASURES OF THE KREMLIN by David Douglas Duncan, Abbeville Press, 1979 (pp. 6,8); ITALIAN JWELED ARTS by Filippo Rossi, Harry N. Abrams, Inc., 1954 (pp. 28,30,34,36,38,64,68,70,72); TWELVE CENTURIES OF BOOKBINDINGS: 400-1600 by Paul Needham, The Pierpont Morgan Library, Oxford University Press, 1979 (front & rear covers, pp. 11, 33, 53, 62); DTC photographs (pp. 46-52).

