

THE DEPOSITORY TRUST COMPANY 1991 ANNUAL REPORT



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A MESSAGE FROM MANAGEMENT

Greater equity trading and underwriting volumes in 1991, higher securities values, and the depository's growing commercial paper program combined to make year-on-year gains even larger than usual. Results in two key services are noteworthy: Book-entry deliveries reached almost \$14 trillion and securities in custody nearly \$5.5 trillion at yearend.

Foreseeable increases in custody-related services and continuing expense control efforts allowed the depository once more to reduce its schedule of service fees to users. Moreover, with trading-related transactions higher than forecast, DTC was able to make general refunds to users of almost \$21 million in excess revenues.

In most respects during 1991, it was business as usual for the depository — delivering its menu of services to Participants, introducing a host of service improvements, and determining user priorities for service development over the long term. The latter effort was aided by the issuance of one of DTC's periodic *Program Agenda Proposals*, a tool by which management and the Board of Directors establish Participants' preferences for future services.

In the category of business not quite as usual, the depository's book-entry-only commercial paper program — with no certificates available to investors — completed its first full calendar year of operation. After processing \$1.8 trillion in issuances during the year, DTC held commercial paper amounting to \$177 billion at yearend. This was 33% of total estimated commercial paper outstandings, despite restraints during the expansion on the number of eligible issuer programs.

The pages that follow describe the range of DTC services, relate annual service activity and

transaction volumes, and provide other information of interest to those with securities in our custody. We view this report as a document of record, for better or worse, which accounts for its ample supply of numbers.

Let it be recorded also that 1991 was the year in which Conrad F. Ahrens retired at yearend upon reaching the mandatory retirement age of 65. Mr. Ahrens came to DTC in 1979 as President and Chief Operating Officer, after more than 20 years in securities operations and administration at Citibank. From his Citibank post during the early 1970s, he played a key role in the Banking and Securities Industry Committee effort to create DTC and persuade banks to convert to its use. What he contributed to the depository then and thereafter will not soon be forgotten. What his successor as President and Chief Operating Officer, William F. Jaenike, will contribute is readily apparent to all who have known him during his 18 years at DTC.

I know that Mr. Ahrens would wish to join me in concluding with a sincere vote of thanks to the many individuals and industry committees that advise DTC on service development, and to all depository employees who make possible the high level of service to users to which DTC aspires.



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

security issues are now eligible for book-entry and other DTC services.

Another continuing DTC effort has been to reduce paper instructions and reports to and from Participants and to replace them with electronic communications. Beginning with the exchange of magnetic tapes, migrating to dedicated and dial-in telecommunications networks, and then to exchanging data computer-to-computer, each step was designed to help users reduce costs and errors wherever possible. The great bulk of depository services are now accessed and delivered through DTC's Participant Terminal System of almost 1,400 terminals and printers across the country, as well as computer-to-computer interfaces with more than 350 Participants.

Since Participants' customers want several million newly registered certificates each year, DTC has continually sought to make the transfer process more efficient. DTC's role in this process was first spelled out to the industry in 1974: Where possible, DTC would place securities held in its custody with transfer agents under its Fast Automated Securities Transfer (FAST) program; collect and distribute transfer data in automated form, standardizing them to meet agent requirements; and encourage agents to mail new certificates to users' clients directly, with safeguards and necessary reporting to Participants.

Progress along those lines is continuing. As 1991 closed, DTC had almost \$2.4 trillion of securities with FAST agents, received over 99% of Participant transfer instructions in automated form, had 51 transfer agents accepting automated

instructions, comprising about 66% of its transfer volume, and helped make 39% of newly registered certificates from agents available to users' clients by direct mail.

At yearend 1991, the market value of DTC Participant bank and broker assets held at DTC, and held for DTC's account by its depository counterparts in Chicago and Philadelphia, amounted to \$5.43 trillion, 98.6% of the total market value of securities held by all three depositories.

More important, the depository's 548 Participants, acting for themselves and almost 4,700 bank and broker-dealer correspondents and their customers, had immobilized virtually all institutionally owned eligible securities and a rising percentage of retail investor-owned securities in a system that could safely accommodate peak levels of trading volume.

While data for some types of securities are not available, the depository now has in custody for its Participants approximately:

- 74% of the shares of companies represented in the Dow Jones Industrial Average,
- 67% of the shares of all NYSE-listed U.S. companies,
- 46% of the shares of NASDAQ- and 42% of American Stock Exchange-listed U.S. companies,
- 77% of the corporate debt listed on the NYSE, and
- 89% of the principal amount of outstanding municipal bonds.

The nature of DTC's growth can be seen in the table on the following page, which shows activity in selected services at five-year intervals.

**DTC SERVICE GROWTH***

| Average Daily | 1976 | 1981 | 1986 | 1991 |
|---|-------------|-------------|-------------|-------------|
| NYSE shares traded (In millions) | 21.2 | 46.9 | 141.0 | 178.9 |
| NASDAQ shares traded (In millions) | 6.7 | 30.9 | 113.6 | 163.3 |
| AMEX shares traded (In millions) | 2.6 | 5.3 | 11.8 | 13.3 |
| At Yearend | | | | |
| Participants | 258 | 374 | 533 | 548 |
| Eligible issues | 9,870 | 20,459 | 371,921 | 929,166 |
| Market value on deposit (In billions) | \$111 | \$560 | \$2,547 | \$5,458 |
| Total for the Year | | | | |
| Book-entry deliveries | | | | |
| Value (In billions) | \$309 | \$1,650 | \$8,080 | \$13,853 |
| Number (In millions) | 16 | 34.2 | 63.8 | 73.2 |
| Cash dividend & all interest payments | | | | |
| Value (In billions) | \$3.5 | \$27.9 | \$120.7 | \$267.4 |
| Payments to DTC (In thousands) | NA | 35 | 570 | 1,714 |
| Reorganization, redemption, & maturity payment value (In billions) | NA | NA | NA | \$235 |
| Underwritings | | | | |
| Value (In billions) | NA | \$84 | \$382 | \$560 |
| Number | NA | 1,099 | 15,745 | 17,709 |
| Underwritings of book-entry-only issues | | | | |
| Value (In billions) | 0 | 0 | \$7‡ | \$313 |
| Number | 0 | 0 | 131‡ | 10,915 |
| Institutional Delivery system | | | | |
| Users (At yearend) | 158 | 669 | 6,491 | 8,171 |
| Total confirmations (In millions) | .3 | 3.3 | 17.1 | 24.3 |
| Total affirmations (In millions) | .1 | 1.0 | 10.0 | 14.8 |
| Deliveries (In millions) ♦ | .04 | .8 | 7.7 | 10.5 |

* Some figures rounded ‡ Reflects only municipal securities ♦ Scheduled automatic deliveries only



DURING 1991, MERRILL LYNCH, PIERCE, FENNER & SMITH USED PTS AND CCF TO SUBSTITUTE AUTOMATED INQUIRIES FOR WRITTEN INQUIRIES TO DTC FOR ACCOUNT DATA, AND THUS REDUCE COSTS. FROM LEFT ARE ANTHONY MURATORE AND AL HOWELL, BOTH OF MERRILL LYNCH, AND RAYMOND BUDD OF DTC'S RECONCILIATION DEPARTMENT.

OWNERSHIP AND POLICIES

DTTC's governance is carefully framed to reflect the need for objectivity in serving diverse users in the financial community. The right to purchase DTC capital stock is based on a formula that considers each Participant's use of the depository during the preceding calendar year: 80% on fees paid to DTC and 20% on the market value of long securities positions in DTC at the end of each month.

The amount of stock each Participant may purchase is recalculated each year to reflect variations in depository use. Participants may purchase some, all, or none of the stock to which they are entitled, at a price based on the stock's yearend book value.

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

DTC policy prohibits dividend payments to stockholders, since DTC believes that ownership of the depository's stock is not an investment vehicle, but a means for diverse users to encourage its responsiveness to their needs through exercise of their cumulative voting rights to elect Directors.

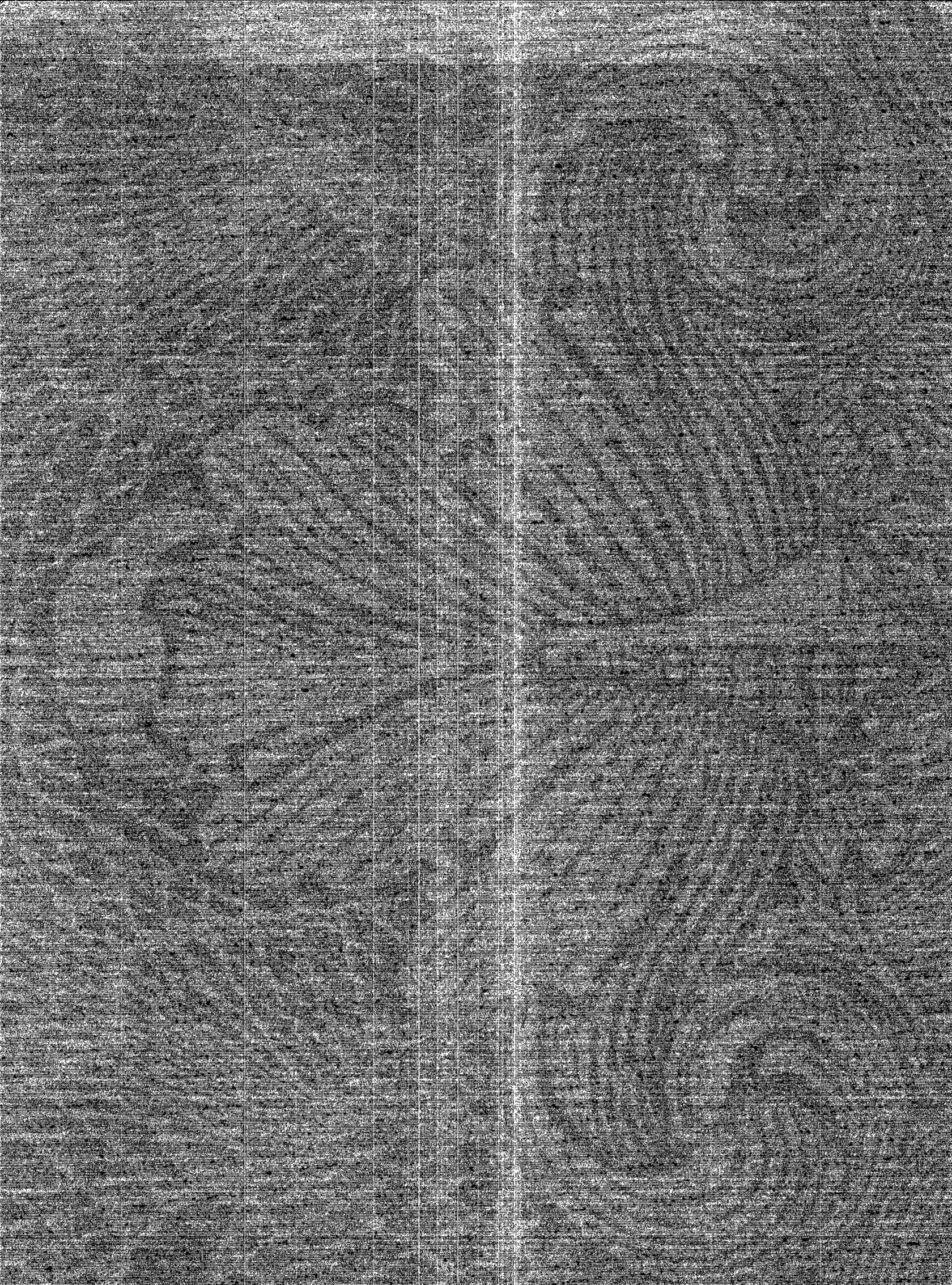
Since DTC stock ownership offers no financial incentive and DTC's operation does not distinguish between stockholder and nonstockholder Participants, many Participants have not exercised their annual entitlements to purchase DTC stock. A

substantial portion of DTC stock available to broker-dealer Participants therefore remains with the New York Stock Exchange, the original owner of the depository's stock, and other self-regulatory organizations that became owners in 1975.

At yearend 1991, after retirement or merger of various stockholders subsequent to the completion of the 1991 stock reallocation, there were 142 DTC stockholders: 50 broker-dealers, 86 banks, and six self-regulatory organizations and clearing agencies. Broker-dealer Participants owned 13.8% of DTC stock, while bank Participants owned 42.3%. Ownership interests of the self-regulatory organizations on behalf of broker-dealer Participants were 34.7% for the New York Stock Exchange, 4.6% for the American Stock Exchange, and 4.6% for the National Association of Securities Dealers. All current stockholders are listed on the final page of this report.

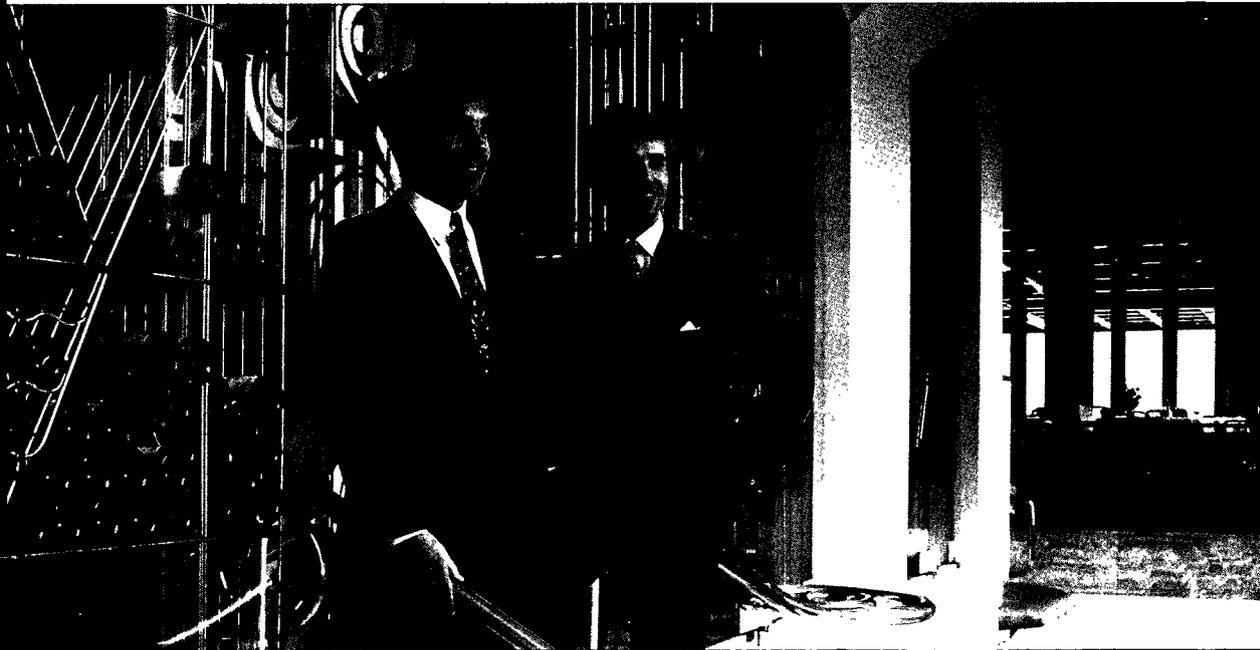
Another basic policy of DTC limits its annual profit, so the depository returns to Participants revenues that the Board determines exceed the funds required for the depository's operation.

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



SERVICES

JACK WIENER (LEFT),
DTC'S ASSOCIATE COUNSEL,
AND THOMAS SEAMAN OF
SHEARMAN & STERLING,
UNDERWRITER'S COUNSEL,
AFTER REVIEWING DTC'S
OPERATIONAL ARRANGE-
MENTS MEMORANDUM,
WHOSE OBSERVANCE AVOIDS
DELAYS OF DEPOSITORY
ELIGIBILITY FOR NEW SECU-
RITIES ISSUES.



DTC's services are briefly described below, followed by selected 1991 depository service volumes.

Deposits

Certificate deposits in eligible issues can be made at DTC or at certain banks and clearing corporation offices elsewhere acting as DTC Depository Facilities. In 1991, 18.3 million certificates were deposited with DTC.

Deliveries

Changes of securities ownership are made by book-entry delivery on DTC's accounting records. They may be made with or without an accompanying money payment and are reported to Participants daily. Deliveries against payment in 1991 were valued at \$13.9 trillion.

Pledges

Securities can be pledged by book-entry on DTC's records to banks and other entities that agree to accept them as collateral. Banks participating in the depository's pledge program at yearend numbered

87. The Federal Reserve Banks of Birmingham, Boston, Kansas City, New York, Philadelphia, Richmond, and St. Louis accept pledges to their DTC accounts from member banks. These pledges are to secure Treasury Tax and Loan accounts and deposits of public money, as well as advances at the discount window and intraday overdrafts. The Options Clearing Corporation (OCC) also accepts pledges to its DTC account. Total pledges outstanding at yearend were \$29.4 billion.

Underwriting Distributions

Underwriters of new and secondary issues distribute them by book-entry against payment, whether or not certificates are available to investors. In 1991, lead managers used DTC to distribute 17,709 new corporate and municipal underwritings valued at \$560 billion.

Custody

This service enables Participants to reduce their costs of handling and safeguarding securities by leaving them with DTC, and to further reduce costs by



using other DTC custody-related services.

Participant securities valued at \$5.5 trillion were held by DTC at yearend.

Dividends and Interest

DTC collects directly from many sources dividend and interest payments for securities in its custody. In 1991, DTC received 1.7 million payments for Participants—nearly 128,000 on peak days—with corporate cash dividends and interest rising to \$205.4 billion and municipal bond interest reaching \$62 billion.

interested customers without withdrawing them from DTC. In 1991, DRS included 368 plans and facilitated reinvestment of \$1.2 billion in dividend distributions.

Change Mode of Payment Service (CMOP)

CMOP allows Participants to change by book-entry the frequency (mode) of dividend payments on securities that permit such changes: unit investment trust (UIT) issues and variable mode preferred stock issues.

At yearend, 8,637 UIT issues were eligible

■
DTC'S LYNN S. BRENNAN
(CENTER) AND SHERYL
KORT, BOTH OF PRO-
DUCT DEVELOPMENT,
REVIEW THE LATEST
DTC PROGRAM AGENDA
WITH DARRYL POPE OF
EDWARD D. JONES & CO.
■

Timeliness of corporate cash dividends and interest payments is high, with 99.5% of funds received on payable date, and 99.8% of their value in same-day funds. DTC receives virtually all municipal bond payments on payable date.

Dividend Reinvestment

When permitted by an issuer's reinvestment plan, the Dividend Reinvestment Service (DRS) allows Participants to reinvest dividends on shares for

(nearly 24,000 CUSIPs) for CMOP, as well as 240 variable mode preferred stock issues (roughly 480 CUSIPs). DTC processed 10,821 instructions in UIT securities and 616 in variable mode preferred stock issues during the year.

Voluntary Offerings

Tender and Exchange Offers: Participants may accept tender and exchange offers for securities in their accounts and deliver them to agents through

DTC. The value of such acceptances in 1991 was \$21.6 billion.

DTC's Automated Tender Offer Program (ATOP) enables Participants to send electronic acceptance instructions on tender and exchange offers over the Participant Terminal System (PTS) for transmission to agents, replacing hard-copy instructions and reducing paper-related risks. ATOP also lets agents review information about the receipt of instructions on an up-to-the-minute basis throughout the offering period. Of the 33,333 Participant instructions received at DTC, 71% were processed through ATOP.

Conversions: Participants can instruct DTC to surrender convertible debt and preferred securities in their accounts to conversion agents by book-entry for same-day credit in the underlying securities, usually common stock. Nearly 280 million shares resulted from these conversions in 1991.

Redemptions

When a security in the depository's custody matures or is called by the issuer, DTC presents it for redemption and pays the proceeds to affected Participants. In 1991, DTC processed redemptions in 108,756 issues for a total dollar value of \$195.6 billion. These figures include 63,300 municipal maturities. In addition, DTC processed 25,853 partial municipal calls and 1,548 partial corporate calls. DTC saw record-breaking call volumes in 1991, receiving nearly 13,000 notices from 840 agents, which generated nearly 43,000 redemptions.

Puts

Put provisions allow holders to obtain payment, on demand, for their securities' principal value on a predetermined number of days notice. DTC's

Repayment Option Procedures let Participants submit put instructions in eligible issues through the depository. Those issues, totaling 5,141 in 1991, include many municipal and corporate issues, mortgage-backed bonds, and floating-rate notes and securities with similar repayment options. Also in 1991, DTC received 21,948 instructions to exercise Participant puts and allocated \$16.4 billion in payments. In addition, DTC processes optional repayments on certificates of deposit (CDs) and rollover instructions on Treasury bills.

Units

Participants can separate units—such as a share and a warrant, or a bond and a put option—into their components, or combine the components into units and deliver them through DTC by book-entry. DTC received 20,546 such instructions in 1991.

Warrant Subscriptions

Warrants for common stock may be exercised by book-entry through DTC. Subscriptions numbering 12,674 in 125 warrant issues were processed in 1991, resulting in the issuance of 232 million shares.

Options

Over 200 banks and broker-dealers used DTC to deposit securities to satisfy OCC margin or clearing fund requirements in 1991. The value of these "pledged" securities totaled \$7 billion at yearend.

Through the Third-Party Pledge System, banks may pledge securities on deposit at DTC to OCC for broker-dealers to satisfy OCC requirements for call option writers. The system also allows a put



option writer to instruct its bank to move Treasury bill positions to the depository and pledge them to OCC for the account of the OCC clearing member carrying the writer's short position, reducing the clearing member's margin requirements.

Withdrawals

Certificates can be withdrawn from the depository in three ways:

Withdrawals-by-Transfer (WTs): When a Participant's customer wants a certificate registered in a particular name, DTC arranges with the transfer agent for the certificate's issuance. In 1991, 5.3 million new certificates were created this way. Depending on the issue, its agent, and the agent's location, newly registered certificates are generally available one to two weeks after DTC has received instructions for these routine transfers.

Urgent COD Withdrawals: Participants can obtain certificates quickly or "on demand" in certain issues. Urgent certificates-on-demand (CODs) are available in full-Fast Automated Securities Transfer (*FAST*) securities and all municipal bond issues.

The Rush Withdrawal-by-Transfer (RWT) Service: RWT enables DTC to speed the processing of Participants' transfers when certificates are needed urgently and CODs are unavailable.

DTC gradually eliminated urgent COD withdrawals in corporate debt and equity securities not transferred by full-*FAST* agents since certificates were no longer widely needed by Participants to complete deliveries-versus-payment (DVPs) outside a securities depository. Urgent needs for such securities are now handled through RWT.

To use RWT, Participants send rush transfer registration instructions to DTC over *PTS*. If the issue is RWT-eligible, the transfer agent receives

these instructions from DTC the next day. After rush reregistration by the agent and retrieval by DTC, the depository notifies Participants that the securities are available.

Securities can be withdrawn quickly through the service because RWT instructions are segregated for priority treatment by DTC and the agent, and an overnight express courier is used between DTC and agents outside of New York City. Securities are generally available within two days if the agent is located in New York City and within three if it is outside New York City.

Fast Automated Securities Transfer (FAST)

Through *FAST*, DTC reduces certificate movement by leaving a quantity of securities with transfer agents as balance certificates registered in its nominee name, Cede & Co. Balance certificates are adjusted daily for DTC deposit and withdrawal activity.

Agents can participate in the WT portion of the program only, or they can also handle urgent COD withdrawals by taking part in the full-*FAST* program.

Direct-Mail Service

For WTs, Participants can speed newly registered certificates to customers or third parties by having transfer agents and DTC mail them directly, instead of returning them to Participant offices for mailing. Over two million certificates were handled this way in 1991.

When agents mail certificates, DTC first receives registration information from Participants by automated means, reformats it if needed, and forwards it to agents in machine-readable form. The agents issue certificates and return transaction details to DTC for its records and for reporting to



■
ELLIOT SWYGERT, OF
DTC'S SETTLEMENT
DEPARTMENT, AND
CAROL O'BRIEN, OF THE
INTERFACE DEPARTMENT,
DISCUSS THE RECORD
\$13.9 TRILLION IN BOOK-
ENTRY DELIVERIES MADE
THROUGH DTC IN 1991.
■

Participants. When a Participant wishes transferred certificates mailed, DTC assumes the responsibility whenever transfer agents do not provide direct mail service.

Training

The depository's training programs, given at DTC and Participant sites, help Participants use automation to communicate with DTC in the most cost-effective way possible. In 1991, 3,150 employees, representing 285 Participants, were instructed in the use of DTC's Next-Day and Same-Day Funds Settlement systems, *PTS*, and Participant Operating Procedures (POP). A catalog describing these programs is available.

Also, Participants can have their *PTS* and POP questions answered directly by calling (212) 709-1135 (in New York State) or (800) 545-1276 (outside New York State).

Developments in '91

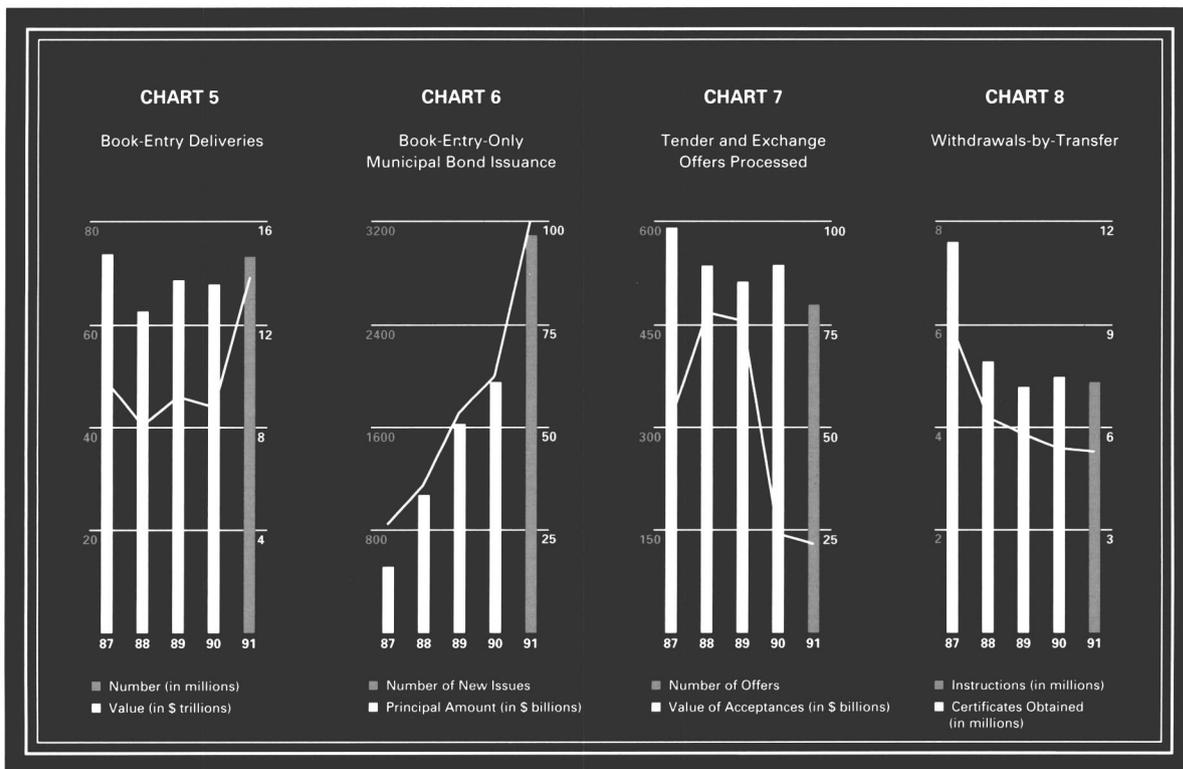
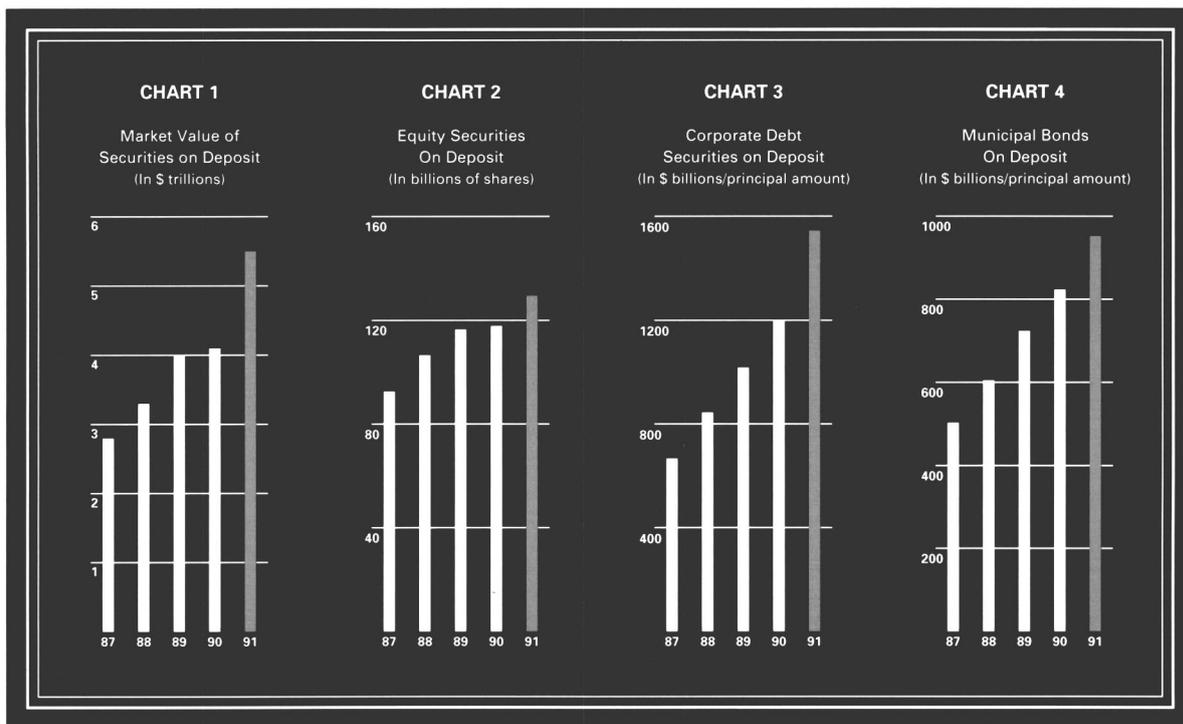
■ Underwriters distributed through DTC nearly \$240 billion in corporate debt and equity issues, and \$203 billion in new municipal issues. Equity

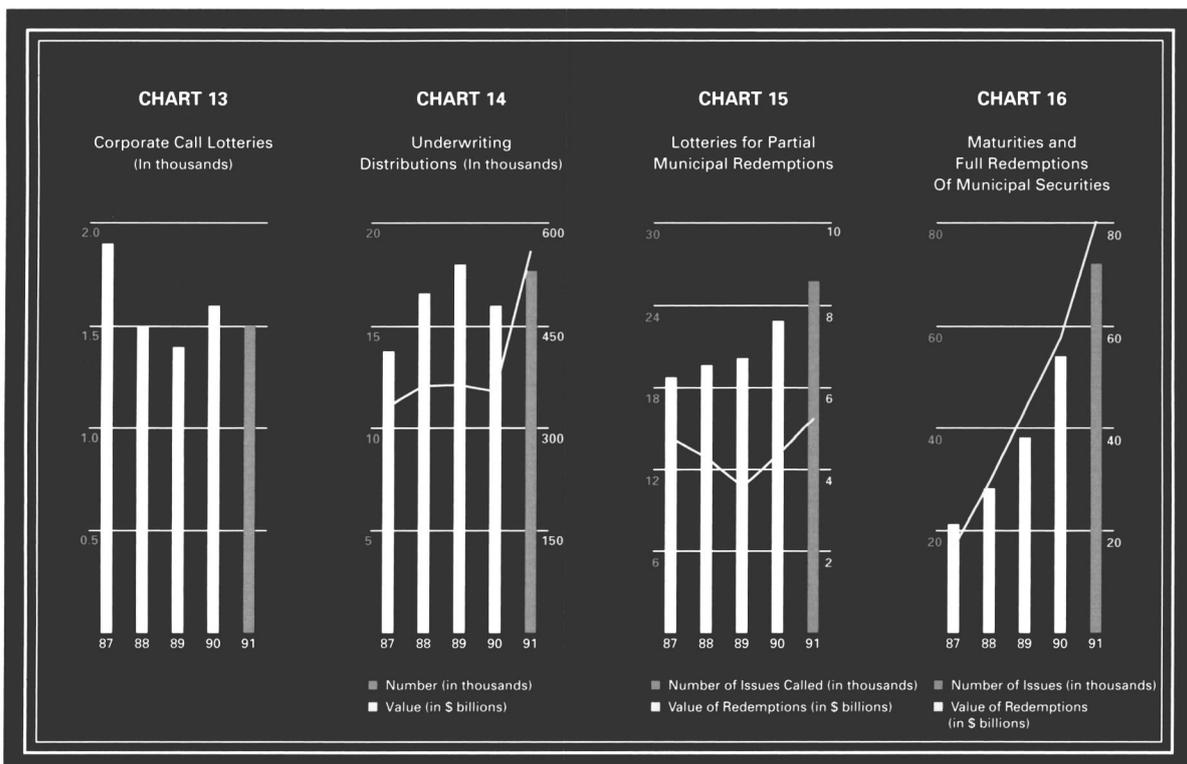
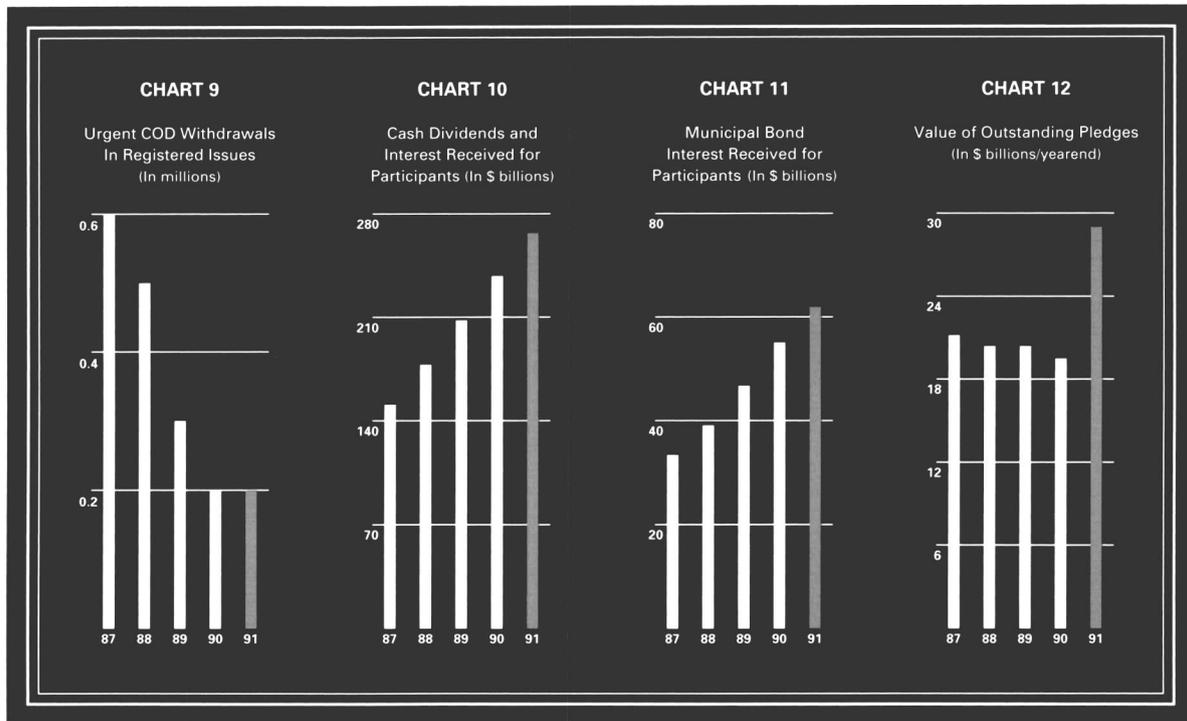
underwritings rose 50% in number to 1,505 with a value at issuance of \$75.5 billion. In addition, underwritings of asset-backed and mortgage-backed securities amounted to \$50 billion and \$38 billion, respectively. Total underwriting distributions through DTC for the year were valued at \$560 billion.

- The largest rights offering processed through DTC —\$2.3 billion—occurred in August, when Participants exercised 83% of the 34.5 million Time Warner Inc. rights through DTC's Warrants Exercise Program. The rights were then delivered to agents by book-entry. Issues with step-up and oversubscription privileges cannot yet be handled by DTC; the depository is circulating for comment a plan for a comprehensive rights exercise system to include these.
- Participants began sending put bond instructions to DTC over *PTS*, marking the end of strictly paper processing for most kinds of put exercises.
- The liquidation and closing of Columbia Savings and Loan Association, which had issued DTC-eligible certificates of deposit, resulted in DTC's

SELECTED SERVICES STATISTICS

| Deposits | 1991 | 1990 | Redemptions (NDFS and SDFS) | 1991 | 1990 |
|--|-------------|-------------|--|-------------|-------------|
| Daily Average Certificates For Registered Securities | 59,500 | 62,500 | Full Calls and Maturities | 81,355 | 63,123 |
| Total Registered Certificates (In millions) | 15.1 | 15.8 | Municipal Partial Calls | 25,853 | 22,920 |
| Daily Average Certificates For Bearer Securities | 12,800 | 20,200 | Corporate Partial Calls | 1,548 | 1,560 |
| Total Bearer Certificates (In millions) | 3.2 | 5.1 | | | |
| | | | Puts | | |
| Deliveries | | | Eligible Issues | 5,141 | 4,059 |
| Number (In millions) | 73.2 | 67.9 | Instructions to Exercise | 21,948 | 19,375 |
| Value (In \$ trillions) | 13.9 | 8.8 | Total Value of Allocations (In \$ billions) | 16.4 | 15.2 |
| | | | | | |
| Pledges (In \$ billions) | | | Units | | |
| To Banks | 15.9 | 9.5 | Eligible Issues | 619 | 699 |
| To Options Clearing Corporation | 7.0 | 5.6 | Instructions to Combine | 4,999 | 5,205 |
| To Federal Reserve District Banks | 6.5 | 4.4 | Instructions to Separate | 15,547 | 11,584 |
| Total | 29.4 | 19.5 | | | |
| | | | Warrant Subscriptions | | |
| Custody | | | Eligible Issues | 125 | 135 |
| Securities on Deposit (In \$ trillions) | 5.5 | 4.1 | Subscriptions Processed | 12,674 | 2,889 |
| | | | Resulting Shares (In millions) | 232 | 60 |
| Dividends and Interest | | | | | |
| Number of Payments Received (In millions) | 1.71 | 1.51 | Certificate Withdrawals | | |
| Number of Paying Agents | 2,610 | 2,611 | Daily Average | | |
| Total Corporate Cash Dividends and Interest (In \$ billions) | 205.4 | 183.2 | Withdrawals-by-Transfer | 19,100 | 19,600 |
| Total Municipal Bond Interest (In \$ billions) | 62.0 | 55.0 | Total New Registered Certificates (In millions) | 5.3 | 5.4 |
| Total Stock Dividends (In billions of shares) | 3.8 | 4.9 | Daily Average | | |
| | | | Certificates-on-Demand For Registered Securities | 740 | 840 |
| Change Mode of Payment Instructions | | | Total Certificates Withdrawn | 214,000 | 255,000 |
| In UIT Securities | 10,821 | 10,689 | Daily Average | | |
| In Variable Mode Preferred Stock Issues | 616 | 930 | Certificates-on-Demand For Bearer Securities | 541 | 760 |
| | | | Total Certificates Withdrawn (In millions) | .8 | 1.02 |
| Tender and Exchange Offers | | | Total Certificates Withdrawn through RWT Service | 25,000 | 26,500 |
| Offers Processed and Allocated | 480 | 537 | | | |
| Agents Involved | 76 | 79 | Direct Mail Service | | |
| Value of Acceptances (In \$ billions) | 21.6 | 24.1 | Number of Participants | 119 | 108 |
| | | | Participating Transfer Agents | 18 | 16 |
| Conversions | | | Certificates Mailed by Agents | 871,623 | 720,005 |
| Eligible Issues | 513 | 468 | Certificates Mailed by DTC | 1,209,443 | 1,221,999 |
| Number of Resulting Shares (In millions) | 279.6 | 187 | Total Certificates Mailed | 2,081,066 | 1,942,004 |
| | | | % of All WT Certificates Sent by Direct Mail | 39 | 36 |

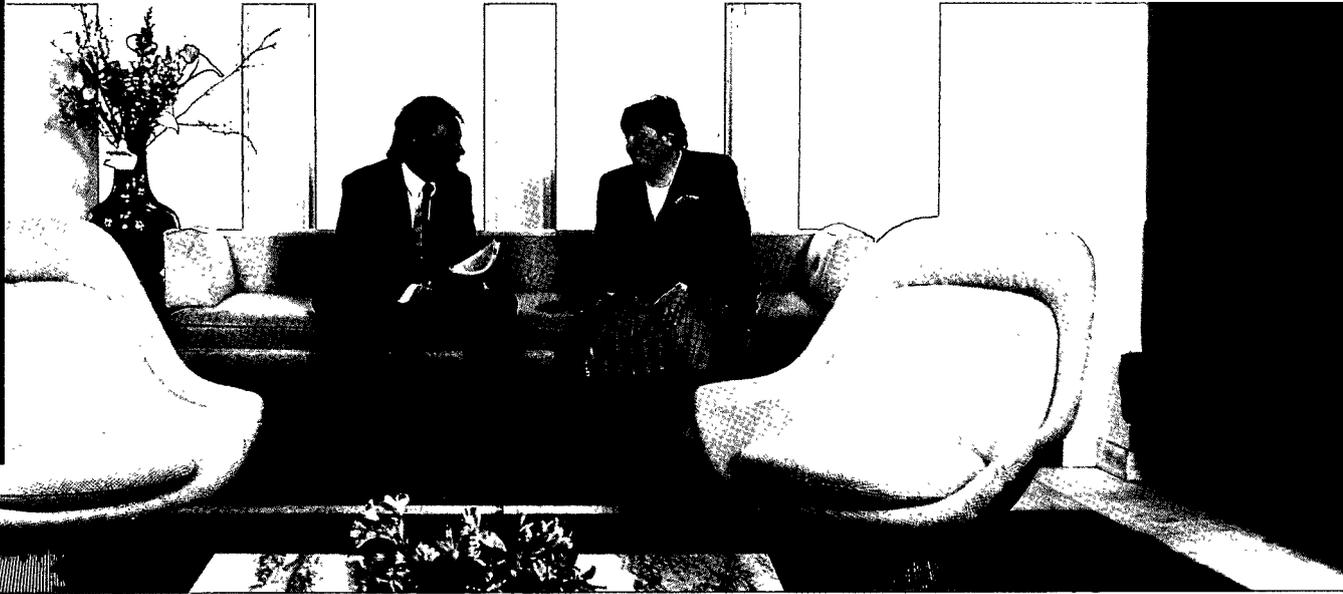






ELIGIBLE ISSUES

DAVID PUNIER, FLEET/
NORSTAR SYNDICATE
COORDINATOR, DISCUSSES
THE DISTRIBUTION OF A
SMALL MUNICIPAL ISSUE
THROUGH DTC WITH
ROBYN BRANDOW, OF
DTC'S UNDERWRITING
DEPARTMENT.



In large part, DTC's usefulness to its Participants can be measured by the number of issues made eligible for depository services.

DTC first made eligible listed equities, followed by over-the-counter (OTC) equities and listed and unlisted corporate debt. In 1981, DTC launched a broad municipal securities program, making bearer municipal bonds eligible for depository services. And six years later, with the beginning of DTC's Same-Day Funds Settlement system, certain securities settling in same-day funds became eligible.

During 1991, approximately 246,000 issues became DTC-eligible, lifting the total number to more than 929,000 by yearend—a net gain of 12% over 1990. Of that gain, 100,600 were serial or term issues of municipal bonds distributed through the depository. And of the newly eligible issues, 59,000 were securities that settle in same-day funds, many of them issuances during the first full calendar year of DTC's commercial paper program.

New-Issue Eligibility

DTC's Operational Arrangements for Issue Eligibility

memorandum outlines criteria necessary to ensure a new issue's eligibility for depository services. The arrangements, which include observance of Securities and Exchange Commission-endorsed municipal bond call notification standards, aim to maximize the number of eligible issues while maintaining orderly processing and ensuring timely dividend, interest, principal, and redemption payments. DTC often helps investment bankers and their legal and operations staffs apply the arrangements to new issues during structuring, whether certificates are available to investors or an issue is in book-entry-only form.

Voting Rights

Registration of deposited securities in DTC's Cede & Co. nominee name enables DTC to:

- promptly determine whether certificates are transferable;
- permit retransfer of certificates quickly and simply, when necessary;
- ensure receipt of dividends, distributions, and voting rights to the depository for their allocation



MUNICIPAL SECURITIES PROGRAM

■
 DTC SENIOR VICE
 PRESIDENT DONALD F.
 DONAHUE (LEFT) AND
 HAROLD L. JOHNSON OF
 THE MUNICIPAL SECURITIES
 RULEMAKING BOARD
 TAKE NOTE OF THE DTC
 MUNICIPAL SECURITIES
 PROGRAM'S 10TH
 ANNIVERSARY, WHICH
 OCCURRED LAST YEAR.
 ■

With 1991 marking the 10th anniversary of DTC's Municipal Bond Program, issuers, their underwriters, and other Participants are well aware of the advantages of using the depository for distribution and safekeeping of municipal securities. Of the \$217 billion total principal amount of municipal securities issued in the U.S. during 1991, 94%—or \$203 billion—was distributed through DTC's program. And for the first time, over \$1 trillion in principal amount of municipal securities was on deposit at DTC at yearend, 17% above 1990's total.

Bonds

New municipal bond issues distributed through DTC in 1991 numbered 7,690 (100,616 CUSIPs), with a principal amount of \$159.6 billion. According to data from the Public Securities Association (PSA) and other sources, they represented 78% of all new, long-term bond issues and 93% of their principal amount.

In addition to the usual benefits of depository services, use of DTC is of special value because of bond redemptions—particularly partial calls—since

DTC custody reduces or eliminates problems and losses arising from delayed or missed call notifications.

Full and partial call volumes increased to monthly record levels in 1991, especially toward yearend. For the year, DTC received nearly 13,000 call notices from 840 agents, which generated nearly 43,000 redemptions. DTC promotes active agent adherence to the Securities and Exchange Commission-endorsed municipal bond call-processing standards, and conditions new issue eligibility on the agent's or trustee's willingness to comply with them to the extent within its control.

Notes

DTC's Municipal Note Program, which uses the Same-Day Funds Settlement (SDFS) system, attracts issues of all sizes nationwide. For example, in 1991 the issue roster included distributions as small as \$50,000 of Town of Nantucket, Massachusetts, Temporary Loan Notes, and as large as \$3.9 billion of State of New York Tax and Revenue Anticipation Notes.

Issues numbering 1,181 with a total par value

of \$34.3 billion were distributed through DTC's Municipal Note Program in 1991. These represented 34.5% of all such issues last year and 80.3% of their par value, based on PSA figures.

VRDOs

Variable-rate demand obligations became eligible for DTC's Municipal Securities Program in SDFS during 1988, with 22 issues made eligible and distributed through the system, for a total principal amount of \$400 million. In 1991, 230 VRDO issues, totaling \$6.7 billion, were distributed through SDFS. Municipal note and VRDO activity is also found in the "Same-Day Funds Settlement System" section, page 22.

Book-Entry-Only Issues

New municipal issues distributed through DTC in book-entry-only (BEO) form, with no certificates available to investors, reduce underwriting and ongoing costs to issuers. These securities are reported in the table on this page and in the section on "Securities in Book-Entry-Only Form," page 26.

Exchange of Bearer Certificates

DTC's municipal bearer bond exchange program continues, with 2.5 million certificates exchanged in 1991. Here, DTC generally surrenders to exchange agents batches of bearer interchangeable certificates for conversion into a "jumbo" registered certificate. Over the years, DTC has converted 19.8 million bearer certificates, at an estimated annual savings in handling, storage, and other costs of 77 cents per certificate. In addition to these savings for Participants, registered certificates offer better call notification, better interest payment collection, no risk of coupon theft or loss, and reduced risk of theft or loss of easily negotiable certificates.

| SELECTED DTC MUNICIPAL STATISTICS | | |
|--|-------------|-------------|
| | 1991 | 1990 |
| Bonds | | |
| Eligible Issues | | |
| (By CUSIP) | 827,170 | 731,749 |
| Principal Amount on | | |
| Deposit (In \$ billions) | 953.2 | 824.2 |
| Underwritings Distributed | | |
| Through DTC | 7,690 | 5,961 |
| % BEO | 40 | 33 |
| Total Principal Amount | | |
| (In \$ billions) | 159.6 | 116.4 |
| % BEO | 63 | 54 |
| Daily Average Book- | | |
| Entry Deliveries | 15,000 | 14,300 |
| Partially Called Issues | | |
| With Lotteries | 25,808 | 22,920 |
| Resulting Call Proceeds | | |
| (In \$ billions) | 5.3 | 4.4 |
| Coupons Cut (In millions) | 36.7 | 40.8 |
| | | |
| Notes | | |
| Eligible Issues | | |
| (By CUSIP) | 1,222 | 728 |
| Principal Amount on | | |
| Deposit (In \$ billions) | 28.1 | 22.2 |
| Issues Distributed | | |
| (By CUSIP) | 1,338 | 704 |
| % BEO | 87 | 80 |
| Total Principal Amount | | |
| (In \$ billions) | 34.3 | 27.2 |
| % BEO | 95 | 94 |
| | | |
| VRDOs | | |
| Eligible Issues | | |
| (By CUSIP) | 2,135 | 1,036 |
| Principal Amount | | |
| On Deposit | | |
| (In \$ billions) | 29.5 | 14.1 |
| Issues Distributed | | |
| (By CUSIP) | 316 | 155 |
| % BEO | 90 | 79 |
| Total Principal Amount | | |
| (In \$ billions) | 6.7 | 3.1 |
| % BEO | 93 | 84 |

permits issuers to match the funding of assets and liabilities.

During 1989, the first full year DTC had made MTNs eligible, 136 MTN issuers had 2,003 issuances distributed through the depository, for a total distribution value of \$15.6 billion. In 1991, the number of issuers climbed to 368. These had 7,531 issuances distributed through DTC for a total distribution value of \$66.5 billion.

Participants also continued to either wholly or partially distribute book-entry-only (BEO) global securities issues through DTC in 1991. Most of these issues settled in same-day funds. DTC processed a total of 60 new global issues in 1991, all with no certificates available to U.S. investors, compared with 13 in 1990. These BEO global securities are also eligible for settlement at the international depositories Cedel and Euroclear.

| SELECTED SDFs STATISTICS | | |
|---|-------------|-------------|
| Growth (yearend figures) | 1991 | 1990 |
| Direct Participants | 212 | 200 |
| Total Direct Accounts | 430 | 386 |
| Indirect Participants | 173 | 183 |
| Settling Banks | 93 | 86 |
| Eligible Issues (CUSIPs) | 33,383 | 17,675 |
| Principal Amount On Deposit (In \$ billions) | 779.6 | 432.2 |
| Value of Transactions Settled (In \$ billions) | 6,955.5 | 960.1 |
| Underwritings* Principal Amount* (In \$ billions) | 4,627 | 1,659 |
| | 180.7 | 103.2 |

* Does not include medium-term notes, commercial paper, and certain insured municipal and corporate bonds.

| ELIGIBLE ISSUES BY SECURITY TYPE* | | |
|--|----------------------------|--|
| | Issues (CUSIPs) | Principal Amount On Deposit** |
| Asset-Backed | | |
| Securities | 298 | 93.6 |
| Auction-Rate and Tender-Rate Preferred | | |
| Stock and Notes | 731 | 27.1 |
| Collateralized | | |
| Mortgage Obligations | 4,070 | 165.3 |
| Commercial Paper | 6,248 | 176.5 |
| Corporate Bonds | 219 | 39.5 |
| Corporate and Municipal Variable-Mode Obligations | 60 | 1.5 |
| Discount Notes | 2 | .1 |
| Government Agency Securities | 789 | 23.0 |
| Government Trust Certificates | 326 | 14.6 |
| Medium-Term Notes | 12,660 | 106.2 |
| Municipal Bonds | 159 | .7 |
| Municipal Notes | 1,222 | 28.1 |
| Retail Certificates Of Deposit | 1,726 | 7.2 |
| Variable-Rate Demand Obligations | 2,135 | 29.5 |
| Zero Coupon Bonds | 2,738 | 66.7 |

* As of December 31, 1991 ** In \$ billions



COMMERCIAL PAPER PROGRAM

THE DTC PLANNING DEPARTMENT'S JAMES V. REILLY (RIGHT) AND JOYCE E. ROSEN CONSULT WITH MARK HANDSMAN, CHAIRMAN OF THE PUBLIC SECURITIES ASSOCIATION'S MONEY MARKET SUBCOMMITTEE, WHICH ADVISES DTC ON ITS COMMERCIAL PAPER AND OTHER MONEY MARKET PROGRAMS.

Following approval by the Federal Reserve System and the Securities and Exchange Commission, DTC's commercial paper (CP) program began in October 1990, with six issuing/paying agent (IPA) banks and four dealers participating in 13 programs of 11 issuers.

DTC's planned gradual expansion of the CP program continued in 1991. Despite deliberate growth constraints, the number of participating IPA banks climbed to 16 by yearend, the number of dealers reached 30, and 471 programs of 437 issuers were eligible. In addition, a total of \$1.8 trillion—33% of the estimated current CP “universe”—was on deposit at DTC (see table).

Commercial paper is unsecured short-term promissory notes typically issued by leading U.S. corporations to reduce their financing costs, though issuers can also be non-U.S., municipal, or marginally creditworthy.

CP eligible for DTC's program is generally rated in one of the top two ratings categories by at least one of the largest ratings agencies. It is issued in

book-entry-only form, with no certificates available to investors, and settles in DTC's Same-Day Funds Settlement system. Thirteen direct issuers began issuing their commercial paper through DTC in 1991; in 1990, all DTC-eligible CP programs had dealers. Among the first and largest direct issuers were Exxon and General Motors Acceptance Corporation. (A list of DTC-eligible CP programs and their IPA banks and dealers appears in DTC's monthly *SDFS Eligible Securities* book.)

DTC's program is designed for rapid-fire, “hands-off,” electronic CP issuance and settlement. The process starts when an issuer, or dealer on behalf of an issuer, describes the commercial paper to be issued and delivered via computer to the issuer's IPA. The IPA's computer edits, adds to, and reformats this description, and communicates it to DTC's computer.

Once DTC's computer takes over, it interacts with the dealer's and custodian bank's computers to arrange delivery and settlement. As an alternative to direct computer-to-computer links, IPAs, dealers,

and custodians may communicate with DTC over the Participant Terminal System.

DTC sweeps maturing CP from Participant accounts and initiates book-entry deliveries versus payment to paying agent Participant accounts on maturity date for inclusion in that day's settlement.

DEALERS USING DTC'S CP PROGRAM *

- BT Securities Corporation
- Bank of America National Trust and Savings Association
- Barclays de Zoete Wedd Securities
- Bear, Stearns & Co., Inc.
- Chase Securities, Inc.
- Chemical Bank
- Citicorp Securities Markets, Inc.
- Continental Bank, N.A.
- Daiwa Securities America Inc.
- The First Boston Corporation
- First Interstate Bank of California
- First National Bank of Chicago
- Goldman Sachs Money Markets, L.P.
- Industrial Bank of Japan, Ltd.
- Kidder, Peabody & Co. Incorporated
- Lehman Brothers
- Merrill Lynch, Pierce, Fenner & Smith Incorporated
- Mitsubishi Bank
- J.P. Morgan Securities Inc.
- Morgan Stanley & Co. Incorporated
- Nikko Securities Co. International, Inc.
- Nomura Securities International, Inc.
- Paine Webber Incorporated
- RBC Dominion Securities Corporation
- Societe Generale Securities Corp.
- Swiss Bank Corporation, New York Branch
- Toronto-Dominion Securities, USA, Inc.
- Wood Gundy, Inc.
- Yamaichi International (America), Inc.
- Zions First National Bank

* As of December 31, 1991

SELECTED COMMERCIAL PAPER PROGRAM STATISTICS

| | 12/90 | 3/91 | 6/91 | 9/91 | 12/91 |
|--|-------|-------|-------|-------|-------|
| Issuances | | | | | |
| Daily Average Number | 191 | 342 | 530 | 753 | 868 |
| Daily Average Face Amount (In \$ billions) | 2.4 | 4.3 | 6.7 | 9.0 | 10.9 |
| Maturities | | | | | |
| Daily Average Number | 145 | 339 | 568 | 778 | 875 |
| Daily Average Face Amount (In \$ billions) | 1.7 | 3.6 | 6.3 | 8.4 | 10.7 |
| Issuers* | 105 | 180 | 261 | 357 | 437 |
| Programs* | 118 | 195 | 281 | 382 | 471 |
| On Deposit* | | | | | |
| CUSIPs | 1,274 | 3,124 | 4,389 | 5,544 | 6,248 |
| Face Amount (In \$ billions) | 31 | 78 | 109 | 144 | 177 |
| Percentage Of Market (est.) | 5.5 | 14 | 20 | 26.5 | 33 |

* At monthend

ISSUING/PAYING AGENTS USING DTC'S COMMERCIAL PAPER PROGRAM*

- The Bank of New York
- Bank of Tokyo Trust Company
- Bankers Trust Company
- The Chase Manhattan Bank, N.A.
- Chemical Bank
- Citibank, N.A.
- The Dai-Ichi Kangyo Bank, Limited, New York Branch
- The First National Bank of Chicago
- The First National Bank of Chicago/Funding Support
- The Fuji Bank and Trust Company
- Harris Trust & Savings Bank/Bank of Montreal Trust Company
- LTCB Trust Company
- Manufacturers Hanover Trust Company
- Morgan Guaranty Trust Company of New York
- Sanwa Bank Trust Company of New York
- Security Pacific National Bank/Trust Company, New York Branch

* As of December 31, 1991

SECURITIES IN BOOK-ENTRY-ONLY FORM



EAST BRUNSWICK, NEW
JERSEY TREASURER
L. MASON NEELY (LEFT)
VISITS DTC'S NICK RESKA
AT THE DEPOSITORY'S
BOOTH FOR THE GOVERN-
MENT FINANCE OFFICERS
ASSOCIATION CONVENTION.

The issuance of debt securities in book-entry-only (BEO) form continues to increase, as issuers reduce expense and investors grow more comfortable owning securities without certificates. In 1991, BEO securities valued at \$2.2 trillion—the great bulk of them debt securities—were distributed through DTC.

With book-entry-only, no certificates are available to investors. Issuers authorize the deposit at DTC of one “global” certificate for each issue (each maturity of a debt issue), which is issued in DTC’s nominee name and held by the depository or its custodian bank for the issue’s life. DTC records ownership changes by book-entry and, in turn, these changes are reflected on the records of its Participants and their customers. The records are used to allocate income distributions and principal redemptions. Investors receive transaction confirmations and periodic statements from the bank or broker-dealer reporting activity and balances in their securities accounts.

Since DTC often holds more than 80% of the principal amount of debt issues in which certificates

are available to investors, BEO is attractive to municipal and corporate debt issuers, who can completely avoid the continuing cost of certificate issuance and reissuance to investors. BEO also appeals to corporate issuers when their paper—such as commercial paper—is bought almost entirely by institutional investors. Many individual investors have also accepted BEO because they can reduce or eliminate the risk, expense, and inconvenience of safekeeping certificates.

The following corporate security types have been distributed in BEO form through DTC:

- American Depositary Receipts (ADRs)
- Asset-Backed Securities
- Auction-Rate and Tender-Rate Preferred Stock and Notes
- Certificates of Deposit
- Commercial Paper
- Conventional Corporate Notes and Bonds
- Medium-Term Notes
- Mortgage-Backed Securities
- Warrants Linked to Currency Exchange Rates

Issuance of medium-term notes (MTNs) in BEO form has seen substantial growth in 1991:

With over 2,200 issuances more than in 1990, the principal amount of MTNs distributed through the depository reached \$66.5 billion, compared with \$37.3 billion in 1990.

DTC's commercial paper program, completing its first full year in 1991, saw 147,250 issuances distributed with a combined principal amount of \$1.8 trillion. (See "Commercial Paper Program" section, page 24.)

Equity securities issued in BEO form—ADRs for shares in Rule 144A securities and auction- and tender-rate preferred stock—are bought either solely or overwhelmingly by institutional investors.

Book-Entry-Only in '91

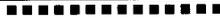
- In 1991, nearly \$110 billion of principal amount in municipal bonds—compared with \$65.7 billion in 1990—were distributed in BEO form through DTC, representing 64% of all municipal bond debt distributed through the depository.
- Municipal notes also climbed to \$32.7 billion in principal amount, compared with \$25.6 billion in 1990, representing 95% of all municipal note debt distributed through DTC in BEO form.

Information Available

DTC has BEO publications and a video presentation designed for issuers and others, available on request.

| BOOK-ENTRY-ONLY ISSUANCE IN DTC | | |
|---|-------------|-------------|
| | 1991 | 1990 |
| Municipal Bonds | | |
| Issues Distributed | 3,368 | 2,049 |
| Their Principal Amount (In \$ billions) | 109.3 | 65.7 |
| As a % of Total Bond Principal Amount Through DTC | 64 | 52 |
| | | |
| Municipal Notes | | |
| Issues Distributed | 1,015 | 542 |
| Their Principal Amount (In \$ billions) | 32.7 | 25.6 |
| As a % of Total Note Principal Amount Through DTC | 95 | 94 |
| | | |
| Corporate Securities | | |
| MTN Issuances | 7,531 | 5,280 |
| Their Principal Amount (In \$ billions) | 66.5 | 37.3 |
| CP Issuances | 147,250 | 6,579* |
| Their Principal Amount (In \$ billions) | 1,804.7 | 76.8* |
| Other Issues Distributed | 6,526 | 7,858 |
| Their Principal Amount (In \$ billions) | 170.1 | 120.8 |

* From October 1990



RECENT DTC GROWTH BY SECTOR IN SELECTED SERVICES

| Eligible Issues | 1991 | 1990 | 1989 |
|--|------------------|------------------|------------------|
| Equities | 28,324 | 26,037 | 24,364 |
| Corporate debt | 31,412 | 21,859 | 16,269 |
| Municipal debt | 830,527 | 733,513 | 635,745 |
| Other | 38,903 | 46,501 | 47,461 |
| Total | 929,166 | 827,910 | 723,839 |
| Selected Services | | | |
| Value of securities on deposit (In trillions) | | | |
| Banks | \$4.13 | \$3.10 | \$3.06 |
| Broker-dealers | 1.30 | .96 | .93 |
| Other depositories | .03 | .04 | .03 |
| Total | \$5.46 | \$4.10 | \$4.02 |
| Shares on deposit (In billions) | | | |
| Banks | 60.8 | 55.4 | 51.3 |
| Broker-dealers | 67.4 | 60.9 | 63.3 |
| Other depositories | 1.3 | 1.6 | 1.9 |
| Total | 129.5 | 117.9 | 116.5 |
| Principal amount of corporate debt on deposit (In billions) | | | |
| Banks | \$1,229.3 | \$941.8 | \$804.0 |
| Broker-dealers | 298.2 | 243.3 | 203.7 |
| Other depositories | 17.5 | 15.3 | 10.1 |
| Total | \$1,545.0 | \$1,200.4 | \$1,017.8 |
| Principal amount of municipal debt on deposit (In billions) | | | |
| Banks | \$661.1 | \$613.7 | \$566.5 |
| Broker-dealers | 339.9 | 239.4 | 176.3 |
| Other depositories | 9.8 | 7.4 | 8.1 |
| Total | \$1,010.8 | \$860.5 | \$750.9 |
| Participation* | | | |
| DTC Participants | 548 | 568 | 606 |
| Broker-dealers | 360 | 379 | 408 |
| Banks | 180 | 181 | 189 |
| Clearing agencies | 8 | 8 | 9 |
| * Excludes indirect participation in DTC, including for 1991 nearly 1,300 banks and nearly 3,400 broker-dealers that are correspondents of Participants. | | | |

INSTITUTIONAL USE OF DTC

Custody of Institutional Assets

Banks and their institutional customers adapted to immobilization of their portfolio securities in a securities depository some years ago. Now, a number of DTC Participant banks hold in their accounts the depository-eligible securities of virtually all investment companies, most private and public pension funds, and several hundred insurance companies.

At yearend 1991, the market value of all assets held by banks in DTC was \$4.1 trillion, \$2.2 trillion in equity securities, and \$1.9 trillion in corporate and municipal debt.

Institutional Delivery (ID) System

A mechanism for comparing and settling institutional trades in U.S. securities, the *ID* system reduces costs and increases assurance of timely settlement. *ID*'s chief benefit is its ability to coordinate through a central entity, DTC, and thereby simplify, all the clearance and settlement functions for institutional trades of broker-dealers, institutions, custodian banks, and other agents.

Briefly, here is how the *ID* system works: A broker-dealer or dealer bank executing an institutional trade furnishes DTC with transaction details—such as price, quantity, and date—which it passes on as a legal trade confirmation to the institutional customer, the customer's agent, and any other designated parties. If the *ID* confirmation accurately reflects the institution's order, the institution sends an affirmation to DTC, which forwards settlement instructions to the agent and submitting broker-dealer or dealer bank. If the security is DTC-eligible and the deliverer has sufficient securities in its DTC account, the delivery can automatically be completed by book-entry on the morning of settlement

date. If the security is not DTC-eligible, the deliverer and receiver settle the transaction outside of DTC, based on depository instructions that facilitate the delivery's completion.

ID in '91

- By yearend, the *ID* system expanded to include 8,171 institutions, broker-dealers, custodian banks, and other agents. Average monthly *ID* confirmation volume processed through the system was 2.2 million for the fourth quarter, up 29% from the comparable 1990 period. For the year, 49.5 million confirmations, affirmations, and prescheduled deliveries were processed through *ID*, a 19% increase over 1990.
- At yearend, the industry affirmation rate of trade confirmations in DTC-eligible securities reported by broker-dealers through the *ID* system was a record 94% for corporate debt and equity securities, compared with 93% the year before, and 77% for municipals, compared with 75% for 1990.
- DTC recently proposed an expansion of the system that would provide each user the option of using *ID* in its current, successive, daily batch environment; interactively during the day; or, depending on circumstances, both ways. The interactive capability would permit the accomplishment of trade confirmation data input and output, affirmation, and issuance of settlement instructions within hours.

Proposed enhancements include options allowing broker-dealers to notify institutions of block trade order execution, and allowing institutions to send block trade allocation instructions to executing broker-dealers.

Also, institutions would be able to transmit to



broker-dealers an advice of correction—simplifying communication regarding cancellation and correction of trade confirmations.

Moreover, the proposed system would permit two-sided input, matching trade confirmation data from both broker-dealers and institutions, allowing DTC to distribute fully allocated and affirmed trade confirmations.

| ID STATISTICS | 1991 | 1990 |
|--|-------------|-------------|
| Average Monthly Confirmations (In millions) | 2.0 | 1.65 |
| Total Confirmations, Affirmations, And Prescheduled Deliveries (In millions) | 49.5 | 41.6 |
| Industry Affirm Rate for Corporate Debt and Equity Issues (%) | 94 | 93 |
| Industry Affirm Rate for Municipal Issues (%) | 77 | 75 |

International ID System

DTC's International Institutional Delivery (*IID*) system extends certain *ID* system benefits—trade confirmations, affirmations, and deliver/receive instructions—to trades executed outside the U.S. in non-U.S. securities.

The *IID* initiative stems from cross-border trade clearance and settlement problems in non-U.S. securities, which result in high costs for broker-dealers, custodians, and investors. Since *IID* is used for issues that are not DTC-eligible, this service stops short of DTC book-entry delivery and settlement. However, use of *IID*'s standardized deliver/receive instructions can assist the international broker and global custodian in communicating settlement instructions to local markets.

IID enables intraday turnaround of confirmations, affirmations, and deliver/receive instructions; investment managers can append funding instructions for trade settlement at affirmation. In addition, *IID* provides confirmation fields on items such as currency codes and alternate currency instructions, as well as International Standards Organization deliver/receive instruction formats.

IID in '91

International *ID*, which was piloted in 1988 with a dozen users, expanded to 150 registered users in 1990, and to 282 in 1991. However, system usage remained relatively flat at 1,500–3,000 confirmations weekly, but is expected to grow as users automate their internal procedures. As with the gradual development of the *ID* system during the 1970s, this process has already begun and is expected to accelerate.

- Wells Fargo Nikko was the first investment manager to fully automate its *IID* affirmation processing with DTC, using the Computer-to-Computer Facility to authorize standardized settlement instructions to its broker-dealers and custodians.
- Some 30 U.S. investment managers expressed their desire to about 200 broker-dealers in the U.S. and 18 other countries that these firms use *IID* to report trade executions for these managers.
- *IID* was enhanced to allow share quantities of up to 11 figures (mainly to accommodate yen and lira trades). Market codes also were added to accommodate securities lending transactions and broker-to-broker confirmation and affirmation.
- The proposed enhancement of *IID* in the context of the *ID* system expansion referred to above was recently reported to users.

AUTOMATION OF DEPOSITORY SERVICES

■
(FROM LEFT) DTC'S
JOHN HAMET, FRAN
LAPINSKI, AND CLIFF
NEWLANDS ARE PART
OF THE SYSTEMS AND
COMPUTING DIVISION
TEAM WORKING ON
USE OF CD-ROM
TECHNOLOGY IN
COMMUNICATING
WITH PARTICIPANTS.
■



■ ncreasing the extent of automation of its operations and communications with Participants, transfer agents, and others is a continuing DTC priority, to lower its own and users' operating costs.

DTC has four principal vehicles for automated communication with users:

Computer-to-Computer Facility (CCF/CCF II)

CCF is used for direct computer-to-computer communication between DTC and user IBM mainframes, providing now more than 50 input and output functions.

CCF II serves the same purpose as CCF, but can also communicate with non-IBM user mainframes. All output files available through CCF are available through CCF II. In 1991, DTC began providing CCF users with compression software, which can reduce transmission time for certain files by as much as 80%. Similar compression benefits are also available to CCF II users.

Participant Terminal System (PTS)

Linked directly to DTC's computers, *PTS* is a net-

work of nearly 1,400 computer terminals located in Participant offices in the U.S. and Canada.

Participants use *PTS* to send instructions, inquiries, and other messages to DTC, and receive messages and reports.

PTS Jr.

PTS Jr. is available to low-volume users as an alternative to *PTS*. It performs all *PTS* functions at reduced cost, though at reduced speed. *PTS Jr.* requires only a user's compatible personal computer, DTC-supplied software, a modem, and a telephone connection.

Mainframe Dual Host (MDH)

A computer-to-computer telecommunications system, MDH lets users send and receive DTC data in real-time, which suits the deliver order (DO) and payment order processing needs for certain users. Because DO activity notification is prompt and continuous, users can respond immediately to streamline their processing by having MDH automatically match DO receives to their internal records.

THE NATIONAL CLEARANCE AND SETTLEMENT SYSTEM AND INTERNATIONAL LINKS

■
PATRICK MURPHY
OF J.P. MORGAN
INVESTMENT
MANAGEMENT INC.
(LEFT) LOOKS OVER
AN *ID* SYSTEM
REFERENCE GUIDE
WITH DTC'S KEN
SPINELLI AND KAREN
ASSENZA, BOTH OF
THE *ID* GROUP.
■



■ DTC's interfaces with other U.S. clearing agencies are a major part of the national securities clearance and settlement system. A close working relationship between DTC and the National Securities Clearing Corporation (NSCC) permits hundreds of broker-dealers that participate in both NSCC and DTC to conveniently use NSCC's trade comparison and clearing facilities and DTC's trade settlement and securities custody services.

Interfaces between clearing corporations and securities depositories enable users of any of them to settle with users elsewhere, without shipping certificates. These links also permit users of more than one depository—DTC, Midwest Securities Trust Company, or Philadelphia Depository Trust Company—to move securities positions between depositories. Moreover, DTC's Institutional Delivery system is used to process the institutional trade data reported to other depositories for clearance and settlement through their systems.

Fund/SERV Interface

DTC's Fund/SERV Interface facilitates users' processing of mutual fund transactions for their

customers by electronically linking users to NSCC's automated Fund/SERV program.

The Interface lets users input purchase, redemption, and registration data, and receive output; it also dispatches information from DTC to NSCC and then to mutual funds, then returns trade confirmation information to users. Purchase and redemption transactions are settled by users in the depository's daily net settlement system. DTC, in turn, settles with NSCC.

Fund/SERV Interface volume nearly tripled in 1991, with 17 Participants using the Interface to send transactions to 49 fund groups. Total gross settlement value of mutual fund orders processed through the Interface reached \$255.4 million—\$206.2 million of which were in purchases, and \$49.2 million in redemptions.

Three no-load fund groups joined NSCC's Fund/SERV program in 1991: T. Rowe Price, Neuberger & Berman, and Trinity Capital. As a result, several banks—United Missouri Bank of Kansas City, N.A., The Northern Trust Company, and Comerica Bank—began using the Interface to electronically send no-load fund transactions.

■
JOHN A. NORDSTROM, JR.,
(LEFT) OF EUROCLEAR
AND PHILIPPE A.
HUMBERT OF CEDEL.
DTC HAS LINKS WITH
BOTH ORGANIZATIONS
THROUGH DTC
PARTICIPANT BANKS
THAT ALSO ACT AS THEIR
U.S. DEPOSITORY BANKS.
■



of recognized securities depositories in other countries. This would make possible book-entry deliveries in DTC's system of non-U.S. securities held for DTC's account by such depositories.

Global securities made possible by interdepository links are a recent development for DTC. The first global issue distributed in part through DTC occurred in 1990, and 12 others followed that year.

In 1991, 60 global equity and debt issues, with a total value of \$22.9 billion at issuance were made eligible for depository services. Of these, 35 were eligible for resale as restricted securities to qualified institutional buyers within the U.S. under SEC Rule 144A, and to non-U.S. investors under Regulation S. Issuers in the U.S. and a dozen other countries were represented, with settlement possible at DTC, Cedel, and Euroclear. The remaining 25 global issues were warrants, asset-backed, and other debt issues, no different from other such issues, except

that they can settle in DTC, Cedel, Euroclear, and elsewhere as provided.

Global securities are in book-entry-only form for DTC, with no certificates available to investors. DTC or one of its custodian banks holds a single global certificate representing all or DTC's portion of each issue. Deliveries by DTC Participants to a participant in the international depositories Cedel or Euroclear are made by book-entry to the DTC accounts of Cedel's and Euroclear's U.S. depository banks—or to the DTC accounts of banks that issue global certificates or American Depositary Receipts. Cross-border deliveries into DTC reverse this procedure.

DTC's links with Cedel and Euroclear have been in place for some years through the DTC accounts of Cedel's and Euroclear's depository banks in the U.S. to accommodate interdepository deliveries of Yankee bonds.

Physical Security

DTC's physical security program combines an extensive electronic security system with a thoroughly trained uniformed guard force.

- The Controlled Access System restricts entry into sensitive areas to authorized personnel, and is actively monitored by control room operators.
- A closed-circuit television system operates throughout DTC, monitoring all securities handling areas, vaults, entry points, and common hallways.
- Alarm systems, which use motion and vibration sensors, as well as heat detectors, are monitored locally and at a central station. Line encryption protects individual control panels from compromise.
- A professionally trained security force monitors the many systems, and screens persons and packages entering and leaving restricted areas.
- Special wastepaper treatment and disposal methods help prevent unauthorized release or accidental disposal of certificates.
- Deposited securities are stored in various locations, with special access requirements and extensive controls.
- Registered securities are in non-negotiable form when delivered to or from transfer agents and other parties.

Recordkeeping Systems

Double-entry recordkeeping systems help ensure that all Participant input is recorded, that the location of underlying certificates is known, and that moneys are properly transferred to and between Participants. DTC uses the recordkeeping systems to report to Participants and to research differences detected by Participants or by DTC control mechanisms.

User Verification

User verification of DTC records (users compare their activity records with depository reports) helps ensure the integrity of the depository's system and encourages maximum operational cooperation. Each morning, Participants and pledgees receive a DTC report that itemizes and summarizes their previous day's account activity. In addition, DTC sends daily reports of cash transactions and a monthly statement showing each Participant's and pledgee's securities positions.

DTC Rules require Participants to report differences between their records and DTC statements; Participants and pledgees also must confirm the accuracy of their monthly position statements. DTC's research staff helps reconcile differences.

Internal and External Audits

DTC's internal auditors and its independent accountant, Price Waterhouse, review internal controls.

- The internal audit program is used to review and test controls in key operating areas and in automated systems (including those being developed). Certificates in selected issues are counted daily through random sampling techniques.
- Price Waterhouse audits DTC's financial statements, and performs an annual study and evaluation of the internal accounting control system. Participants, pledgees, and their accountants may request copies of Price Waterhouse's report from the Secretary's office at DTC.
- The Audit Committee of DTC's Board of Directors oversees the General Auditor and the Auditing Department. The Audit Committee



reviews the scope of the Price Waterhouse audits and meets with them periodically to discuss their findings. In addition, the Board of Directors receives results of the New York State Banking Department's and the Federal Reserve Bank of New York's annual regulatory examinations of the depository.

Participants Fund

The Participants Fund exists to satisfy any uninsured loss or liability suffered by DTC. DTC's Rules provide that any such loss may be charged against undivided profits or retained earnings, or to the Participants Fund, at the discretion of the Board of Directors.

Should DTC sustain a loss because of a Participant's failure to satisfy obligations to it related to the Next-Day Funds Settlement (NDFS) system or the Same-Day Funds Settlement (SDFS) system, DTC would first charge the loss to that Participant's deposit to the Fund. Should the loss exceed the deposit (or should it be sustained for reasons other than Participant failure), DTC might then charge (pro rata) the excess to all other Participants' deposits to the Fund. Should DTC make a charge against a Participant's deposit to the Fund (pro rata or otherwise), the Participant must make an additional deposit to the Fund in an amount equal to the charge.

The Fund has two components. One, which currently exceeds \$200 million, is allocated to DTC's NDFS system. The other component, which currently exceeds \$400 million, is allocated to the SDFS system, with a further allocation between commercial paper activity and activity of all other issues settling in same-day funds.

There has never been a pro rata charge to the Participants Fund.

Other Protective Procedures

Additional procedures protect Participants by minimizing the possibility of loss from a Participant's unexpected insolvency. If DTC learns of a possible operational or financial inadequacy, it monitors that Participant's activity and takes protective steps as events warrant.

Insurance Coverage

DTC's insurance coverage program for securities is one of the most extensive programs for private institutions in the financial industry. Through a combination of interlocking blanket bonds and all-risk insurance policies involving the London and United States domestic insurance markets, DTC's coverage provides:

- \$250 million for loss of securities in transit;
- \$200 million for loss of securities on premises.

In addition:

- For any loss of non-negotiable securities being moved by certain modes of transportation, additional coverages are provided by DTC's insurers.
- For any loss of securities moving by armored car carrier service, \$500 million is provided by the armored car carrier's insurance.
- For any loss occurring in the mail, DTC's mail policy provides:
 - \$15 million in coverage for non-negotiable securities sent by registered mail, express mail, or express courier;
 - \$1 million for non-negotiable securities sent by first-class mail;
 - \$1 million for negotiable securities sent by registered mail, express mail, or express courier.

O F F I C E R S & B O A R D O F D I R E C T O R S



OFFICERS OF THE DEPOSITORY TRUST COMPANY



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



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



William F. Jaenike*
*Executive Vice
President*



Thomas J. Lee
*Executive Vice
President*



Thomas C. Cardile
Senior Vice President



Dennis J. Dirks*
Senior Vice President



Michael Fedorochko
Senior Vice President



Glenn E. Mangold
Senior Vice President



Richard B. Nesson
*Senior Vice President
and General Counsel*



Edward J. McGuire, Jr.
Secretary

VICE PRESIDENTS

- Michael A. Agnes
- Joseph J. Arney
- Nicholas J. Arrigan
- Joseph J. Bellantoni
- Neil F. Brander
- Ronald J. Burns
- John J. Colangelo
- Raymond R. DeCesare
- Donald F. Donahue*
- Stuart A. Fishbein
- Ronald A. Garguilo
- Bruce S. Garland
- Charles J. Horstmann
- James Koster
- Vincent A. Mauro
- Michael T. Mullen
- Richard J. O'Brien
- Frank Petrillo
- Lawrence W. Postel
- Joseph F. Reale
- James V. Reilly
- John L. Scheuermann
- Kenneth M. Scholl
- Larry E. Thompson
- Carl H. Urst

Comptroller

Gary J. LaCara

Treasurer

Philip E. Plasencia

Assistant Secretary

Jane C. Klueger

Assistant Treasurer

Leonard A. Miele

**COMMITTEES OF THE
BOARD OF DIRECTORS**

Nominating Committee

- Thomas C. Schneider,
Chairman
- John F. Lee
- Richard S. Pechter
- H.J. Runnion, Jr.

Audit Committee

- C. Howell Scott,
Chairman
- Edward L. Goldberg
- Sheldon Harrison
- Ronald J. Yoo

**Compensation
Committee**

- Richard S. Pechter,
Chairman
- Michael Minikes
- Thomas C. Schneider
- C. Howell Scott

* Effective January 1, 1992, William F. Jaenike became President, Chief Operating Officer and a Director of DTC, replacing Conrad F. Ahrens, who retired at age 65. At the same time, Senior Vice President Dennis J. Dirks replaced Mr. Jaenike as executive vice president, and Vice President Donald F. Donahue replaced Mr. Dirks as senior vice president.

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



William F. Aldinger
Executive Vice President
Wells Fargo Bank, National Association



Richard V. Fulp
Executive Vice President
Bank of America NT & SA



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



Richard A. Grasso
Executive Vice Chairman, President, and Chief Operating Officer
New York Stock Exchange, Inc.



Sheldon Harrison
Senior Executive Vice President
The Bank of New York



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



John F. Lee
President
New York Clearing House Association



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



Richard S. Pechter
Chairman
DLJ Financial Services Group



H.J. Runnion, Jr.
Director
Wachovia Bank of North Carolina



Thomas C. Schneider
Executive Vice President and Chief Financial Officer
Dean Witter Financial Services Group Inc.



C. Howell Scott
Executive Vice President
Bankers Trust Company



Ronald J. Yoo
Vice Chairman and Chief Administrative Officer
Shearson Lehman Brothers Inc. and Shearson Lehman Brothers Holdings

Retiring from the Board on March 28, 1991, at the end of their terms, were Richard F. Morrison, Senior Executive Vice President, Shearson Lehman Brothers Inc.; and DuWayne J. Peterson, Executive Vice President, Merrill Lynch & Co., Inc.

**STATEMENT OF CONDITION**

| <i>Dollars in thousands at December 31,</i> | <i>1991</i> | <i>1990</i> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and money market accounts | \$ 60,657 | \$ 53,872 |
| Repurchase agreements | 1,822,385 | 2,025,327 |
| Receivables: | | |
| Participants: | | |
| For settlements | 25,797 | 25,598 |
| For services | 26,708 | 23,456 |
| Dividends, interest, and other | 130,227 | 183,028 |
| Deferred income taxes | 14,797 | 10,566 |
| Prepaid expenses | 5,051 | 3,643 |
| Equipment and leasehold improvements, less accumulated depreciation of \$68,418 in 1991 and \$59,503 in 1990 | 44,305 | 49,201 |
| Contributions to Participants Funds, callable on demand | 445,027 | 447,370 |
| | \$ 2,574,954 | \$ 2,822,061 |
| Liabilities and stockholders' equity | | |
| Liabilities: | | |
| Drafts payable | \$ 1,207,627 | \$ 1,276,003 |
| Accounts payable and accrued expenses | 111,243 | 103,873 |
| Payable to Participants: | | |
| For refunds | 15,567 | 16,101 |
| For settlements | 232,074 | 286,125 |
| On receipt of securities | 85,044 | 79,762 |
| Dividends, interest, and other | 259,383 | 394,459 |
| Notes payable | 13,177 | 18,363 |
| | 1,924,115 | 2,174,686 |
| Participants Funds: | | |
| Deposits received | 186,986 | 181,247 |
| Contributions callable on demand | 445,027 | 447,370 |
| | 632,013 | 628,617 |
| Stockholders' equity: | | |
| Capital stock—authorized, issued, and outstanding 18,500 shares of \$100 par value | 1,850 | 1,850 |
| Surplus | 950 | 950 |
| Undivided profits | 16,026 | 15,958 |
| | 18,826 | 18,758 |
| | \$ 2,574,954 | \$ 2,822,061 |

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

STATEMENT OF REVENUES AND EXPENSES AND UNDIVIDED PROFITS

| | 1991 | 1990 |
|--|------------|------------|
| <i>Dollars in thousands for the years ended December 31,</i> | | |
| Revenues | | |
| Services to Participants | \$ 274,542 | \$ 252,218 |
| Interest income | 70,236 | 89,703 |
| | 344,778 | 341,921 |
| Less—Refunds to Participants | 78,673 | 87,928 |
| | 266,105 | 253,993 |
| Expenses | | |
| Employee costs | 165,210 | 154,401 |
| Rent, maintenance, and utilities | 40,529 | 37,117 |
| Data processing rentals and supplies | 14,291 | 14,343 |
| Professional and other services | 14,759 | 14,371 |
| Depreciation and amortization | 9,144 | 9,322 |
| Interest | 1,583 | 1,989 |
| Other expenses | 20,521 | 21,189 |
| | 266,037 | 252,732 |
| Excess of revenues over expenses and refunds | 68 | 1,261 |
| Undivided profits, beginning of year | 15,958 | 14,697 |
| Undivided profits, end of year | \$ 16,026 | \$ 15,958 |

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

**STATEMENT OF CASH FLOWS**

| <i>Dollars in thousands for the years ended December 31,</i> | <i>1991</i> | <i>1990</i> |
|---|-------------|--------------|
| Cash flows from operating activities: | | |
| Excess of revenues over expenses and refunds | \$ 68 | \$ 1,261 |
| Adjustments to reconcile excess of revenues over expenses and refunds to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 9,144 | 9,322 |
| Pension and deferred compensation | 4,464 | 3,576 |
| Provision for uncollectible dividend receivables | 308 | (141) |
| Provision for deferred taxes | (4,231) | (3,243) |
| (Increase) decrease in receivables from Participants | (3,451) | 13,795 |
| Decrease in dividends, interest, and other receivables | 52,342 | 124,760 |
| Increase in accounts payable, accrued expenses, and other, net | 1,649 | 33,982 |
| Increase in Participants Funds deposits received | 5,739 | 60,572 |
| Increase (decrease) in drafts payable | (68,376) | 81,638 |
| Increase (decrease) in payables to Participants | (184,379) | 214,001 |
| Total adjustments | (186,791) | 538,262 |
| Net cash provided by (used in) operating activities | (186,723) | 539,523 |
| Cash flows from investing activities: | | |
| Purchases of equipment and leasehold improvements | (4,248) | (2,039) |
| Cash flows from financing activities: | | |
| Proceeds from borrowing | — | 15,000 |
| Principal payments on notes | (5,186) | (5,386) |
| Increase (decrease) in cash and cash equivalents | (196,157) | 547,098 |
| Cash and cash equivalents, beginning of year | 2,079,199 | 1,532,101 |
| Cash and cash equivalents, end of year | \$1,883,042 | \$ 2,079,199 |

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

NOTES TO FINANCIAL STATEMENTS

December 31, 1991 and 1990

Note 1—Business 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, 1991, the New York Stock Exchange owned approximately 34% of the capital stock of the Company, with the remainder owned by the American Stock Exchange, National Association of Securities Dealers, and a number of 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, the Company does not pay dividends to stockholders, but refunds to all of its Participants each year revenues in excess of current and anticipated needs. In 1991, this refund amounted to \$20,700,000 (1990—\$19,420,000). The Board of Directors also adopted an additional refund policy to provide for a monthly refund to Participants of income earned from the overnight investment of cash dividend and corporate interest and reorganization payments to the Company for Participants, reduced by certain related expenses. Such net monthly refunds totaled \$57,973,000 in 1991 (1990—\$68,508,000).

Note 2—Summary of Significant Accounting Policies:

A. Securities on deposit:

Securities held by the Company for Participants 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. Cash, money market accounts, repurchase agreements, and cash flows:

Repurchase agreements represent U.S. Government and U.S. Government Agency

securities purchased under agreements to resell at predetermined prices, generally over periods of three days or less. These agreements, primarily with a small number of money center financial institutions, are recorded at cost and interest is accrued as earned.

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

For cash flow reporting, cash and cash equivalents include cash, money market accounts, and repurchase agreements.

C. Equipment and leasehold improvements:

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

D. Income taxes:

Provision is made for deferred 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.

Note 3—Participants Funds:

Participants in the depository are required to deposit to one or both of two Participants Funds amounts which relate to their activity in the depository. The Funds are available to satisfy the Participants' obligations to the Company, and to satisfy certain uninsured losses, if such should occur, of the Company. Required deposits are received in cash or in securities of the United States government, its agencies or instrumentalities, states and political subdivisions or certain

eligible nonconvertible registered corporate debt securities, that are held by the Company or pledged to it and callable on demand.

Note 4—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 and interest on bearer securities which it distributes to its Participants for the owners of the securities. Amounts received on registered securities withdrawn before the record date but not transferred from the name of the Company's nominee cannot be distributed unless claimed by the owners of the securities through a Participant or other financial institution. At December 31, 1991, cash dividends and interest payable amounted to \$163,194,000, of which \$58,577,000 was awaiting distribution to Participants and \$104,617,000 was held pending claim on behalf of the record date owners of the applicable securities. Stock dividends payable and unclaimed are not recorded in the accompanying financial statements. Unclaimed cash and stock dividends and interest on securities registered in the name of the Company's nominee and interest on bearer securities are transferred to New York State when required by abandoned property laws.

Cash dividends and interest receivable at December 31, 1991 amounted to \$113,596,000 (1990—\$124,410,000) before reduction by an allowance of \$475,000 (1990—\$525,000) for possible losses. Stock dividends receivable are not recorded in the accompanying financial statements.

Note 5—Pension and Other Retirement Benefits:

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

The following table sets forth the plan's funded status as recognized in the Statement of Condition at December 31:

| <i>Dollars in thousands</i> | 1991 | 1990 |
|--|------------|------------|
| Plan assets at fair value, primarily equity securities and deposits under group annuity contracts | \$45,481 | \$38,205 |
| Accumulated benefit obligation for service rendered: | | |
| Vested | 38,357 | 28,253 |
| Nonvested | 3,140 | 2,722 |
| | 41,497 | 30,975 |
| Additional amounts related to projected compensation increases | 13,526 | 13,185 |
| Projected benefit obligation for service rendered | 55,023 | 44,160 |
| Projected benefit obligation in excess of plan assets | (9,542) | (5,955) |
| Unrecognized net asset remaining from the initial application of FAS No. 87 | (8,033) | (8,837) |
| Unrecognized net loss from past experience different from that assumed and the effects of changes in assumptions | 4,303 | 5,119 |
| Unfunded defined benefit pension cost included in accounts payable and accrued expenses | (\$13,272) | (\$ 9,673) |

The discount rate used in determining the actuarial present value of the projected benefit obligation was 8.5% in 1991 and 1990. The assumed rate of future compensation levels was based on anticipated inflation and merit increases. The expected long-term rate of return on assets was 10% in 1991 and 1990. The unrecognized net asset that existed when Statement of Financial Accounting Standards No. 87 was adopted, as of January 1, 1986, is being amortized over 16 years.

Retirement benefits are also provided under supplemental nonqualified pension plans for certain officers. The cost of these benefits is determined based on substantially the same actuarial methods and economic assumptions as those for the defined benefit pension plan.

Net pension costs for 1991 and 1990 included the following components:

| <i>Dollars in thousands</i> | 1991 | 1990 |
|---|---------|---------|
| Service cost—benefits earned during the year | \$4,804 | \$4,288 |
| Interest cost on projected benefit obligation | 3,929 | 3,308 |
| Actual return on assets | (7,978) | (887) |
| Net amortization and deferral | 3,384 | (3,397) |
| Net pension cost | \$4,139 | \$3,312 |

In addition to pension benefits, the Company provides certain health care and life insurance benefits for retired employees. The cost of these benefits is recognized when the insurance premiums are paid. The Financial Accounting Standards Board will require the recognition of the cost of such benefits under the accrual method in 1993 when Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," is required to be adopted. The Company is in the process of evaluating the impact of this standard.

Note 6—Income Taxes:

Income taxes are included in other expenses. The income tax provisions for 1991 and 1990 are summarized as follows:

| <i>Dollars in thousands</i> | 1991 | 1990 |
|-----------------------------|----------|----------|
| Current provision: | | |
| Federal | \$ 3,366 | \$ 3,298 |
| State and local | 817 | 684 |
| Deferred (benefit): | | |
| Federal | (3,267) | (2,589) |
| State and local | (734) | (654) |
| Net income tax expense | \$ 182 | \$ 739 |

The primary difference between pretax accounting income and taxable income relates to unfunded pension expense.

Income taxes paid during 1991 totaled \$4,503,000 (1990—\$4,124,000 and refunds of \$433,000 from a reduction in the allocation of income subject to local taxes).

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which supersedes Standard No. 96. The adoption of this new standard, which is required by

1993, is not expected to have a material effect on the Company's financial condition.

Note 7—Notes Payable:

The Company has notes payable totaling \$13,177,000, at a weighted annual rate of 8.9% which are being repaid in monthly installments. Interest paid during 1991 totaled \$1,532,000 (1990—\$1,805,000).

Aggregate maturities of notes payable as of December 31, 1991 are summarized as follows:

| <i>Dollars in thousands</i> | |
|-----------------------------|----------|
| 1992 | 4,955 |
| 1993 | 4,393 |
| 1994 | 3,521 |
| 1995 | 308 |
| Total notes payable | \$13,177 |

The Company has a short-term line of credit of \$5 million available with a commercial bank at a rate approximating the prime rate and a revolving credit loan agreement of \$150 million at the federal funds rate plus .375%. A commitment fee is required on the \$150 million revolving credit loan agreement which is available to support the Same-Day Funds Settlement system. These facilities were not utilized during 1991.

Note 8—Leases and Other Commitments:

The Company has entered into operating leases for office space and data processing and other equipment. The leases for office space provide for rent escalations subsequent to 1991. Rent expense in 1991 was \$34,332,000 (1990—\$30,972,000) for office space and \$13,033,000 (1990—\$12,967,000) for data processing and other equipment.

Presented below are the future minimum payments, by year and in the aggregate, under operating leases having noncancelable lease terms in excess of one year as of December 31, 1991:

| <i>Dollars in thousands</i> | |
|-------------------------------------|------------|
| 1992 | \$ 41,323 |
| 1993 | 37,796 |
| 1994 | 35,305 |
| 1995 | 35,259 |
| 1996 | 35,034 |
| Thereafter | 70,970 |
| Total future minimum lease payments | \$ 255,687 |

**PARTICIPANTS †****Banks**

| | | |
|--|---|---|
| Affiliated National Bank—Denver | Daiwa Bank, Limited (The), New York Agency | Lloyds Bank Plc |
| Amalgamated Bank of New York (The) | Dominion Trust Company | M&I Marshall & Ilsley Bank |
| American National Bank & Trust Company of Chicago | Fidelity Bank, National Association | Manufacturers and Traders Trust Company |
| AmeriTrust Company National Association | Fiduciary Trust Company International | Manufacturers Hanover Trust Company |
| AmSouth Bank, N.A. | Fiduciary Trust Company of Boston | Manufacturers National Bank of Detroit |
| Bank IV Wichita, National Association | Fifth Third Bank (The) | Marine Midland Bank |
| Bank of America NT & SA | First American Bank, N.A. | Mark Twain Bank |
| Bank of Bermuda International Limited | First City, Texas—Houston, N.A. | Marquette Bank Minneapolis, N.A. |
| Bank of California (The) | First Fidelity Bank, National Association, New Jersey | Mellon Bank, N.A. |
| Bank of New England, N.A. | First Interstate Bank of Arizona, N.A. | Mercantile Bank of St. Louis National Association |
| Bank of New York (The) | First Interstate Bank of California | Mercantile—Safe Deposit and Trust Company |
| Bank of Nova Scotia (The), New York Agency | First Interstate Bank of Denver, N.A. | Merchants National Bank & Trust Company of Indianapolis |
| Bank of Oklahoma, N.A. | First Interstate Bank of Oregon, N.A. | Michigan National Bank—Grand Rapids |
| Bank of St. Louis National Association | First Interstate Bank of Washington N.A. | Midlantic National Bank |
| Bank of Tokyo Trust Company (The) | First National Bank and Trust Company of Tulsa (The) | Morgan Guaranty Trust Company of New York |
| Bank One, Indianapolis, N.A. | First National Bank of Boston (The) | Morgan Stanley Trust Company |
| Bank One Ohio Trust Company, N.A. | First National Bank of Chicago (The) | NBD Bank, N.A. |
| Bank One Wisconsin Trust Company, N.A. | First National Bank of Maryland (The) | NationsBank of Georgia, N.A. |
| Bank South, N.A. | First National Bank of Omaha | NationsBank of North Carolina, N.A. |
| Bankers Trust Company | First of America Bank—Illinois, N.A. | NationsBank of Texas, National Association |
| Barclays Bank PLC, New York Branch | First Tennessee Bank N.A. Memphis | NationsBank of Virginia, N.A. |
| Barnett Banks Trust Company, N.A. | First Trust Corporation | National City Bank |
| Besemer Trust Company | First Trust National Association | National Westminster Bank N.J. |
| Boatmen's National Bank of St. Louis (The) | First Union National Bank | National Westminster Bank PLC |
| Boston Safe Deposit and Trust Company | First Wisconsin Trust Company | National Westminster Bank USA |
| Brown Brothers Harriman & Co. | Fort Wayne National Bank | Nationar |
| Capital Trust Company | French American Banking Corporation | Nomura International Trust Company |
| Central Bank of the South | Frost National Bank | Norstar Trust Company |
| Central Fidelity Bank, N.A. | Fuji Bank & Trust Company (The) | Northern Trust Company (The) |
| Central Trust Bank (The) | Guardian Trust Company | Norwest Bank Minnesota, National Association |
| Chase Lincoln First Bank, N.A. | Goldman Sachs Trust Company (The) | Old Kent Bank and Trust Company |
| Chase Manhattan Bank, N.A. (The) | Harris Trust & Savings Bank | Old Kent Bank—Chicago |
| Chemical Bank | Hibernia National Bank | Pacific Inland Bank |
| Citibank, N.A. | Huntington National Bank | Pittsburgh National Bank |
| Citizens Fidelity Bank and Trust Company | IBJ Schroder Bank & Trust Company | Provident Bank (The) |
| City National Bank | IDS Bank & Trust | Provident National Bank |
| Citytrust | INB National Bank | Republic National Bank of New York |
| Comerica Bank | Imperial Trust Company | Riggs National Bank of Washington, D.C. (The) |
| Commerce Bank of Kansas City, N.A. | Industrial Bank of Japan Trust Company (The) | Royal Bank of Canada, New York Branch |
| Connecticut National Bank (The) | Investors Bank and Trust Company | Santa Barbara Bank & Trust |
| Continental Bank, National Association | Investors Fiduciary Trust Company | Sanwa Bank California |
| CoreStates Bank, N.A. | Kellogg—Citizens National Bank | Sanwa Bank Limited—N.Y. Branch |
| Crestar Bank | Key Trust Company | Seattle—First National Bank |
| Custodial Trust Company | LTCB Trust Company | Security Pacific Bank |
| Dai-Ichi Kangyo Bank, Limited (The), New York Branch | LaSalle National Bank | Washington, N.A. |
| | Liberty National Bank and Trust Company of Louisville | Security Pacific National Bank |
| | Liberty Street Trust Company | |
| | Lincoln National Bank & Trust Company of Fort Wayne | |

Security Trust Company, N.A.
 Seligman (J. & W.) Trust Company
 Shawmut Bank of Boston, N.A.
 Signet Trust Company
 Society Bank
 Society National Bank
 Southeast Bank, N.A.
 SouthTrust Bank of Alabama, N.A.
 Star Bank, National Association,
 Cincinnati
 State Street Bank and Trust
 Company
 Stock Yards Bank and Trust
 Company
 Sumitomo Bank of California
 Sumitomo Trust & Banking
 Co. (USA)
 Summit Bank
 Swiss Bank Corporation
 New York Branch
 Team Bank, N.A.
 Texas Commerce Bank
 National Association
 Toronto Dominion Bank
 (The)-New York Branch
 Toyo Trust Company of New York
 Trust Company Bank
 Trust Services of America, Inc.
 Trustmark National Bank
 U.S. Bank of Washington, N.A.
 Union Bank
 Union Bank of Switzerland
 Union Planters National Bank
 Union Trust Company
 United Bank of Denver,
 National Association
 United Jersey Bank
 United Missouri Bank of Kansas
 City, N.A.
 United States National Bank
 of Oregon
 United States Trust Company
 of New York
 Valley Bank of Nevada
 Valley National Bank of Arizona
 Valley Trust Company
 Wachovia Bank of Georgia, N.A.
 Wachovia Bank of North
 Carolina, N.A.
 Wells Fargo Bank, National
 Association
 Wells Fargo Institutional
 Trust Company
 Wesbanco Bank Wheeling
 Wilmington Trust Company
 Women's Federal Savings Bank
 Yasuda Bank and Trust
 Company (U.S.A.)
 Zions First National Bank

Brokers-Dealers #

ABD Securities Corporation
 Acorn Trading, Inc.
 Adams-Fastnow Company Inc.*
 Adams, Harkness & Hill, Inc.
 Adler, Coleman & Co., Inc.
 Advest, Inc.
 Affina Brokerage Services Inc.
 Alexander (J.) Securities, Inc.*
 Alger (Fred) & Company,
 Incorporated
 Allen & Company Incorporated
 Alpine Associates
 American Enterprise Investment
 Services Inc.*
 American Securities Corporation
 Arnhold and Bleichroeder (S.), Inc.
 Asiel & Co.
 BHC Securities Inc.
 BHF Securities Corporation
 BSE Specialist Account*
 BT Securities Corporation
 Baer (Julius) Securities Inc.
 Baird (Robert W.) & Co. Incorporated
 Banc One Capital Corporation
 Barr Brothers & Co., Inc.
 Baum (George K.) & Company
 Bear, Stearns Securities Corp.
 Bernstein (Sanford C.) & Co., Inc.
 Bidwell & Company*
 Blair (Charles M.) & Co., Inc.*
 Blair (William) & Company
 Bodell, Overcash Anderson
 & Co., Inc.*
 Bradford (J.C.) & Co.
 Brawley Cathers Limited*
 Brounoff, Claire, & Co., Inc.
 Brown (Alex.) & Sons, Inc.
 Brown & Company Securities
 Corporation
 Bunting Warburg Incorporated*
 Burke (P.R.) & Co., Inc.
 Burns Fry Hoare Govett Inc.
 Burns Fry Limited*
 Burns, Pauli & Co., Inc.
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 Butler, Wick & Co., Inc.
 Campbell (D.A.) Co., Inc.*
 Campbell, Waterman, Inc.*
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 Cantor Fitzgerald & Co.
 Cantor Fitzgerald Fixed Income
 Brokers, Inc.
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 Securities, Inc.
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 Charles Schwab & Co., Inc.
 Chase Securities, Inc.
 Chicago Corporation (The)
 Chicago Corporation (The)*
 Childs (S.W.) Management
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 Citicorp Securities Markets, Inc.
 Coast Options, Inc.*
 Commerzbank Capital Markets
 Corporation
 Connor, Clark & Co. Limited*
 Coughlin and Company, Inc.*
 County NatWest Securities
 Corporation USA
 Cowen & Co.
 Craig-Hallum, Inc.
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 Wedd Limited*
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 Desjardins, Deragon, Langlois Ltd.*
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 Diamant Investment Corp.*
 Dillon, Read & Co. Inc.
 Disnat Investment Inc.*
 Doff & Co., Inc.
 Dominick & Dominick, Incorporated
 Donaldson, Lufkin & Jenrette
 Securities Corp.*
 Donaldson, Lufkin & Jenrette
 Securities Corporation
 Drexel Burnham Lambert
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 Dunhill Securities
 Easton & Co.
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 Egan, Marrin & Rubano Inc.*
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 Execution Services Incorporated
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 Fahnestock & Co., Inc.
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† As of December 31, 1991

Reaves (W.H.) & Co., Inc.
 Refco Securities, Inc.
 Regional Clearing Corp.
 Research Capital Corporation*
 Richardson Greenshields Securities, Inc.
 Rimson (M.) & Co., Inc.
 Robb, Peck, McCooley Clearing Corporation
 Robertson, Stephens & Company
 Rodman & Renshaw, Inc.
 Roney & Co.
 Roosevelt & Cross Inc.
 Rothschild Inc.
 Rothschild (L.F.) & Co. Incorporated
 Roulston Research Corp.
 SBCI Swiss Bank Corporation Investment Banking Inc.
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 Seattle-Northwest Securities Corporation
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 Seidler Amdec Securities Inc.*
 Shearson Lehman Brothers Inc.
 Shearson Lehman Brothers Inc.*
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 Smith, Moore & Co.*
 Smith New Court, Carl Marks Inc.
 Societe Generale Securities Corporation
 Southwest Securities, Inc.
 Spear, Leeds & Kellogg
 Spear Rees & Co.*
 Spectrum Trading Partners, L.P.
 Steichen (R.J.) & Company*
 Stephens, Inc.
 Stern & Kennedy
 Stern (M.L.) & Co., Inc.*
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 Stifel, Nicolaus & Company Incorporated
 StockCross, Inc.*
 Stoeber, Glass & Co., Inc.
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 Stone & Youngberg*
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 Timber Hill Inc.

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 Transatlantic Securities Company
 UBS Securities Inc.
 U.S. Clearing Corp.
 Universal Securities Corporation
 Vail Securities Investment, Inc.
 Van Kampen Merritt Inc.
 W&D Securities
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 WSI Stock Loan*
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 Wall Street Equities Incorporated*
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 Wechsler & Krumholz, Inc.
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 Weeden & Co.*
 Weiss, Peck & Greer
 Wellington (H.G.) & Co. Inc.
 Wheat, First Securities, Inc.
 Whitaker (Don C.) Inc.*
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 Wolfe & Hurst Bond Brokers, Inc.
 Wolfe & Hurst Bond Brokers, Inc.*
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 Wood Gundy Inc.*
 Yamaichi International (America), Inc.
 Yamaichi International (America), Inc.*
 Yorkton Securities Inc.*
 Ziegler (B.C.) and Company
 Ziegler Thrift Trading, Inc.*

Clearing Agencies

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

#Excludes some firms with limited activity

*National Securities Clearing Corporation Sponsored Account

**International Securities Clearing Corporation Sponsored Account

Participant in the Same-Day Funds Settlement System*

Adams, Harkness & Hill, Inc.
 Advest, Inc.
 Amalgamated Bank of New York (The)
 American National Bank & Trust Company of Chicago
 AmeriTrust Company National Association
 Asiel & Co.
 BT Securities Corporation
 Baird (Robert W.) & Co. Incorporated
 Banc One Capital Corporation
 Bank One Ohio Trust Company, N.A.
 Bank of America NT & SA
 Bank of New England, N.A.
 Bank of New York (The)
 Bank of Tokyo Trust Company (The)
 Bankers Trust Company
 Baum (George K.) & Company
 Bear, Stearns Securities Corp.
 Bernstein (Sanford C.) & Co., Inc.
 Blair (William) & Company
 Boston Safe Deposit and Trust Company
 Bradford (J.C.) & Co.
 Brown (Alex.) & Sons, Inc.
 Brown Brothers Harriman & Co.
 Butler, Wick & Co., Inc.
 Central Bank of the South
 Central Fidelity Bank, N.A.
 Charles Schwab & Co., Inc.
 Chase Manhattan Bank, N.A. (The)
 Chase Securities, Inc.
 Chemical Bank
 Chicago Corporation (The)
 Citibank, N.A.
 Citicorp Securities Markets, Inc.
 Citizens Fidelity Bank and Trust Company
 City National Bank
 Connecticut National Bank (The)
 Continental Bank, National Association
 CoreStates Bank, N.A.
 Cowen & Co.
 Craigie Incorporated
 Crestar Bank
 Custodial Trust Company
 Dai-Ichi Kangyo Bank, Limited (The), New York Branch
 Dain Bosworth Incorporated
 Daiwa Bank, Limited (The), New York Agency
 Daiwa Securities America Inc.
 Davenport & Co. of Virginia, Inc.
 Davis (Shelby Cullom) & Co.
 Deutsche Bank Capital Corporation



Dillon, Read & Co. Inc.
 Dominick & Dominick, Incorporated
 Donaldson, Lufkin & Jenrette
 Securities Corporation
 Drexel Burnham Lambert
 Incorporated
 Edwards (A.G.) & Sons, Inc.
 Fahnstock & Co., Inc.
 Fidelity Bank, National Association
 Fiduciary Trust Company
 International
 Fifth Third Bank (The)
 First Alabama Investments, Inc.
 First Albany Corporation
 First American Bank, N.A.
 First Boston Corporation (The)
 First City, Texas-Houston, N.A.
 First Fidelity Bank, National
 Association, New Jersey
 First Interstate Bank of California
 First Interstate Bank of Denver, N.A.
 First Interstate Bank of
 Washington N.A.
 First National Bank of Boston (The)
 First National Bank of Chicago (The)
 First National Bank of
 Maryland (The)
 First Tennessee Bank N.A. Memphis
 First Trust National Association
 First Wisconsin Trust Company
 Freeman Welwood & Co., Inc.
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 Fuji Bank & Trust Company (The)
 Goldman, Sachs & Co.
 Goldman Sachs Money Markets, L.P.
 Goldman Sachs Trust Company
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 Gruntal & Co. Incorporated
 Hamilton Investments, Inc.
 Hancock (John) Clearing Corporation
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 Hough (William R.) & Co.
 Howard, Weil, Labouisse,
 Friedrichs Incorporated
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 IDS Bank & Trust
 Interstate/Johnson Lane Corporation
 Investors Bank & Trust Company
 Janney Montgomery Scott Inc.
 Jefferies & Company, Inc.
 Jones (Edward D.) & Co.
 Kellogg-Citizens National Bank
 Kemper Clearing Corp.

Key Trust Company
 Kidder, Peabody & Co. Incorporated
 LaSalle National Bank
 Lazard Frères & Co.
 Legg Mason Wood Walker, Inc.
 Lehman Special Securities Inc.
 Lerner (David) Associates, Inc.
 Lewco Securities Corp.
 LTCB Trust Company
 MKI Securities Corp.
 Mabon Securities Corp.
 Manufacturers and Traders
 Trust Company
 Manufacturers Hanover Securities
 Corporation
 Manufacturers Hanover
 Trust Company
 Manufacturers National Bank
 of Detroit
 Marine Midland Bank
 Marquette Bank Minneapolis, N.A.
 McDonald & Company
 Securities, Inc.
 Mellon Bank, N.A.
 Mercantile-Safe Deposit & Trust
 Company
 Merchants National Bank & Trust
 Company of Indianapolis
 Merrill Lynch, Government
 Securities Inc.
 Merrill Lynch, Pierce, Fenner &
 Smith Incorporated
 Mesirow Financial Inc.
 Midlantic National Bank
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 Morgan (J.P.) Securities Inc.
 Morgan, Keegan & Company, Inc.
 Morgan Stanley & Co. Incorporated
 N.B. Clearing Corporation
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 National City Bank
 National Financial Services
 Corporation
 National Westminster Bank N.J.
 National Westminster Bank USA
 NationsBank of Georgia, N.A.
 NationsBank of North Carolina, N.A.
 NationsBank of Texas, National
 Association
 NationsBank of Virginia, N.A.
 Nationar
 Neuberger & Berman
 New Japan Securities
 International, Inc.
 Newbridge Securities Inc.
 Nikko Securities Co. International,
 Inc. (The)
 Nomura Securities International, Inc.

Northern Trust Company (The)
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 National Association
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 Olde Discount Corporation
 Oppenheimer & Co., Inc.
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 Company
 Piper, Jaffray & Hopwood
 Incorporated
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 Turner, Inc. (The)
 Provident Bank (The)
 Provident National Bank
 Prudential Securities Incorporated
 RBC Dominion Securities
 Corporation
 Rauscher Pierce Refsnes, Inc.
 Raymond, James & Associates, Inc.
 Refco Securities, Inc.
 Rodman & Renshaw, Inc.
 Roney & Co.
 SBICI Swiss Bank Corporation
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 Salomon Brothers Inc
 Sanwa Bank California
 Sanwa Bank Limited-N.Y. Branch
 Scotia McLeod (USA) Inc.
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 Security Pacific Bank
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 Security Pacific National Bank
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 Co. Incorporated
 Societe Generale Securities
 Corporation
 Society National Bank
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 Sterne, Agee & Leach, Inc.
 Stifel, Nicolaus & Company
 Incorporated
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 Swiss Bank Corporation New
 York Branch
 Toronto-Dominion Bank (The)
 Trust Company Bank
 UBS Securities Inc.
 U.S. Clearing Corp.
 Union Planters National Bank

**DTC STOCKHOLDERS***

Affiliated National Bank—Denver
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 American Stock Exchange Inc.
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 AmSouth Bank, N.A.
 Arnhold and Bleichroeder (S.), Inc.
 BT Securities Corporation
 Baer (Julius) Securities Inc.
 Bank of America NT & SA
 Bank of California (The)
 Bank of New York (The)
 Bank of Tokyo Trust Company (The)
 Bank One Ohio Trust Company, N.A.
 Bankers Trust Company
 Barclays Bank PLC
 Barnett Banks Trust Company, N.A.
 Bear, Stearns Securities Corp.
 Boatmen's National Bank of St. Louis (The)
 Boston Safe Deposit and Trust Company
 Brounoff, Claire, & Co., Inc.
 Brown (Alex.) & Sons, Inc.
 Brown Brothers Harriman & Co.
 Carty & Company, Inc.
 Cazenove Incorporated
 Central Bank of the South
 Central Trust Bank
 Chase Lincoln First Bank, N.A.
 Chase Manhattan Bank, N.A. (The)
 Chemical Bank
 Cincinnati Stock Exchange (The)
 Citibank, N.A.
 Citicorp Securities Markets, Inc.
 City National Bank
 Connecticut National Bank (The)
 Continental Bank, National Association
 CoreStates Bank, N.A.
 County NatWest Securities Corporation USA
 Craigie Incorporated
 Crews & Associates, Inc.
 Custodial Trust Company
 Daiwa Securities America, Inc.
 Dominion Trust Company
 Donaldson, Lufkin & Jenrette Securities Corporation
 Edwards (A.G.) & Sons, Inc.
 Execution Services Incorporated
 Fagenson & Co., Inc.
 Fahnestock & Co., Inc.
 Fidelity Bank, National Association
 Fiduciary Trust Company International
 Fiduciary Trust Company of Boston
 First Alabama Investments, Inc.
 First Albany Corporation
 First Boston Corporation (The)
 First City, Texas—Houston, National Association
 First Fidelity Bank, National Association, New Jersey
 First Interstate Bank of California
 First Interstate Bank of Denver, N.A.
 First Interstate Bank of Oregon, N.A.
 First Interstate Bank of Washington N.A.
 First National Bank and Trust Company of Tulsa (The)
 First National Bank of Boston (The)
 First National Bank of Chicago (The)
 First National Bank of Maryland (The)
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 First Trust National Association
 Fort Wayne National Bank
 Frost National Bank
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 Goldman, Sachs & Co.
 Gruss (Oscar) & Son Incorporated
 Hibbard Brown & Co., Inc.
 Hough (William R.) & Co.
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 IDS Bank & Trust
 Imperial Trust Company
 Investors Bank and Trust Company
 Key Trust Company
 LaBranche & Co.
 Lehman Special Securities Inc.
 Lewco Securities Corp.
 MacAllaster Pitfield Mackay, Inc.
 Manufacturers and Traders Trust Company
 Manufacturers Hanover Trust Company
 Marcus Schloss & Co., Inc.
 Marine Midland Bank, N.A.
 Mayer & Schweitzer, Inc.
 Mellon Bank, N.A.
 Merchants National Bank & Trust Company of Indianapolis
 Merrill Lynch & Co., Inc.
 Michigan National Bank
 Midlantic National Bank
 Morgan Guaranty Trust Company of New York
 Morgan Stanley & Co. Incorporated
 National Association of Securities Dealers, Inc.
 National City Bank
 National Westminster Bank N.J.
 National Westminster Bank PLC
 National Westminster Bank USA
 NationsBank of Georgia, N.A.
 NationsBank of North Carolina, N.A.
 NationsBank of Texas, N.A.
 NationsBank of Virginia, N.A.
 NBD Bank, N.A.
 New York Stock Exchange, Inc.
 Nikko Securities Co. International, Inc. (The)
 Nomura Securities International, Inc.
 Norstar Trust Company
 Northern Trust Company (The)
 Norwest Bank Minnesota, National Association
 Oppenheimer & Co., Inc.
 PaineWebber Incorporated
 Paribas Corporation
 Pforzheimer (Carl H.) & Co.
 Reaves (W.H.) & Co., Inc.
 Roosevelt & Cross
 SBCI Swiss Bank Corporation Investment Banking Inc.
 Salomon Brothers Inc
 Santa Barbara Bank & Trust
 Sanwa Bank California
 Scott & Stringfellow Investment Corporation
 Seattle—Northwest Securities Corporation
 Security Pacific National Bank
 Security Trust Company, N.A.
 Shawmut Bank of Boston, N.A.
 Smith New Court, Carl Marks Inc.
 Star Bank, National Association, Cincinnati
 State Street Bank and Trust Company
 Stock Clearing Corporation
 Stock Yards Bank and Trust Company
 Swiss American Securities Inc.
 Swiss Bank Corporation New York Branch
 Team Bank, N.A.
 Texas Commerce Bank National Association
 Timber Hill Inc.
 Trust Company Bank
 United Missouri Bank of Kansas City, N.A.
 United States Trust Company of New York
 Valley Bank of Nevada
 Valley National Bank of Arizona
 Van Kampen Merritt Inc.
 Wachovia Bank of North Carolina, N.A.
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*As of March 31, 1992

DTC would like to thank The Pierpont Morgan Library in New York City, which provided the location for the photographs on pages 13, 14, 20, 33 and 35.



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