

NORTHERN ILLINOIS UNIVERSITY

An Argument for Recording Stock Options as Stockholders Equity

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ABSTRACT:

Disclosing the hidden executive compensation known as stock options has been the goal of the Financial Accounting Standards Board (FASB) since 1984. This initiative has been met with great resistance from the corporate world who would like to keep this compensation off of the books. The purpose of this paper is to explore the basic arguments of each side, and then come up with a compromise plan. The 100 page exposure draft by the FASB was my first source, and then further research from articles was researched for the opposing viewpoints. An appendix is included highlighting 13 various companies current footnote and/or financial statement disclosure of stock options. Neither the FASB nor the opponents discussed a willingness to compromise, which I propose they consider in this paper. My compromise entails recording the stock options, but not taking the amount out of earnings. This will allow for the disclosure the FASB wants without the negative impact on the income statement that would prevent many companies from issuing stock options and attracting good personnel.

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Introduction

Stock options are an important part of benefit plans for some employees. In fact, stock options are offered to employees by over 90 percent of US publicly held corporations (Goodwin 22). Up to now, companies have not had to record these stock options on the financial statements. By not recording the stock options, stakeholders can be misled as to the potential impact that may occur when stock options are exercised. This paper will argue that employee stock options should be recorded on employers' financial statements, not as an expense, but as a component of stockholders' equity.

The FASB Initiative

Changes in the way companies handle employee stock options have been under consideration from the Financial Accounting Standards Board (FASB) since 1984. An invitation to comment on stock options was added to the FASB's agenda in May of 1994 after numerous requests for clarifications of APB Opinion No. 25, "Accounting for Stock Issued to Employees" (Status 8). The FASB decided in 1988 that stock options should be accounted for as compensation expense, but in order to further the process a measurement and valuation device must be in place. In 1990, the FASB took up the issue of whether the stock options should be classified as liabilities or equity, and decided the options should be equity (Status 8). In June 1993, the FASB issued a 100 page exposure draft entitled "Accounting for Stock Based

Compensation" proposing a method of accounting for the options as compensation expense. Currently, the plan is to issue a statement in the first quarter of 1995, almost eleven years after the initial inquiry (Status 8). Unfortunately, this proposed statement has many flaws and is being opposed by a large majority of firms because of measurement issues and the negative impact on the earnings of companies. This paper proposes a compromise alternative between what industry wants, the status quo, and what the FASB wants, immediate recognition as an expense.

Industry's Response

Up to and including the financial statements of 1994, companies do not have to record any employee stock options as an expense as long as market price equals option price on the date of grant. This has given industry an effective tool in recruiting and retaining quality professionals without the encumbrance on the financial statements. If these options were included as proposed by the FASB as compensation expense, companies would have to report drastically lower earnings, perhaps leading to a less desirable company to invest in, and an eventual dismissal of superstar personnel because of their high price.

The FASB has decided to measure the compensation expense of the stock option price on the day the employee and employer agree to terms. The question is how to estimate the fair value of a volatile stock. The FASB Exposure Draft discusses some pricing

models to help estimate the cost, including the Black-Scholes, and binomial, but FASB does not recommend one particular model, and even admits that these are estimates that are imprecise (Exposure 36). One of the biggest problems with applying the proposed statement is the variation caused by the alternative models. If one company in an industry uses one model, and another company uses another, can they be adequately compared? While there are flaws with most valuation model estimates, a standardized one would be best for comparability purposes.

The economic consequences of the FASB Exposure Draft are much more pronounced in a world where companies must not only compete nationally, but against international companies and investors as well. With more people investing in the best companies worldwide, regardless of the nation that company is situated in, any FASB statement that affects American companies in a negative way may lead investors to look to other nations. Also, this estimate of stock options could cause a wide volatility in earnings, depending on the whims of the stock market. Investors may jump to foreign companies without the volatility in the financial statements. Ultimately, it could lead to a depressed United States economy, because of the inconsistencies in the world accounting rules.

Startup Companies

Companies in their early stages believe that they would be hurt by the FASB proposal because management, creditors, and investors might not want to have a stake in the company. The

experienced management most companies need in the early years will not be attracted to these companies because of the potential phenomenal growth they may help bring to a company without a guaranteed reward. In fact, in a survey of 500 startup companies, 90% said they would stop issuing stock options to all employees if the FASB proposal is passed (Berton A3.) Many startup companies rely on debt financing from creditors. If the startup companies statements are hit with large stock option expense, creditors may avoid giving the company the break it needs to start. A lot of investors are considered casual, who are not aware of the intricacies of reading financial statements. They will probably be less inclined to invest in a potentially high return startup company because of the low net income figures, and be more likely to invest in larger corporations, who can absorb the expense easier, The three important groups-- management, creditors, and investors--all combine to make the FASB proposal unacceptable to small business, because without these groups, companies will not be able to get the financial resources and management expertise the companies need to get off to a good start.

Generally Accepted?

The FASB stock option plan probably has more opponents than any other plan in their history. What is scary about this plan is not the widespread business opposition, since business usually opposes additional disclosure measures, but the opposition of many in the investor community, the interest the FASB is supposed

to protect. When the FASB starts to alienate them, they begin to lose focus of their ultimate customer, and the customer can go to the higher ups, in this case Congress and the executive branch's Securities and Exchange Commission (SEC). The Congress is run by representatives elected by the people to help modernize the country by peoples' changing values over time. The laws basically are generally accepted, which means that they are widespread beliefs, not necessarily academically or technically correct. The FASB says it cannot weigh national goals, or even worry about the popularity of a decision when making standards, but this attitude by the board is leading them down a path to government intervention.

If the FASB refuses to compromise, the government is prepared to negate the statement on stock options, which would be a dangerous precedent. A bipartisan bill called the Equity Expansion Act supported by Senators Joseph Lieberman (D-Connecticut), Richard Shelby (D-Alabama), and Phil Gramm (R-Texas) would overrule the FASB if their exposure draft became the standard (Buckstein 4). The SEC would be directed to ignore the FASB rule, and with Treasury Secretary Lloyd Bentsen, and Commerce Secretary Ronald Brown against the FASB, it is likely the bill would be enacted. If the FASB does not compromise, they could eventually lose their authority because they forgot who they were protecting. Having accounting rules determined by mostly lawyers, who basically know less about accounting than the FASB does, is a scary proposition.

The Stock Option King

Michael Eisner, chairman of Disney Corporation, is one of the brightest chief executives in the business world, therefore a reasonably high compensation would be expected from stakeholders. In 1988, when he earned in excess of 32 million dollars from stock options, this raised a few eyebrows, but in no way gave a hint as to what was coming in December of 1992 (Shriver D1). On December 1, 1992, Mr. Eisner cashed in \$197.5 million in stock options (Bates A1). Although Mr. Eisner has done a good job, was it good enough to take almost \$203 million dollars total for the year out of a Disney profit of about \$300 million (Annual Report). In fact, if the Disney President, Mr. Wells is included with almost \$60 million in stock options, Disney has essentially broke even for fiscal year 1993, if you consider stock options as expense (Bates A1). This was a surprise to most industry observers and to many of Disney's stockholders, giving Disney a negative public relations image that could have been prevented had the stock options been disclosed originally. This example clearly illustrates that the current reporting of stock options is not adequate. While companies may favor the status quo, it does not meet the public's needs. FASB must act to provide a greater disclosure of stock options.

When to Record

Stock options can be recorded either on the grant, issue, or exercise date. Each method has a basic tenant of accounting to

support the recording of stock options on their date. Understanding these arguments help in determining a compromise plan.

The FASB is proposing recognition on the grant date using valuation models. They believe that on the day stock options are granted, and agreement is reached giving stock option compensation in return for future and possible past services (Exposure 27.) The principle of matching the revenues during a period with the expenses incurred is used in the FASB argument. This way compensation expense can be allocated as services are rendered.

Other people believe that stock options should be booked when issued. They believe that an exchange takes place on this day, and under the historical exchange price principle, the exchange price established at the time a transaction occurs is the basis for initially recording assets and liabilities. When a cost is not incurred at the exchange date, like stock options, the historical exchange price is determined by reference to the fair market value of what is received or given, whichever is more clearly determinable.

Predicting future stock value is the most difficult and controversial part of recording at the grant date. Because of the uncertainty of this prediction, many people support just recording at the exercise date. The supporters argue the stock options number will be less volatile from year to year by removing the sometimes unreliable price option models proposed by

the FASB. This would avoid the penalties startup companies get by estimates. In fact, Susan Eichen, Principal at William P. Mercer, states "These companies suffer from the dual curse of no dividends and high volatility, a deadly combination that yield Black-Scholes values as high as 80% or more of the stock's face value (as opposed to the average 33% for the S&P 500)" (Rodgers 27.) Even established companies have divergent results. For example, the options granted to Kodak's CEO, Mr. Fisher, are valued between \$13 million and \$17 million, a 30 percent range. This discrepancy would not exist if options were just recorded at the exercise date.

The Equity Compromise

The FASB has proposed that stock options are an expense at the day of grant. Industry wants to recognize the option until the exercise date, this leaves a big gap for a compromise. Because this is such a significant financial commitment when the stock options are exercised, estimating the cost today can help contain the future shock on future financial statements. An illustration of this concept is the nuclear reactor decommissioning costs being spread out before the reactor goes offline to reduce a sudden expense. To avoid this kind of a surprise, like the \$197 million dollar day by Mr. Eisner in 1992, the FASB is correct in its insistence on disclosure on the financial statements. Unfortunately, not enough stakeholders take footnotes as seriously as hard numbers, so it would be in

the best interest of the whole to estimate the option as an equity item. The FASB's proposal considers the option as an equity item, but runs it through the income statement, causing controversial extra expenses that raises red flags in almost every chief executive as an attack on their bottom line.

The best way to lower these red flags and still show the estimate on the financial statement is to have the stock option estimate as a cost in the equity section of the balance sheet. This avoids the negative impact of the stock options on the income of companies, and negates the volatility of the stock on the earnings reports. This would make companies more comparable with earnings worldwide, and still give more incentive to offer options to employees than if they would hurt income. This would allow employers to retain and recruit top notch management, who will not have to worry about the paradox of having too much success to bring a bigger stock price and less earnings, or performing poorly.

This method also should please the FASB and potential investors by disclosing the stock option information in the balance sheet. For investors, this means there will probably be no surprises, like Disney stockholders found out. FASB will get to retain most of its original intent by keeping the ultimate effect on stockholders' equity the same.

Equity Precedent

The equity method would not be a radical departure from FASB precedent. Several other items are already recorded directly to the equity category. First, foreign currency translation adjustments have been dealt with as a non-income statement item and are recorded directly to the stockholders' equity section of the balance sheet. Second, with statement 115, the FASB has shown there is merit in recording the change in market value of certain investments on the balance sheet. Third, perhaps the closest analogy is of pensions. The FASB has allowed the minimum liability provision of pensions to be recorded to the equity category in some cases. Because pensions are estimated future employee benefits that are on the balance sheet, but not run through the income statement, other future estimable employee benefits such as stock options should also be recorded in this way.

Conclusion

Companies have had a nice free ride in giving excessive compensation in the form of stock options with no stakeholder knowledge for many years. To avoid surprises like pensions and the Disney cashing spree, the FASB has correctly concluded that this free ride has to stop. But, the FASB is proposing to deduct the estimated value of stock options from earnings in the income statement. This is not only inconsistent with previous statements, but the proposal could substantially lower the amount of executive pay to the point where good executives could leave the country to more lucrative foreign firms. The equity method avoids the temptation to get rid of stock options, but also gives stakeholders a more honest knowledge of future cash flows, and a greater confidence in executives and companies as a whole.

APPENDIX A: COMPANY DESCRIPTIONS

CITICORP

INCORPORATION: DE

EXCHANGE: NYS

TICKER SYMBOL: CCI

PRIMARY SIC CODE:

6712 Bank Holding Companies

DESCRIPTION OF BUSINESS: BANK AND SAVINGS AND LOAN HOLDING COMPANY WITH SUBSIDIARIES WHICH PERFORM COMMERCIAL BANKING OPERATIONS, SAVINGS BANK OPERATIONS, INTERNATIONAL BANKING SERVICES, CREDIT CARD SERVICES AND OTHER RELATED FINANCIAL ACTIVITIES.

CURRENT OUTSTANDING SHARES: 389,280,028 (SOURCE: 10-Q 03/31/94)
 SHARES HELD BY OFF & DIR: 7,778,528 (SOURCE: PROXY)
 NUMBER OF SHAREHOLDERS: 60,000 (SOURCE: 10-K)
 NUMBER OF EMPLOYEES: 81,500 (SOURCE: 10-K)
 FISCAL YEAR END: 12/31
 LATEST ANNUAL FINANCIAL DATE: 12/31/93
 LATEST QUARTERLY FINANCIAL DATE: 03/31/94

COBRA ELECTRONICS CORP

INCORPORATION: DE

EXCHANGE: NMS

TICKER SYMBOL: COBR

PRIMARY SIC CODE:

5064 Electrical Appliances, TV and Radios

DESCRIPTION OF BUSINESS: DESIGNS AND MARKETS CONSUMER ELECTRONICS, SUCH AS LASER DETECTORS, CORDLESS TELEPHONES AND ANSWERING SYSTEMS, AUDIO RECORDING EQUIPMENT, CLOCK RADIOS AND OTHER RELATED PRODUCTS.

CURRENT OUTSTANDING SHARES: 6,226,648 (SOURCE: 10-Q 05/06/94)
 SHARES HELD BY OFF & DIR: 1,068,957 (SOURCE: PROXY)
 NUMBER OF SHAREHOLDERS: 1,400 (SOURCE: 10-K)
 NUMBER OF EMPLOYEES: 146 (SOURCE: 10-K)
 FISCAL YEAR END: 12/31
 LATEST ANNUAL FINANCIAL DATE: 12/31/93
 LATEST QUARTERLY FINANCIAL DATE: 03/31/94

CONTINENTAL CORP

INCORPORATION: NY

EXCHANGE: NYS

TICKER SYMBOL: CIC

PRIMARY SIC CODE:

6411 Insurance Agents, Brokers, and Service

DESCRIPTION OF BUSINESS: HOLDING COMPANY WITH SUBSIDIARIES WHICH PROVIDE PROPERTY AND CASUALTY INSURANCE, INVESTMENT MANAGEMENT, CLAIMS ADJUSTING, RISK MANAGEMENT AND PREMIUM FINANCING.

CURRENT OUTSTANDING SHARES: 55,414,151 (SOURCE: 10-Q 05/12/94)

SHARES HELD BY OFF & DIR: 2,837,251 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: NA
NUMBER OF EMPLOYEES: 6 (SOURCE: 10-K)

FISCAL YEAR END: 12/31
LATEST ANNUAL FINANCIAL DATE: 12/31/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

4. DUN & BRADSTREET CORP

INCORPORATION: DE
EXCHANGE: NYS
TICKER SYMBOL: DNB
PRIMARY SIC CODE:

8732 Commercial Nonphysical Research

DESCRIPTION OF BUSINESS: HOLDING COMPANY WITH SUBSIDIARIES WHICH PROVIDE DATABASE INFORMATION VIA REFERENCE BOOKS, ON-LINE SERVICES, VALUE-ADDED SOLUTIONS AND BY TELEPHONE; PROVIDE CREDIT INFORMATION, ACCOUNTS RECEIVABLE MANAGEMENT AND CREDIT RISK MANAGEMENT SERVICES; COMPILE, PUBLISH AND SERVE AS SALES REPRESENTATIVES OF YELLOW PAGES AND OTHER DIRECTORIES; PROVIDE MARKETING INFORMATION SERVICES, INCLUDING SERVICES THAT HELP CONSUMER-GOODS MANUFACTURERS SCREEN, PLAN, TEST AND EVALUATE INDIVIDUAL MARKET PROGRAMS; ASSIGN RATINGS TO FIXED INCOME SECURITIES; MARKET AND ADMINISTER GROUP LIFE, HEALTH, DENTAL AND DISABILITY PROGRAMS FOR INSURANCE COMPANIES; OPERATE PRIVATE TELECOMMUNICATIONS NETWORK; PUBLISH BUSINESS AND FINANCIAL INFORMATION; INSURE MANUFACTURERS, WHOLESALERS AND OTHER BUSINESSES AGAINST EXCESSIVE LOSS FROM COMMERCIAL ACCOUNTS; AND PROVIDE BUSINESS-APPLICATION SOFTWARE AND SERVICES.

CURRENT OUTSTANDING SHARES: 170,042,876 (SOURCE: 10-Q 04/29/94)
SHARES HELD BY OFF & DIR: 1,203,354 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: NA
NUMBER OF EMPLOYEES: 50,400 (SOURCE: 10-K)

FISCAL YEAR END: 12/31
LATEST ANNUAL FINANCIAL DATE: 12/31/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

5. DUSA PHARMACEUTICALS INC

INCORPORATION: NJ
EXCHANGE: NMS
TICKER SYMBOL: DUSA
PRIMARY SIC CODE:

2834 Pharmaceutical Preparations

DESCRIPTION OF BUSINESS: DEVELOPS PRESCRIPTION PHARMACEUTICAL PRODUCTS FOR ALL MARKETS, PRIMARILY PHOTODYNAMIC THERAPY, WHICH COMBINES PHARMACEUTICAL PRODUCTS WITH EXPOSURE TO LIGHT.

CURRENT OUTSTANDING SHARES: 5,438,500 (SOURCE: 10-Q 05/11/94)
SHARES HELD BY OFF & DIR: 481,499 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: NA
NUMBER OF EMPLOYEES: 5 (SOURCE: 10-K)

FISCAL YEAR END: 12/31

LATEST ANNUAL FINANCIAL DATE: 12/31/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

6. HASBRO INC
INCORPORATION: RI
EXCHANGE: AMS
TICKER SYMBOL: HAS
PRIMARY SIC CODE:
3944 Games, Toys, and Children's Vehicles
DESCRIPTION OF BUSINESS: DESIGNS, MANUFACTURES AND MARKETS A DIVERSE LINE
OF TOYS, GAMES, DOLLS AND INFANT PRODUCTS, INCLUDING INFANT APPAREL; AND
LICENSES VARIOUS TRADENAMES, CHARACTERS AND OTHER PROPERTY RIGHTS FOR USE IN
CONNECTION WITH THE SALE BY OTHERS OF NONCOMPETING TOYS AND NON-TOY PRODUCTS.

CURRENT OUTSTANDING SHARES: 88,051,294 (SOURCE: 10-Q 04/29/94)
SHARES HELD BY OFF & DIR: 9,219,827 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: 6,000 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 12,500 (SOURCE: 10-K)

FISCAL YEAR END: 12/31
LATEST ANNUAL FINANCIAL DATE: 12/26/93
LATEST QUARTERLY FINANCIAL DATE: 03/27/94

7. KAISER RESOURCES INC
INCORPORATION: DE
EXCHANGE: NMS
TICKER SYMBOL: KRSC
PRIMARY SIC CODE:
4953 Refuse Systems
DESCRIPTION OF BUSINESS: OPERATES WASTE MANAGEMENT, WATER RESOURCE AND LAND
REMEDICATION AND DEVELOPMENT SERVICES.

CURRENT OUTSTANDING SHARES: 10,438,682 (SOURCE: 10-Q 04/30/94)
SHARES HELD BY OFF & DIR: NA
NUMBER OF SHAREHOLDERS: 2,421 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 46 (SOURCE: 10-K)

FISCAL YEAR END: 12/31
LATEST ANNUAL FINANCIAL DATE: 12/31/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

8. MICROFLUIDICS INTERNATIONAL CORP
INCORPORATION: DE
EXCHANGE: NMS
TICKER SYMBOL: MFIC
PRIMARY SIC CODE:
3821 Laboratory Apparatus and Furniture
DESCRIPTION OF BUSINESS: PRODUCES AND MARKETS MICROFLUIDIZER DEVICES, WHICH
CREATE MICRODROPLETS IN LIQUID STREAMS FOR APPLICATION IN THE PREPARATION OF
FINE EMULSIONS, MICRO-EMULSIONS, DISPERSIONS, AND FOR CELL DISRUPTION AND

CREATION OF LIPOSOMES.

CURRENT OUTSTANDING SHARES: 4,873,234 (SOURCE: 10-Q 05/06/94)
SHARES HELD BY OFF & DIR: 945,235 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: 560 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 41 (SOURCE: 10-K)

FISCAL YEAR END: 12/31
LATEST ANNUAL FINANCIAL DATE: 12/31/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

9. PENEDERM INC
INCORPORATION: CA
EXCHANGE: NMS
TICKER SYMBOL: DERM
PRIMARY SIC CODE:
2899 Chemical Preparations, nec.
DESCRIPTION OF BUSINESS: DEVELOPS AND COMMERCIALIZES UNIQUE TOPICAL DELIVERY TECHNOLOGIES THAT ENHANCE THE DELIVERY OF DRUGS AND SKIN CARE AGENTS ON AND IN THE SKIN.

CURRENT OUTSTANDING SHARES: 6,990,926 (SOURCE: 10-Q 03/31/94)
SHARES HELD BY OFF & DIR: 1,984,325 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: 91 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 41 (SOURCE: 10-K)

FISCAL YEAR END: 12/31
LATEST ANNUAL FINANCIAL DATE: 12/31/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

10. PHOTRONICS INC
INCORPORATION: CT
EXCHANGE: NMS
TICKER SYMBOL: PLAB
PRIMARY SIC CODE:
3229 Pressed and Blown Glass, nec
DESCRIPTION OF BUSINESS: MANUFACTURES PHOTOMASKS, SELLS AND SERVICES USED MANUFACTURING EQUIPMENT AND REPLACEMENT PARTS; AND PROVIDES RELATED DESIGN AND PRECISION PHOTOGRAPHIC SERVICES.

CURRENT OUTSTANDING SHARES: 6,479,830 (SOURCE: 10-Q 04/30/94)
SHARES HELD BY OFF & DIR: 2,798,412 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: 305 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 475 (SOURCE: 10-K)

FISCAL YEAR END: 10/31
LATEST ANNUAL FINANCIAL DATE: 10/31/93
LATEST QUARTERLY FINANCIAL DATE: 04/30/94

11. RODMAN & RENSHAW CAPITAL GROUP INC
INCORPORATION: DE
EXCHANGE: NYS

TICKER SYMBOL: RR
PRIMARY SIC CODE:
6211 Security Brokers and Dealers

DESCRIPTION OF BUSINESS: HOLDING COMPANY WITH SUBSIDIARIES WHICH PERFORM FULL-SERVICE SECURITIES BROKER/DEALER AND COMMODITIES FUTURES COMMISSION MERCHANT SERVICES.

CURRENT OUTSTANDING SHARES: 4,576,837 (SOURCE: 10-Q 04/29/94)
SHARES HELD BY OFF & DIR: 188,924 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: 399 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 495 (SOURCE: 10-K)

FISCAL YEAR END: 06/30
LATEST ANNUAL FINANCIAL DATE: 06/25/93
LATEST QUARTERLY FINANCIAL DATE: 03/25/94

12. TELOR OPHTHALMIC PHARMACEUTICALS INC

INCORPORATION: DE
EXCHANGE: NMS

TICKER SYMBOL: TELR

PRIMARY SIC CODE:
2834 Pharmaceutical Preparations

DESCRIPTION OF BUSINESS: DEVELOPS AND MARKETS INNOVATIVE PRESCRIPTION PHARMACEUTICALS FOR USE IN TREATMENT OF AGE-RELATED EYE DISEASES AND IN OPHTHALMIC SURGERY.

CURRENT OUTSTANDING SHARES: 7,630,959 (SOURCE: 10-Q 04/30/94)
SHARES HELD BY OFF & DIR: 3,567,282 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: 59 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 40 (SOURCE: 10-K)

FISCAL YEAR END: 12/31
LATEST ANNUAL FINANCIAL DATE: 12/31/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

13. WALT DISNEY CO

INCORPORATION: DE
EXCHANGE: NYS

TICKER SYMBOL: DIS

PRIMARY SIC CODE:
7812 Motion Picture and Video Production

DESCRIPTION OF BUSINESS: OPERATES AMUSEMENT PARKS AND RESORTS; PRODUCES FILMED ENTERTAINMENT, SUCH AS LIVE ACTION MOTION PICTURES, ANIMATED MOTION PICTURES AND ORIGINAL TELEVISION PROGRAMS; PERFORMS REAL ESTATE DEVELOPMENT FOR COMMERCIAL AND INDUSTRIAL PROPERTIES; PERFORMS GENERAL REAL ESTATE BROKERAGE, FINANCING AND RESORT AND PROPERTY MANAGEMENT SERVICES; PRODUCES CONSUMER PRODUCTS, SUCH AS COMPUTER SOFTWARE PRODUCTS FOR EDUCATIONAL MARKET; PUBLISHES BOOKS, MAGAZINES AND COMICS; OPERATES TELEVISION STATION; MARKETS AND DISTRIBUTES MAINSTREAM MUSIC; OWNS AND OPERATES "DISNEY" STORES CARRYING DISNEY MERCHANDISE; AND MARKETS CHILDREN'S EDUCATIONAL TOYS, PLAY EQUIPMENT, CLASSROOM FURNITURE AND ACTIVEWEAR APPAREL.

CURRENT OUTSTANDING SHARES: 537,263,487 (SOURCE: 10-Q 05/06/94)
SHARES HELD BY OFF & DIR: 9,862,035 (SOURCE: PROXY)
NUMBER OF SHAREHOLDERS: 408,000 (SOURCE: 10-K)
NUMBER OF EMPLOYEES: 62,000 (SOURCE: 10-K)

FISCAL YEAR END: 09/30
LATEST ANNUAL FINANCIAL DATE: 09/30/93
LATEST QUARTERLY FINANCIAL DATE: 03/31/94

APPENDIX B: SELECTED COMPANY FINANCIAL AND STOCK OPTION DISCLOSURES

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/31/93

Citicorp and Subsidiaries
CONSOLIDATED BALANCE SHEET
In Millions of Dollars

	Dec 31 1993	Dec 31 1992	
Assets			
Cash and Due from Banks	4,836	5,138	
Deposits at Interest with Banks	6,749	6,550	
Investment Securities (Note 1)			
At Cost (Market Value \$5,666 in 1993 and \$6,504 in 1992)	5,637	6,515	
At Lower of Aggregate Cost or Market Value (Market Value \$9,088 in 1993 and \$7,574 in 1992)	8,705	7,213	
At Fair Value	1,489	1,328	
Trading Account Assets	18,117	17,085	
Federal Funds Sold and Securities Purchased Under Resale Agreements	7,339	6,381	
Loans, Net (Note 1)			
Consumer	84,354	83,453	
Commercial	54,613	56,257	
Loans, Net of Unearned Income	138,967	139,710	
Allowance for Credit Losses	-4,379	-3,859	
Total Loans, Net	134,588	135,851	
Customers' Acceptance Liability	1,512	1,802	
Premises and Equipment, Net (Note 2)	3,842	3,819	
Interest and Fees Receivable	2,552	2,721	
Other Assets (Notes 1, 3, 7, and 8)	21,208	19,298	
Total	216,574	213,701	
Liabilities			
Dec 31 1993 Dec 31 1992			
Non-Interest-Bearing Deposits in U.S. Offices	13,442	13,572	
Interest-Bearing Deposits in U.S. Offices	38,347	44,175	
Non-Interest-Bearing Deposits in Offices Outside the U.S.	6,644	5,243	
Interest-Bearing Deposits in Offices Outside the U.S.	86,656	81,185	
Total Deposits	145,089	144,175	
Securities Sold, Not Yet Purchased	2,352	1,894	
Purchased Funds 175 315			
Interest on Other Borrowed Money (Note 1)	4,155	3,414	3,438
Interest on Long-Term Debt and Subordinated Capital Notes (Note 1)	1,974	2,280	2,220
	16,121	16,327	17,089
Net Interest Revenue	7,690	7,456	7,265
Provision for Credit Losses (Note 1)	2,600	4,146	3,890
Net Interest Revenue After Provision for Credit Losses	5,090	3,310	3,375
Fees, Commissions, and Other Revenue			
Fees and Commissions (Note 6)	5,057	5,084	4,815
Trading Account	939	326	457
Foreign Exchange	995	1,005	709

Investment Securities Transactions (Notes 1 and 8)	94	12	330
Other Revenue	1,300	1,738	1,174
	8,385	8,165	7,485
Other Operating Expense			
Salaries	3,817	3,683	3,873
Employee Benefits (Note 7)	1,028	965	938
Total Employee Expense	4,845	4,648	4,811
Net Premises and Equipment Expense (Notes 2 and 11)	1,601	1,680	1,807
Restructuring Charges	425	227	750
Other Expense	3,744	3,502	3,729
	10,615	10,057	11,097
Income (Loss) Before Taxes and Cumulative Effects of Accounting Changes	2,860	1,418	-237
Income Taxes (Note 8)	941	696	677
Income (Loss) Before Cumulative Effects of Accounting Changes	1,919	722	-914
Cumulative Effects of Accounting Changes:			
Accounting for Income Taxes (Note 8)	300	NA	NA
Venture Capital (2) (Note 1)	NA	NA	457
Net Income (Loss)	2,219	722	-457
Income (Loss) Applicable to Common Stock	1,900	497	-649
Earnings (Loss) Per Share (Note 9)			

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

NOTES TO FINANCIAL STATEMENTS

Stock Incentive Plan

The 1988 Stock Incentive Plan (the "1988 Plan") provides for the issuance of options to purchase shares of Citicorp common stock or shares of Class B common stock at prices not less than 50% of the market value at the date of grant, incentive stock options, stock appreciation rights, restricted stock, or performance unit awards, any of which may be granted singly, in combination or in tandem.

Pursuant to the 1988 Plan, 45,000 shares of restricted stock, with an aggregate market value of \$1.2 million at the date of grant, were awarded in 1993; 25,000 shares of restricted stock, with an aggregate market value of \$0.4 million at the date of grant, were awarded in 1992; and 620,000 shares of restricted stock, with an aggregate market value of approximately \$9 million at the date of grant, were awarded in 1991. These shares were awarded to key executives contingent upon their continued employment over periods of up to nine years.

In addition, pursuant to the 1988 Plan, 1,479,594 shares of restricted stock and 477,040 restricted stock units, with an aggregate market value of approximately \$27 million at the date of grant, were awarded during 1991 in lieu of cash compensation. Restricted stock units are a type of performance unit award granted pursuant to the 1988 Plan. These shares and units were awarded in 1991 to a broad group of management employees contingent upon continued employment over periods of up to two years. In addition, 501,820 shares of unrestricted stock, which were not covered by the terms of the 1988 Plan, with an aggregate market value of approximately \$7 million at the date of grant, were awarded to a broad group of management employees during 1991. These unrestricted shares were issued out of treasury stock and were recognized as expense on the date of grant.

The value of the restricted shares at the date of grant is recorded as a reduction of surplus and amortized to expense over the restriction period. The value of restricted stock units at the date of grant is accreted to surplus, with a corresponding charge to expense, over the restriction period and

recorded as common stock at the end of the restriction period. The expense recognized for all awards amounted to \$4.4 million in 1993, \$17.8 million in 1992, and \$15.9 million in 1991.

Under the 1988 Plan and the two predecessor plans--the 1983 Stock Option Plan (the "1983 Plan") and the 1973 Stock Option Plan, as extended and amended (the "1973 Plan")--options have been granted to key employees for terms up to 10 years to purchase common stock at not less than the fair market value of the shares at the date of grant. While options previously granted under the 1983 Plan do not fully expire until 1997, all options previously granted under the 1973 Plan had expired by the end of 1992. No further options may be granted under the 1983 and 1973 Plans. Based on the terms of the options granted under the 1988 Plan, the 1983 Plan, and the 1973 Plan, generally 50% of the options granted are exercisable beginning on the first anniversary and 50% beginning on the second anniversary of the date of grant.

In addition, the 1983 Plan and 1973 Plan provided for the granting in tandem of options to purchase market value shares at not less than the market value at the date of grant or a proportionate number of book value shares at not less than the book value per share at the date of grant. Such a proportionate number of book value shares was determined based on the ratio of market value to book value per share at the date of grant.

In July 1993 Citicorp provided a key group of its managers with a special supplemental grant of five-year performance-based options to purchase 7,070,000 shares of Citicorp stock at \$31.75 per share, which was equal to the market price on grant date. Fifty percent of the options are exercisable when Citicorp's common stock reaches a market price of \$50 per share, another 25% are exercisable when the stock reaches \$55 and the remaining 25% are exercisable when the stock reaches \$60, provided in each case that the stock price remains at or above the specified level for at least twenty of thirty consecutive trading days. Citicorp measures the cost of these options as the difference between the exercise price and market price in the period in which the shares become exercisable. This cost is being recognized over the vesting period. Expense in 1993 totaled \$23 million relating to the period from grant date through year-end.

At December 31, 1993 and 1992, options to purchase 29,869,609, and 25,238,709 shares, respectively, were exercisable, options to purchase 11,872,289, and 8,735,500 shares, respectively, were granted but not yet exercisable, and 32,762,440, and 24,357,047 authorized but not issued shares, respectively, were available for the granting of options to purchase market value shares or for other forms of stock-related awards.

Additional shares may become available for grant under the 1988 Plan to the extent that presently outstanding options under the 1983 Plan terminate or expire unexercised.

Changes in Options and Shares Under Option

	Number of Shares	Option Price per Share
Shares Under Option (1)		
December 31, 1993	41,741,898	\$9 to \$36
December 31, 1992	33,974,209	\$9 to \$33
Options Granted (1)		
1993	14,554,800	\$24 to \$36
1992	6,496,450	\$14 to \$21
1991	5,364,700	\$9 to \$17
Options Exercised		
1993	6,140,953	\$14 to \$32
1992	569,135	\$13 to \$20
1991	619,234	\$13 to \$24
Options Expired or Terminated		
1993	928,606	\$14 to \$32
1992	1,679,963	\$14 to \$32
1991	2,359,940	\$12 to \$32

(1) Options granted in tandem are included on the basis that represents the economically preferable alternative to the employee.

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/31/93

Cobra Electronics Corporation
Consolidated Balance Sheets
At December 31
(dollars in thousands)

	1993	1992
ASSETS		
Current assets:		
Cash and cash equivalents	176	558
Receivables, less allowance for doubtful accounts of \$795 in 1993 and \$4,235 in 1992	15,657	20,013
Inventories, primarily finished goods	16,128	18,974
Prepaid taxes and expenses	5,449	8,107
Total current assets	37,410	47,652
Property, plant and equipment, at cost:		
Land	593	593
Building and improvements	6,815	6,716
Equipment	12,717	11,489
	20,125	18,798
Accumulated depreciation and amortization	-12,738	-11,455
Net property, plant and equipment	7,387	7,343
Other assets	4,929	5,249
Total assets	49,726	60,244
	1993	1992
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	3,442	4,292
Accrued salaries and commissions	2,043	2,176
Accrued advertising and sales promotion costs	1,000	1,538
Accrued product warranty costs	3,421	3,610
Other accrued liabilities	1,825	2,146
Short-term debt	13,689	NA
Total current liabilities	25,420	13,762
Deferred taxes	3,346	5,967
Long-term debt	NA	15,038
Total liabilities	28,766	34,767
Shareholders' equity:		
Preferred stock, \$1 par value, shares authorized-1,000,000; none issued	NA	NA
Common stock, \$.33 1/3 par value, 12,000,000 shares authorized; 7,039,100 issued for 1993 and 1992; 5,226,648 outstanding for 1993 and 1992	2,345	2,345
Paid-in capital	22,118	22,118
Retained earnings	3,639	8,031
	28,102	32,494
Treasury stock, at cost	-5,545	-5,545
Note receivable from officer's exercise of stock options	-1,597	-1,472

Total shareholders' equity	20,960	25,477
Total liabilities and shareholders' equity	49,726	60,244

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

Cobra Electronics Corporation
Consolidated Statements of Income
Years Ended December 31
(in thousands, except per share amounts)

	1993	1992	1991
Net sales	98,844	117,733	135,901
Cost of sales	84,941	102,788	115,043
Gross profit	13,903	14,945	20,858
Selling, general and administrative expense	15,741	19,433	22,206
Restructuring costs	1,076	NA	3,500
Write-off of excess of cost over net assets of business acquired	NA	1,195	NA
Operating loss	-2,914	-5,683	-4,848
Other expense:			
Interest expense	-1,258	-1,312	-1,866
Other, net	-220	-1,684	-266
Loss before taxes	-4,392	-8,679	-6,980
Benefit for taxes	NA	NA	-1,324
Loss before cumulative effect of a change in accounting principle	-4,392	-8,679	-5,656
Cumulative effect of a change in accounting principle	NA	-835	NA
Net loss	-4,392	-9,514	-5,656
Loss per common share:			
Loss before cumulative effect of a change in accounting principle	-0.70	-1.39	-0.90
Cumulative effect of a change in accounting principle	NA	-0.13	NA
Net loss	-0.70	-1.52	-0.90

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

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. STOCK OPTION PLANS

The company has five Stock Option Plans - 1988, 1987, 1986, 1985 and 1981 ("the Plans"). A summary of certain provisions and amounts related to the Plans follows:

	1988 PLAN	1987 PLAN	1986 PLAN	1985 PLAN	1981 PLAN
Authorized, unissued shares available for grant	500,000	150,000	225,000	525,000	368,963
Non-qualified options granted at not less than 80% of fair value at date of grant	x	x	x	x	-
Incentive stock					

	1993	1992
LIABILITIES:		
Outstanding Losses and Loss Expenses	9,068.7	9,066.2
Unearned Premiums	2,409.7	2,306.2
Short-Term Debt	229.1	567.7
Long-Term Debt	774.4	624.1
Accounts Payable and Accrued Expenses	107.9	96.4
Accrued Employee Benefits	308.3	280.9
Other Liabilities	1,139.4	701.3
Total Liabilities	14,037.5	13,642.8
Commitments and Contingencies	NA	NA
Redeemable Preferred Stocks at Redemption Value	NA	20.5
SHAREHOLDERS' EQUITY:		
Preferred Stock -- \$4 Par Value	0.3	0.3
Common Stock -- \$1 Par Value		
Authorized Shares: 100,000,000;		
Issued Shares: 65,720,419; 1992		
-- 65,716,409; Outstanding Shares:		
55,331,060; 1992 -- 54,925,639	65.7	65.7
Paid-in capital	613.2	616.2
Retained Earnings	1,612.5	1,461.9
Net Unrealized Appreciation of Investments	322.1	202.0
Cumulative Foreign Currency Translation Adjustment	-61.1	-52.4
Common Stock in Treasury at Cost (10,389,359 shares; 1992 -- 10,790,770 shares)	-369.6	-383.1
Total Shareholders' Equity	2,183.1	1,910.6
Total Liabilities, Commitments and Contingencies, Redeemable Preferred Stocks and Shareholders' Equity	16,220.6	15,573.9

Consolidated Statements of Income
Year Ended December 31
(millions, except share and per share amounts)

	1993	1992	1991
Revenues:			
Premiums	4,416.1	3,898.0	3,872.5
Net Investment Income	542.3	589.9	637.2
Realized Capital Gains	124.5	215.6	111.2
Other Revenues	90.8	93.5	100.1
Total Revenues	5,173.7	4,797.0	4,721.0
Expenses:			
Losses and Loss Expenses	3,414.1	3,161.6	3,083.0
Insurance Operating Expenses	1,407.4	1,318.0	1,357.1
Other Expenses	125.7	137.2	141.0
Interest on Corporate Borrowings	48.6	49.5	43.8
Total Expenses	4,995.8	4,666.3	4,625.5
Income from Continuing Operations before Income Taxes	177.9	130.7	95.5
Income Taxes (Benefits):			
Current	20.6	50.6	-16.4
Deferred	-2.4	-21.9	1.3
Total Income Taxes (Benefits)	18.2	28.7	-15.1
Income from Continuing Operations	159.7	102.0	110.6
Income (Loss) from Discontinued Operations			
Net of Income Taxes	-12.7	-161.7	-54.9
Gain (Loss) on Disposal of			

Discontinued Operations, Net of Income Taxes	36.0	-13.0	NA
Total Income (Loss) from Discontinued Operations, Net of Income Taxes	48.7	-174.7	-54.9
Income (Loss) before Extraordinary Item and Net Cumulative Effect of Changes in Accounting Principles	208.4	-72.7	55.7
Extraordinary Item -- Utilization of Net Operating Loss Carryforwards	NA	NA	0.7
Net Cumulative Effect of Changes in Accounting Principles	1.6	-11.0	NA
Net Income (Loss)	210.0	-83.7	56.4

FINANCIAL FOOTNOTES:
(SOURCE 10-K)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

LONG-TERM INCENTIVE PLANS

Continental has a long-term incentive plan under which it issues stock options and grants performance awards to key employees. Continental has granted both incentive stock options and nonqualified stock options under the plan. Nine million shares of common stock, the maximum number of shares that may be issued under the plan, have been reserved for issuance. No employee stock options have been granted below the market price of Continental's common stock at the time of grant.

Stock option become exercisable beginning one year after the day of grant. Generally, 50% can be exercised at that time, and the remaining 50% become exercisable the following year. All options expire on the tenth anniversary of the day of grant.

Stock option activity during 1992 and 1993 was as follows:

	OPTIONS FOR COMMON SHARES	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
1991		
Outstanding at Year-End	4,373,878	\$ 31.49
1992		
Granted	902,450	25.52
Exercised	144,750	26.90
Canceled	339,435	32.28
Outstanding at Year-End	4,792,143	30.45
1993		
Granted	780,950	26.90
Exercised	308,800	25.42
Canceled	582,800	33.73
Outstanding at Year-End	4,681,493	29.78

Options exercisable and weighted average exercise price per share at year-end 1993 and 1992 were 3,532,518 (\$30.88 per share) and 3,502,593 (\$32.39 per share), respectively.

Performance awards are payable in either cash or shares of The Continental Corporation's common stock in amounts determined on the basis of review, by the Compensation Committee of the Board of Directors, of Continental's performance over four-year cycles. As of December 31, 1993, there were 481,458 common shares reserved for possible payment of such awards.

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/31/93

The Dun & Bradstreet Corporation and Subsidiaries
 Consolidated Statement of Financial Position
 December 31

Dollar amounts in millions, except per share data

	1993	1992
Assets		
Current Assets		
Cash and Cash Equivalents	650.9	494.5
Marketable Securities	17.7	45.0
Accounts Receivable - Net	1,078.9	1,110.2
Other Current Assets	374.9	280.7
Total Current Assets	2,122.4	1,930.4
Investments		
Marketable Securities, interest-bearing, at cost which approximates market	106.2	140.4
Other Investments and Notes Receivable	310.6	387.9
Total Investments	416.8	528.3
Property, Plant and Equipment - Net	861.1	864.8
Other Assets-Net		
Deferred Charges	318.5	283.1
Computer Software	294.5	246.8
Other Intangibles	214.7	228.1
Goodwill	942.4	833.4
Total Other Assets - Net	1,770.1	1,591.4
Total Assets	5,170.4	4,914.9

	1993	1992
Liabilities and Shareowners' Equity		
Current Liabilities		
Accounts and Notes Payable	371.8	473.7
Accrued and Other Current Liabilities	1,561.5	980.5
Accrued Income Taxes	110.8	190.4
Total Current Liabilities	2,044.1	1,644.6
Unearned Subscription Income	263.7	262.5
Postretirement and Postemployment Benefits	545.7	131.8
Deferred Income Taxes	85.9	151.7
Other Liabilities and Minority Interests	1,119.7	568.3
Total Liabilities	4,059.1	2,758.9
Shareowners' Equity		
Preferred Stock, par value \$1 per share, authorized - 10,000,000 shares; outstanding - none	NA	NA
Common Stock, par value \$1 per share, authorized - 400,000,000 shares; issued-188,406,813 and 188,401,399 shares for 1993 and 1992, respectively	188.4	188.4
Capital in Excess of Par Value	64.2	59.4
Retained Earnings	2,135.7	2,520.6
Treasury Stock, at cost, 18,124,514 and 10,166,186 shares for 1993 and 1992, respectively	-1,036.5	-472.0
Cumulative Translation Adjustment	-240.5	-140.4
Total Shareowners' Equity	1,111.3	2,156.0
Total Liabilities and Shareowners'		

Equity	5,170.4	4,914.9	
The Dun & Bradstreet Corporation and Subsidiaries Consolidated Statement of Income Years Ended December 31 Dollar amounts in millions, except per share data			
	1993	1992	1991
Operating Revenue	4,710.4	4,750.7	4,651.0
Operating Costs, Selling and Administrative Expenses	3,506.7	3,585.9	3,540.8
Depreciation and Amortization	373.7	378.9	350.9
Restructuring Expense - Net	277.5	0	15.0
Operating Income	552.5	785.9	744.3
Interest Income	51.6	44.1	30.8
Interest Expense	-24.7	-32.8	-40.9
Gain on Sale of Gartner Group Stock	21.0	0	0
Other (Expense) Income - Net	-12.4	-2.0	3.1
Non-Operating Income (Expense) - Net	35.5	9.3	-7.0
Income Before Provision for Income Taxes and Cumulative Effect of Changes in Accounting Principles	588.0	795.2	737.3
Provision for Income Taxes	159.3	241.7	230.8
Income Before Cumulative Effect of Changes in Accounting Principles	428.7	553.5	506.5
Cumulative Effect to January 1, 1993, of Changes in Accounting Principles:			
-SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," Net of Income Tax Benefits of \$93.7	-140.6	NA	NA
-SFAS No. 112, "Employers' Accounting for Postemployment Benefits," Net of Income Tax Benefits of \$150.0	-250.0	NA	NA
Net Income	38.1	553.5	506.5
Earnings Per Share of Common Stock: Before Cumulative Effect of Changes in Accounting Principles	2.42	3.10	2.84
Cumulative Effect to January 1, 1993, of Changes in Accounting Principles:			
-SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions,"	-0.79	NA	NA
-SFAS No. 112, "Employers' Accounting for Postemployment Benefits"	-1.40	NA	NA
Net Earnings Per Share of Common Stock	.23	3.10	2.84
Average Number of Shares Outstanding	177,181,000	178,346,000	178,556,000
The accompanying notes are an integral part of the consolidated financial statements			

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

Notes to Consolidated Financial Statements

Note 7. Employee Stock Plans

The Company has granted options to certain associates, under its Key Employees Stock Option Plans, to purchase shares of its common stock at the market price on the date of the grant. Options outstanding at December 31, 1993 were granted during the years 1984 through 1993 and are exercisable over periods ending not later than 2003. At December 31, 1993, 1992 and 1991, options for 3,556,944, 3,285,149 and 2,878,564 shares of common stock were exercisable and 3,467,164, 5,097,281 and 6,731,003 shares were available for future grants under the plans.

Changes in stock options for the three years ended December 31, 1993 are summarized as follows:

	Shares	Option Price Per Share (\$)
Options outstanding, January 1, 1991	4,948,698	7.57 to 67.00
Granted	1,621,173	44.63 to 50.63
Exercised	(358,064)	7.57 to 55.38
Surrendered or Expired	(261,441)	32.38 to 62.50
Options outstanding, December 31, 1991	5,950,366	11.16 to 67.00
Granted	1,646,652	51.88 to 57.75
Exercised	(575,960)	11.16 to 55.38
Surrendered or Expired	(172,859)	41.50 to 67.00
Options outstanding, December 31, 1992	6,848,199	11.16 to 62.50
Granted	1,757,578	56.75 to 62.25
Exercised	(951,936)	11.16 to 57.75
Surrendered or Expired	(209,675)	41.50 to 62.50
Options outstanding, December 31, 1993	7,444,166	11.16 to 62.50
Options which became exercisable during:		
1991	814,462	41.50 to 67.00
1992	1,047,869	41.50 to 58.38
1993	1,231,406	41.50 to 58.38

(TABLE CONTINUED)

	Total
Options outstanding, January 1, 1991	\$216.7
Granted	81.9
Exercised	(11.8)
Surrendered or Expired	(12.4)
Options outstanding, December 31, 1991	274.4
Granted	95.1
Exercised	(23.5)
Surrendered or Expired	(8.6)
Options outstanding, December 31, 1992	337.4
Granted	109.0
Exercised	(42.7)
Surrendered or Expired	(11.2)
Options outstanding, December 31, 1993	\$392.5
Options which became exercisable during:	
1991	\$ 37.6
1992	\$ 49.2
1993	\$ 61.0

All proceeds from options exercised are credited to treasury stock. Any tax benefit to the Company resulting from the exercise of options is credited to capital in excess of par value. There have been no charges to income with respect to any stock options.

The plans also provide for the granting of stock appreciation rights and limited stock appreciation rights in tandem with stock options to certain key associates. At December 31, 1993, there were no stock appreciation rights attached to stock options; however, 1,456,595 limited stock appreciation rights were outstanding, which are exercisable only if, and to the extent that, the related option is exercisable and only upon the occurrence of specified contingent events.

In 1991, Dun & Bradstreet Software (DBS), a wholly owned subsidiary of the company, adopted a stock option plan which granted options for 5% of the authorized shares of DBS to its key associates. The options are exercisable at the fair market value of DBS common stock at the date of grant, and may be exercised only on the fourth anniversary of the grant.

Under the 1989 Key Employees Restricted Stock Plan, key associates may be granted restricted shares of the Company's stock. The plan provides for the granting of up to 1,800,000 shares of the Company's common stock prior to

December 31, 1998. During 1993, 1992 and 1991, 102,540, 72,713 and 51,300 restricted shares, respectively, were awarded under the plan. Forfeitures in 1993, 1992 and 1991 totaled 8,652, 829 and 11,204, respectively. The restrictions on the majority of such shares lapse over a period of three years from the date of the grant and compensation expense is charged to operations over a service period of six years.

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/31/93

DUSA PHARMACEUTICALS, INC.
(a development stage company)
BALANCE SHEETS
(Stated in U.S. dollars)

	1993	1992
ASSETS		
Current Assets		
Cash (interest bearing)	270,327	702,198
U.S. government securities held for sale (cost 1993 - \$13,091,220 market 1992 - \$14,600,219) (Note 3)	13,028,388	14,271,363
Accrued interest receivable	314,246	53,937
Other current assets (Note 11i)	97,743	7,500
	13,710,704	15,034,998
Fixed Assets (Note 4)	25,316	20,631
Intangible Assets (Note 5)	9,425	395,329
Other Asset (Note 11i)	18,750	NA
	13,764,195	15,450,958

	1993	1992
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	223,795	145,334
Accrued charges	125,305	20,906
Amounts due to Deprenyl Research Limited (Note 6)	12,811	98,427
License agreement obligations (Note 7)	37,727	39,330
	399,638	303,997
License Agreement Obligations - Long-Term (Note 7)	NA	39,330
Shareholders' Equity (Note 9)		
Common stock, no par, 20,000,000 shares authorized, 5,188,500 and 5,075,000 shares issued and outstanding, respectively	17,025,787	16,452,353
Deficit accumulated during the development stage	-3,593,183	-1,344,772
Note receivable from director	-68,047	NA
	13,364,557	15,107,631
	13,764,195	15,450,958

See the accompanying notes to the Financial Statements.

DUSA PHARMACEUTICALS, INC.
(a development stage company)
STATEMENTS OF OPERATIONS
(Stated in U.S. dollars)

Period from
Feb 21 1991

	Year ended Dec 31 1993	Year ended Dec 31 1992	(date of incorpo- ration) to Dec 31 1991
REVENUE			
Interest income	754,308	864,154	32,691
Gain on foreign currency exchange	2,874	20,160	NA
Gain on sale of securities held for sale	725,932	3,640	NA
Unrealized loss of securities held for sale	-62,832	NA	NA
	1,420,282	887,954	32,691
RESEARCH AND DEVELOPMENT COSTS	2,671,302	1,496,491	188,302
OPERATING EXPENSES			
General and administrative	988,241	536,946	36,938
Depreciation and amortization	9,200	5,947	743
	997,441	542,893	37,681
NET LOSS	-2,248,461	-1,151,430	-193,292
NET LOSS PER COMMON SHARE	-0.44	-0.23	-0.09
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	5,096,458	4,949,317	2,200,000

See the accompanying notes to the Financial Statements

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

DUSA PHARMACEUTICALS, INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1993 AND 1992 AND THE PERIOD FROM FEBRUARY 21, 1991 (DATE OF INCORPORATION) TO DECEMBER 31, 1991

10. STOCK OPTIONS AND WARRANTS

a. Restricted Stock Options - The Company has granted individual options to purchase shares of common stock to certain directors, officers, employees, consultants and others. These restricted stock options have not been granted pursuant to a plan. The exercise price was determined by the public offering price for options issued in 1991 and the closing stock market price on the day prior to the grant for options issued thereafter. These options are exercisable for a period of five years from the date of grant, provided that options shall become exercisable at the rate of one quarter of the total granted on each of the first, second, third and fourth anniversaries of the day immediately preceding the date of the grant, subject to satisfaction of certain conditions involving continuous periods of service or engagement. Shares issued pursuant to the exercise of such options are restricted shares and may not be sold in the United States without registration or exemption from registration under the Securities Act of 1993. Changes during the years ended December 31, 1993 and 1992 and the period from February 21, 1991 (date of incorporation) to December 31, 1991 were as follows:

	1993	1992
Options outstanding, beginning of year	367,500	337,500
Options granted	65,000	30,000
Options exercised	(13,500)	-
Options canceled	(10,000)	-
Options outstanding, end of year	409,000	367,500
Shares exercisable, end of year	88,500	84,375
Options prices per share:		
Exercised during the year	CDN.\$6.79	-
Granted during the year	\$8.375 and	\$13.375 and

	CDN.\$10.875	CDN.\$12.835
	1991	
Options outstanding, beginning of year	-	-
Options granted	337,500	-
Options exercised	-	-
Options canceled	-	-
Options outstanding, end of year	337,500	-
Shares exercisable, end of year	-	-
Options prices per share:		
Exercised during the year	-	-
Granted during the year	\$6.00 and CDN.\$6.79	

b. Incentive Stock Option Plan - Under the Company's incentive stock option plan (the "Plan"), the Company's Board of Directors may grant options to selected employees to purchase common stock of the Company. The option price may not be less than the fair market value of the options on the date of the grant, may have a term of up to ten years and will become exercisable at the rate of one quarter of the total granted on each of the first, second, third and fourth anniversaries of the date of the grant, subject to satisfaction of certain conditions involving continuous periods of service. A total of 420,000 shares of common stock have been reserved for issuance under the Plan. All options granted to date are exercisable within ten years from the date of the grant. Changes during the years ended December 31, 1993 and 1992 were as follows:

	1993	1992
Options outstanding, beginning of the year	5,000	-
Options granted	40,000	5,000
Options outstanding, end of year	45,000	5,000
Shares exercisable, end of year	1,250	-
Options prices per share:		
Granted during the year	\$6.375	CDN.\$8.125

c. Other Options - In 1991, in consideration of the efforts made on behalf of the Company by key employees of DRL in connection with negotiating the License and Development Agreements (Notes 7, 11a and 11b), the Company granted an option to DRL to purchase 2,000,000 shares of common stock of the Company at \$9.00 per share. The option expires on September 29, 2000.

In conjunction with its initial public offering (Note 10), the Company granted Unit Purchase Options to the underwriters to purchase up to 125,000 Units (250,000 shares of common stock and 125,000 warrants) at an exercise price of \$18.00 per Unit. The Unit Purchase Options are exercisable from two to four years from the date of the prospectus, January 17, 1992. The cash consideration for such options was \$.0008 per Unit or \$100, in the aggregate.

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/26/93

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 26, 1993 and December 27, 1992
(Thousands of Dollars Except Share Data)

	1993	1992
Assets		
Current assets		
Cash and cash equivalents	186,254	125,953
Accounts receivable, less allowance for doubtful accounts of \$54,200 in 1993 and \$52,200 in 1992	720,442	638,282
Inventories	250,067	217,918
Prepaid expenses and other current assets	144,372	134,776
Total current assets	1,301,135	1,116,929
Property, plant and equipment, net	279,803	251,340
Other assets		
Cost in excess of acquired net assets, less accumulated amortization of \$68,122 in 1993 and \$53,514 in 1992	475,607	484,278
Other intangibles, less accumulated amortization of \$85,290 in 1993 and \$65,497 in 1992	185,953	206,628
Other	50,520	23,591
Total other assets	712,080	714,497
Total assets	2,293,018	2,082,766

	1993	1992
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term borrowings	62,242	64,174
Trade payables	173,545	183,545
Accrued liabilities	420,476	367,666
Income taxes	92,051	85,958
Total current liabilities	748,314	701,343
Long-term debt, excluding current installments	200,510	206,189
Deferred liabilities	67,511	69,613
Total liabilities	1,016,335	977,145
Shareholders' equity		
Preference stock of \$2.50 par value. Authorized 5,000,000 shares; none issued	NA	NA
Common stock of \$.50 par value. Authorized 300,000,000 shares; issued 87,795,251 shares in 1993 and 87,176,079 shares in 1992	43,898	43,588
Additional paid-in capital	296,823	287,478
Retained earnings	920,956	741,987
Cumulative translation adjustments	15,006	32,568
Total shareholders' equity	1,276,683	1,105,621
Total liabilities and shareholders' equity	2,293,018	2,082,766

See accompanying notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Earnings
Fiscal Years Ended in December
(Thousands of Dollars Except Share Data)

	1993	1992	1991
Net revenues	2,747,176	2,541,055	2,141,096
Cost of sales	1,182,567	1,094,031	967,359

Gross profit	1,564,609	1,447,024	1,173,737
Expenses			
Amortization	35,366	33,528	29,330
Royalties, research and development	280,571	249,851	192,451
Advertising	383,918	377,219	325,282
Selling, distribution and administrative	498,066	461,888	389,301
Restructuring charges	15,500	NA	NA
Total expenses	1,213,421	1,122,486	936,364
Operating profit	351,188	324,538	237,373
Nonoperating (income) expense			
Interest expense	29,814	35,891	42,597
Acquisition restructuring costs	NA	NA	59,000
Other (income), net	-3,836	-3,729	-9,775
Total nonoperating expense	25,978	32,162	91,822
Earnings before income taxes	325,210	292,376	145,551
Income taxes	125,206	113,212	63,897
Net earnings	200,004	179,164	81,654
Per common share			
Earnings	2.22	2.01	.94
Cash dividends declared	.24	.20	.16

See accompanying notes to consolidated financial statements.

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(THOUSANDS OF DOLLARS EXCEPT SHARE DATA)

(10) EMPLOYEE STOCK OPTIONS AND WARRANTS

The Company has a Non-Qualified Stock Option Plan, an Incentive Stock Option Plan and a 1992 Stock Incentive Plan (the plans).

The Company has reserved 7,579,423 shares of its common stock for issuance upon exercise of options granted or to be granted under the plans. These options generally vest in equal annual amounts over three to five years beginning one year after grant. The plans provide that options be granted at exercise prices not less than market value on the date the option is granted and options are adjusted for such changes as stock splits and stock dividends. All options are exercisable for periods of more than ten years after date of grant. Although the plans may permit the granting of awards in the form of stock options, stock appreciation rights, stock awards and cash awards, to date, only stock options have been granted.

Additionally, the Company has reserved 1,461,112 shares of its common stock for issuance upon exercise of 5,844,448 outstanding warrants. The warrants expire on July 12, 1994 and carry an exercise price of \$18.92 per share. The Company, at its option, may pay the exercise warrant holder an amount in cash equal to the closing price of the common stock on the date prior to exercise in lieu of issuing any shares of common stock.

The changes in outstanding options and warrants for the three years ended December 26, 1993 follow:

	SHARES (IN THOUSANDS)	EXERCISE PRICE PER SHARE
Outstanding at December 30, 1990	6,704	\$ 1.48 - \$ 18.92
Granted (a)	103	19.00 - 53.88
Exercised	(1,616)	1.48 - 18.92
Expired and cancelled	(247)	7.58 - 43.49
Outstanding at December 29, 1991	4,944	1.48 - 53.88
Granted	1,333	25.00 - 31.88
Exercised	(1,012)	1.48 - 25.00
Expired and cancelled	(61)	7.58 - 53.88
Outstanding at December 27, 1992	5,204	7.58 - 43.49

Granted	2,712	31.62	-	37.44
Exercised	(730)	7.58	-	31.62
Expired and cancelled	(63)	10.25	-	38.29
OUTSTANDING AT DECEMBER 26, 1993	7,123	\$ 7.58	-	\$ 43.49

(a) 1991 grants principally represent conversion of Tonka options into those of the Company, computed at the date of merger in accordance with the merger agreement.

The number of shares exercisable at the end of 1993, 1992, and 1991 were 2,919,654, 2,813,801 and 3,073,824, respectively. The prices at which these shares may be exercised are those shown for outstanding options and warrants in the preceding table.

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/31/93

KAISER RESOURCES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	Dec 31 1993	Dec 31 1992
ASSETS		
Current Assets		
Cash and cash equivalents	5,880,224	8,110,100
Short-term investments (Notes 3)	10,041,619	NA
Accounts receivable, net of allowances for doubtful accounts of, \$313,700 and \$67,500, respectively	3,310,821	2,722,086
Accounts receivable, other	NA	1,252,410
Total current assets	19,232,664	12,084,596
Property, Plant and Equipment (Note 3)		
Land and land improvements	32,710,319	34,659,298
Buildings and structures	2,348,059	2,298,439
Machinery and equipment	1,438,981	876,060
	36,497,359	37,833,797
Less accumulated depreciation	-1,235,211	-916,140
Net property, plant and equipment	35,262,148	36,917,657
Other Assets		
Investments in Fontana Union (Notes 2 and 4)	16,045,604	16,045,604
Investments in real estate joint ventures (Note 2)	3,341,498	443,090
Other assets	794,129	671,405
Total other assets	20,181,231	17,160,099
Total Assets	74,676,043	66,162,352

	Dec 31 1993	Dec 31 1992
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	1,220,539	1,349,766
Accrued liabilities (Note 5)	4,992,506	1,055,477
Total current liabilities	6,213,045	2,405,243
Long-term groundwater remediation reserve (Note 8)		
	1,799,189	6,006,189
Total liabilities	8,012,234	8,411,432
Commitments and Contingencies (Notes 8 and 9)		
Stockholders' Equity (Note 6)		
Common stock, par value \$.03 per share, authorized 13,333,333 shares; issued and outstanding		

10,427,962 and 9,909,596, respectively	312,839	297,288
Capital in excess of par value	59,671,970	52,473,255
Retained earnings from November 15, 1988	6,679,000	4,987,377
Treasury stock, at cost	NA	-7,000
Total stockholders' equity	66,663,809	57,750,920
Total Liabilities and Stockholders' Equity	74,676,043	66,162,352

See Notes to Consolidated Financial Statements.

KAISER RESOURCES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
Years Ended December 31

	1993	1992	1991
Resource Revenues			
Ongoing Operations			
Waste management	1,300,000	1,200,000	571,432
Water resource	4,262,582	3,412,181	1,381,867
Property redevelopment payments	920,550	1,013,575	973,380
Total ongoing operations	6,483,132	5,625,756	2,926,679
Interim Activities			
Lease and royalty	1,025,367	1,111,339	1,566,084
Service	2,675,643	2,476,480	2,510,901
Miscellaneous	407,230	730,190	1,631,276
Total interim activities	4,108,240	4,318,009	5,708,261
Total resource revenues	10,591,372	9,943,765	8,634,940
Resource Operating Costs			
Operations and maintenance	2,167,013	2,159,667	2,508,248
Administrative support expenses	2,524,331	1,912,642	2,372,356
Total resource operating costs	4,691,344	4,072,309	4,880,604
Income from Resources	5,900,028	5,871,456	3,754,336
Corporate general and administrative expenses	3,453,752	3,716,651	2,486,344
Income from Operations	2,446,276	2,154,805	1,267,992
Interest income (net)	466,347	341,078	494,413
Income before Income Tax Provision	2,912,623	2,495,883	1,762,405
Income tax provision (Note 7)			
Currently payable	50,000	NA	NA
Deferred tax expense credited to equity	1,171,000	1,027,125	NA
Not payable or accruable, benefit to capital in excess of par value	NA	NA	677,000
Net Income	1,691,623	1,468,758	1,085,405
Earnings Per Share	.16	.14	.11
Weighted Average Number of Shares Outstanding	10,604,122	10,176,367	10,109,450

See Notes to Consolidated Financial Statements.

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
STOCK OPTION AND STOCK GRANT PROGRAMS

In October 1990, the Company's stockholders approved the Amended, Restated and Substituted Kaiser Resources, Inc. 1989 Stock Plan (1989 Stock Plan). The 1989 Stock Plan provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock or

deferred stock awards.

The 1989 Stock Plan is administered by the Board of Directors and provides for a total of 250,000 shares of common stock to be available for distribution. Grants are generally established at fair market value of the Company's common stock on the date of the grant and may extend for up to 10 years with varying vesting schedules. All employees and nonemployee directors are eligible for participation in the 1989 Stock Plan. The Company reorganized compensation cost of \$342,330 related to options issued under the 1989 Stock Plan during 1993. This amount is included in employee compensation and benefits.

In July 1992, the Company's stockholders approved the 1992 Stock Plan. The 1992 Stock Plan provides for the grant of incentive stock options and non-qualified stock options. The 1992 Stock Option Plan is administered by the Board of Directors. The 1992 Plan is a three-year Plan with years running from July 1 to June 30. Each July 1, an amount equal to 2% of the Company's shares outstanding becomes available to support grants of stock options to employees during that year. At the end of each plan year, reserved plan shares not made subject to stock options revert to normal unissued share status. Grants are generally established at fair market value of the Company's common stock on the date of the grant and may extend for up to 10 years with varying vesting schedules.

In addition, under the 1992 Stock Plan each director when first elected to the Board shall automatically be granted stock options of 5,000 common stock shares. Each nonemployee director who is re-elected or serving an unexpired term as a member of the Board at an annual meeting of holders of stock of the Company will be automatically granted an additional 1,500 stock options. These grants are established at fair market value of the Company's Common Stock on the date of the grant. This part of the Plan also expires in mid-1995.

The following is a summary of the Stock Plans' activities:

	OUTSTANDING OPTIONS		
	RESERVED SHARES	NUMBER	PRICE PER SHARE
Balance at December 31, 1990	187,334	50,999	\$ 3.00- 5.63
Granted	(168,667)	168,667	5.06-17.58
Exercised	-	(12,500)	3.00- 9.13
Balance at December 31, 1991	18,667	207,166	\$ 3.00-17.58
Additional shares reserved	252,780	-	-
Granted	(90,500)	90,500	9.20-17.58
Exercised	-	(18,430)	\$ 3.00- 9.13
Balance at December 31, 1992	180,947	279,236	\$ 3.00-17.58
Additional shares reserved	226,107	-	-
Granted	(291,200)	291,200	12.55-13.63
Exercised	-	(10,699)	12.70-13.63
Balance at December 31, 1993	115,854	559,737	\$ 3.00-17.58

As of December 31, 1993, 214,365 options granted under the 1989 and 1992 stock plans remain vested and unexercised.

In 1988, the Company granted stock options totaling 533,333 shares with a nominal exercise price to certain of its officers as part of the emergence from bankruptcy reorganization. These options became 50% vested at the date of grant with the remaining options ratably vested through June 1, 1991. As of December 31, 1993, 186,666 options remain vested and unexercised.

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/31/93

MICROFLUIDICS INTERNATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31

	1993	1992
ASSETS		
Cash and cash equivalents	3,197,043	522,080
Accounts receivable (less allowance of \$12,000 and \$10,000 in 1993 and 1992, respectively)	1,616,208	1,306,817
Inventory	1,812,335	1,441,316
Prepaid expenses (Note M)	121,673	80,562
Total current assets	6,747,259	3,350,775
Equipment and leasehold improvements, at cost Furniture, fixtures and office equipment	175,107	125,557
Laboratory and scientific equipment	191,579	182,979
Leasehold improvements	110,403	88,226
	477,089	396,762
Less: Accumulated depreciation and amortization	-392,385	-370,487
	84,704	26,275
Patents, licenses and other intangible assets (net of accumulated amortization of \$315,200 in 1993 and \$260,924 in 1992) (Notes E and F)	283,338	337,614
Deferred tax asset (Note D)	340,609	NA
Total assets	7,455,910	3,714,664

	1993	1992
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	751,348	802,720
Accrued compensation	78,859	23,500
Accrued vacation pay	52,445	38,084
Income taxes payable (Note D)	26,230	22,883
Customer advance	79,614	91,650
Total current liabilities	988,496	978,837
Commitments and contingencies (Notes C and L)		
Stockholders' equity (Notes C, F, G, H and N)		
Common Stock, par value \$.01 per share, 20,000,000 shares authorized; 4,871,423 and 3,830,630 shares issued and outstanding in 1993 and 1992 respectively	48,713	38,305
Additional paid-in capital	10,000,989	7,097,123
Accumulated deficit	-3,189,286	-4,362,246
Less: Treasury Stock, at cost, 91,839 and 9,195 shares at December 31, 1993 and 1992 (Note G)	-393,002	-37,355
Total stockholders' equity	6,467,414	2,735,827
Total liabilities and stockholders' equity	7,455,910	3,714,664

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

MICROFLUIDICS INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS
Years ended December 31

	1993	1992	1991
Revenues	6,778,098	4,496,645	2,766,102
Cost of goods sold	2,922,298	1,787,562	1,008,360
Research and development	427,568	335,864	343,277
Selling, general and administrative	2,547,703	1,961,583	1,894,112

Total cost and expenses	5,897,569	4,085,009	3,245,749
Income (loss) from operations	880,529	411,636	-479,647
Interest income	23,705	16,797	38,274
Interest expense	NA	-9,820	-53,100
Gain on sale of investments (Note I)	34,096	94,599	NA
Minority interest in net income of consolidated subsidiary (Note A)	NA	NA	-1,216
Income (loss) before income taxes and extraordinary item	938,330	513,212	-495,689
Income tax benefit (provision) (Note D)	-55,979	-211,058	21,649
Income (loss) before extraordinary item and cumulative effect of an accounting change	882,351	302,154	-474,040
Cumulative effect of change in accounting for income taxes (Note D)	290,609	NA	NA
Extraordinary item:			
Utilization of net operating loss carryforwards (Note D)	NA	186,807	NA
Net income (loss)	1,172,960	488,961	-474,040
Income (loss) per Common Share			
Primary:			
Average shares outstanding	4,363,322	3,881,915	3,119,977
Income (loss) before extraordinary item and cumulative effect of an accounting change	.20	.08	-.15
Cumulative effect of change in accounting for income taxes	.07	NA	NA
Extraordinary item	NA	.05	NA
Net income (loss) per Common Share	.27	.13	-.15
Fully diluted:			
Average shares outstanding	4,363,359	3,915,828	3,119,977
Income (loss) before extraordinary item and cumulative effect of an accounting change	.20	.08	-.15
Cumulative effect of change in accounting for income taxes	.07	NA	NA
Extraordinary item	NA	.04	NA
Net income (loss) per Common Shares	.27	.12	-.15

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

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

G OPTIONS

In December of 1988, the Company terminated the 1987 Stock Plan and adopted the 1988 Stock Plan which authorizes the grant of Stock Rights for up to 750,000 shares of Common Stock (amended at the 1992 shareholders' meeting to increase the number of authorized Stock Rights from 1,000,000 shares to 750,000 shares) and the 1989 Non-Employee Director Stock Plan which, as amended at the 1991 shareholders' meeting, authorizes the grant of nonqualified stock options for up to 240,000 shares of Common Stock. Information concerning stock option are as follows:

December 31,	1993	1992	1991
Outstanding, at beginning of year	975,650	938,975	947,300
Option shares:			
Granted	169,500	211,800	225,650

Exercised	290,725	124,375	20,100
Cancelled	86,400	50,750	213,875
Outstanding, at end of year	768,025	975,650	938,975
Price range of outstanding options at year end	\$1.16- \$6.56	\$1.16- \$4.63	\$1.16- \$4.25

There were 312,251 shares of Common Stock subject to exercisable options at December 31, 1993, with a price range of \$1.16- \$4.63. In 1993, options to purchase 290,725 shares were exercised at prices ranging from \$1.16- \$3.13 per share. In 1992, options to purchase 124,375 shares were exercised at prices ranging from \$1.16- \$2.82 per share. In 1991, options to purchase 20,100 shares were exercised at prices ranging from \$1.16 to \$1.50 per share.

On January 3, 1994, the Company issued options for an additional 22,500 shares at a price of \$7.44 per share under the 1989 Non-Employee Director Stock Plan.

Treasury stock was acquired upon employees' exercise of stock options, as payment for the shares purchased. On April 16, 1992, 9,195 shares were delivered to the Company at an average of the closing bid and asked prices for that day of \$4,0625, for a total value of \$37,355. In 1993, on three separate occasions, employees delivered shares to the Company in payment for shares they were purchasing upon exercise of the stock options they held. The aggregate amount of shares received were 82,644 for a market value of \$355,647.

FINANCIAL STATEMENT TEXT:

SOURCE: 10-K 12/31/93

BALANCE SHEETS

(dollar amounts in thousands)

December 31

	1993	1992
ASSETS		
Current assets:		
Cash and cash equivalents	3,789	4,692
Short-term investments	20,621	4,003
Employee note receivable	125	125
Prepaid expenses and other current assets	680	329
Total current assets	25,215	9,149
Investments	2,006	NA
Fixed assets, at cost, less accumulated depreciation and amortization	265	429
Other assets	12	68
Total assets	27,498	9,646

	1993	1992
LIABILITIES		
Current liabilities:		
Accounts payable	365	241
Accrued liabilities	813	434
Current portion of long-term debt	65	88
Total current liabilities	1,213	763
Long-term debt, less current portion	70	135
Deferred rent	25	47
Total liabilities	1,338	945

Commitments (Note 5)

SHAREHOLDERS' EQUITY

Convertible preferred stock, no par

Authorized: 10,000,000
 Issued and outstanding:
 in 1993 and 8,509,094 shares

92	NA	23,851
stock, no par value:		
Authorized: 30,000,000 shares;		
Issued and outstanding: 6,973,040		
shares in 1993 and 397,827 shares		
92	46,881	32
ated deficit during the		
development stage	-20,721	-15,182
shareholders' equity	26,160	8,701
Liabilities and shareholders'		
7	27,498	9,646

Companying notes.

RESULTS OF OPERATIONS

(Thousands except per share data)

	Dec 31 1993	Dec 31 1992	Dec 31 1991
Operating expenses:			
and research contract			
Operating sales	171	99	169
Operating revenues	1,207	395	259
Operating expenses:	1,378	494	428
Operating sales	502	177	130
and development	3,691	3,259	3,229
and marketing	1,536	1,537	1,756
and administrative	1,418	1,601	1,063
Operating costs and expenses	7,147	6,574	6,178
Operating income	-5,769	-6,080	-5,750
Operating income, net	230	568	570
Operating income item	NA	1,800	NA
Operating loss	-5,539	-3,712	-5,180
Operating loss per share-primary	-3.85	-5.49	-7.85
Operating loss per share-computing			
Operating loss per share-primary	1,440	676	660
Operating loss per share-fully			
Operating loss per share-fully	-1.07	NA	NA
Operating loss per share-fully			
Operating loss per share-fully	5,163	NA	NA

Companying notes.

ADDITIONAL FOOTNOTES:

(10-K)

OPTION PLAN

Option Plan

In October 1987, the Company adopted an Employee Stock Option Plan, under which incentive stock options or nonqualified options may be granted to employees and the Consultant Stock Option Plan, under which nonqualified options may be granted to consultants of the Company. As of December 31, 1993, the Company has reserved for issuance under these plans 912,500 shares of common stock. Under the plans, options may be granted at prices not less than the fair market value at the date of grant in the case of nonqualified options and not less than fair market value in the case of incentive options (fair market value in certain instances), as determined by the Board of Directors. Under the Employee Stock Option Plan, options are generally exercisable upon grant, expire ten years from date of grant (five years in

certain instances) and the shares issued upon exercise of the options may be subject to a right of repurchase by the Company upon termination of employment with the Company. At December 31, 1993, no shares of outstanding common stock were subject to repurchase.

Under the Consultant Stock Option Plan, options are generally exercisable upon grant and expire ten years from date of grant. In addition, the shares issued upon exercise of the options under this plan may be subject to a right of repurchase by the Company (at the option exercise price) with respect to any consultant whose consultancy to the Company is terminated. At December 31, 1993, 3,333 shares of common stock were subject to repurchase.

In 1991, as part of the total shares reserved for issuance under the Employee Stock Option Plan and the Consultant Stock Option Plan, the Company awarded incentive options to purchase 50,000 shares of Company Common Stock to company executives and certain other personnel. The options were immediately exercisable, but shares issued thereunder are subject to a right of repurchase by the Company, which lapses upon the earlier of ten years or achievement of specified performance goals approved by the Board of Directors.

(in thousands except for price per share)

	Outstanding Options			
	Shares Available For Grant	Number of Shares	Price Per Share	Total
Shares reserved for plan	136	-	-	-
Options granted	(38)	38	\$.20	\$8
Balances, December 31, 1987	98	38	\$.20	8
Additional shares reserved	177	-	-	-
Options granted	(16)	16	\$.35	6
Options exercised	-	(2)	\$.35	(1)
Balances, December 31, 1988	259	52	\$.20-\$.35	13
Additional shares reserved	125	-	-	-
Options granted	(185)	185	\$.35	65
Options exercised	-	(38)	\$.20-\$.35	(11)
Options canceled	6	(6)	\$.35	(3)
Balances, December 31, 1989	205	193	\$.20-\$.35	64
Options granted	(30)	30	\$.55	16
Options exercised	-	(5)	\$.35-\$.55	(2)
Options canceled	8	(8)	\$.35	(2)
Balances, December 31, 1990	183	210	\$.20-\$.55	76
Additional shares reserved	225	-	-	-
Options granted	(162)	162	\$.55-\$2.40	115
Options exercised	-	(15)	\$.35-\$.80	(12)
Options canceled	8	(8)	\$.35-\$.80	(3)
Balances, December 31, 1991	254	349	\$.20-\$.2.40	176
Options granted	(14)	14	\$1.60-\$8.00	44
Options exercised	-	(13)	\$.35-\$.80	(6)
Options canceled	40	(40)	\$.35-\$8.00	(53)
Balances, December 31, 1992	280	310	\$.20-\$1.60	161
Additional shares reserved	250	-	-	-
Options granted	(317)	317	\$.80-\$10.75	534

Options exercised	-	(21)	\$.35-\$1.60	(14)
Options canceled	11	(11)	\$.55-\$1.60	(17)
Balances, December 31, 1993	224	595	\$.20-\$10.75	\$664

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 12/31/93

PHOTONICS CORPORATION
(A Development Stage Company)
Balance Sheet
December 31

	1993
Assets	
Current assets:	
Cash and cash equivalents	12,130,000
Short-term investments	1,016,000
Accounts receivable	344,000
Inventories	385,000
Deposits and prepaid expenses	188,000
Total current assets	14,063,000
Furniture and equipment, net	298,000
Total assets	14,361,000

See accompanying notes to financial statements.

SOURCE: 10-K 12/31/93

PHOTONICS CORPORATION
(A Development Stage Company)
Balance Sheet
December 31

	1993
Liabilities and Shareholders Equity	
Current liabilities:	
Accounts payable	429,000
Accrued liabilities	333,000
Total current liabilities	762,000
Commitments and contingencies	
Shareholders equity:	
Common stock par value \$.001 per share; 20,000,000 shares authorized; 4,423,233 shares issued and outstanding	23,202,000
Deficit accumulated during the development stage	-9,603,000
Total liabilities and shareholders equity	14,361,000

See accompanying notes to financial statements.

SOURCE: 10-K 12/31/93

PHOTONICS CORPORATION
(A Development Stage Company)
Statements of Operations

Period from

	Year ended Dec 31 1992	Year ended Dec 31 1993	Mar 18 1985 (inception) to Dec 31 1993
Revenues:			
Product sales	NA	636,000	866,000
Engineering contract revenue from related party	243,000	NA	1,604,000
Engineering contract revenue	241,000	237,000	675,000
License fees	2,500,000	750,000	3,500,000
	2,984,000	1,623,000	6,645,000
Costs and expenses:			
Product sales and manufacturing start-up	NA	909,000	2,710,000
Engineering contracts with related party	196,000	NA	743,000
Engineering contracts	433,000	473,000	1,124,000
Research and development	1,840,000	777,000	5,718,000
Marketing and selling	696,000	274,000	2,893,000
General and administrative	676,000	741,000	3,081,000
	3,841,000	3,174,000	16,269,000
Loss from operations	-857,000	-1,551,000	-9,624,000
Interest expense, principally shareholders	-109,000	-192,000	-419,000
Other income	12,000	56,000	440,000
Net loss	-954,000	-1,687,000	-9,603,000
Net loss per share	-.042	-0.56	NA
Weighted average common shares and equivalents	2,013,506	2,765,065	NA
Net loss	-954,000	-1,687,000	-9,603,000
Accretion of Series A-1, A-2, and B mandatorily redeemable convertible preferred stock redemption value	-625,000	-469,000	-3,093,000
Net loss applicable to holders of common stock	-1,579,000	-2,156,000	12,696,000

See accompanying notes to financial statements.

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

PHOTONICS CORPORATION

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS December 31, 1993

In 1988, the Company adopted a stock option plan (the Plan) that allows for the issuance of incentive and nonqualified stock options to employees and consultants of the Company. Options granted under the Plan are generally for periods not to exceed 10 years, and generally must be at prices not less than 100% and 85%, for incentive and nonqualified stock options, respectively, of the estimated fair value of the stock on the date of grant as determined by the Board of Directors. Options granted to shareholders who own greater than 10% of the outstanding stock are for periods not to exceed 5 years, and must be granted at prices not less than 110% of the estimated fair value of the stock on the date of grant.

The following table summarizes activity under the Plan:

	Shares available	Options outstanding	Option price
Balances as of December 31, 1991	19,967	259,898	\$0.35 - 0.71
Additional options authorized	183,428	-	-
Options granted	(162,841)	162,841	0.71

Options canceled	45,715	(45,715)	0.35 - 0.71
Balances as of December 31, 1992	86,269	377,024	0.35 - 0.71
Additional options authorized	534,374	-	-
Options granted	(360,707)	360,707	0.71 - 7.09
Options exercised	-	(5,584)	0.71
Options canceled	108,085	(108,085)	0.35 - 4.78
Balances as of December 31, 1993	368,021	624,062	\$0.35 - 7.09

Options granted under the Plan generally vest 25% after the first year and then ratably each month over the remaining 36-month period. As of December 31, 1993, options for 235,448 shares were exercisable.

FINANCIAL STATEMENT TEXT:
SOURCE: 10-K 06/25/93

RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 25, 1993 AND JUNE 26, 1992

	1993	1992
ASSETS		
CASH AND CASH EQUIVALENTS	1,121,000	1,469,000
CASH AND SHORT-TERM INVESTMENTS REQUIRED TO BE SEGREGATED UNDER FEDERAL REGULATIONS (including resale agreements: 1993 - \$52,241,000; 1992 - \$38,500,000)	62,799,000	43,188,000
RECEIVABLES:		
Customers	56,097,000	63,121,000
Brokers, dealers, and clearing organizations	130,378,000	163,603,000
Miscellaneous	7,417,000	2,455,000
SECURITIES OWNED - At market	41,011,000	33,979,000
MEMBERSHIPS IN SECURITY AND COMMODITY EXCHANGES - At cost (market value: 1993 - \$5,735,000; 1992 - \$5,112,000)	5,149,000	5,353,000
FURNITURE, FIXTURES, AND LEASEHOLD IMPROVEMENTS - At cost, less accumulated depreciation and amortization (1993 - \$5,770,000; 1992 - \$4,907,000)	3,609,000	3,400,000
PREPAID EXPENSES AND OTHER ASSETS	1,881,000	5,066,000
RECOVERABLE INCOME TAXES	329,000	256,000
DEFERRED INCOME TAXES	407,000	NA
TOTAL ASSETS	310,198,000	321,890,000

	1993	1992
LIABILITIES AND STOCKHOLDERS' EQUITY		
SHORT-TERM NOTES PAYABLE TO BANKS	38,562,000	30,250,000
PAYABLES:		
Customers	121,696,000	170,082,000
Brokers, dealers, and clearing organizations	83,127,000	58,798,000
Miscellaneous	3,098,000	5,755,000
SECURITIES SOLD BUT NOT YET PURCHASED - At market	15,751,000	10,303,000
ACCRUED COMMISSIONS	2,394,000	2,330,000
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	6,660,000	4,975,000
DEFERRED INCOME TAXES	NA	279,000

	271,288,000	282,772,000
LIABILITIES SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS	8,000,000	8,500,000
STOCKHOLDERS' EQUITY:		
Nonvoting preferred stock, \$.01 par value; 5,000,000 shares authorized; none issued; Common stock, \$.09 par value; 20,000,000 shares authorized; 4,372,000 and 4,365,000 issued	393,000	393,000
Additional paid-in capital	14,774,000	14,738,000
Retained earnings	15,743,000	15,487,000
	30,910,000	30,618,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	310,198,000	321,890,000

See notes to consolidated financial statements.

RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FISCAL YEARS ENDED JUNE 25, 1993, JUNE 26, 1992, AND JUNE 30, 1991

	1993	1992	1991
REVENUES:			
Commissions	38,718,000	41,241,000	40,678,000
Principal	32,216,000	25,640,000	17,149,000
Interest	10,558,000	10,848,000	13,419,000
Fee income	3,145,000	4,728,000	3,784,000
Other	2,672,000	1,921,000	1,560,000
Total revenues	87,309,000	84,378,000	76,590,000
EXPENSES:			
Employee compensation and benefits	50,088,000	47,366,000	43,039,000
Commissions, floor brokerage, and clearing	8,721,000	8,372,000	7,674,000
Interest	7,135,000	6,965,000	8,901,000
Communications	6,803,000	6,357,000	6,681,000
Occupancy and equipment	6,461,000	6,076,000	6,344,000
Other operating expenses	7,553,000	6,039,000	6,323,000
Total expenses	86,761,000	81,175,000	78,962,000
INCOME (LOSS) BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	548,000	3,203,000	-2,372,000
INCOME TAX EXPENSE (BENEFIT)	310,000	1,214,000	-777,000
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	238,000	1,989,000	-1,595,000
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	18,000	NA	NA
NET INCOME (LOSS)	256,000	1,989,000	-1,595,000
EARNINGS (LOSS) PER SHARE DATA:			
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	.06	.46	-.37
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	NA	NA	NA
NET INCOME (LOSS) PER COMMON SHARE	.06	.46	-.37
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	4,366,000	4,365,000	4,296,000

See notes to consolidated financial statements.

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

RODMAN & RENSHAW CAPITAL GROUP, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 25, 1993, JUNE 26, 1992, AND JUNE 30, 1991

10. STOCK OPTION PLAN

Under the Company's qualified incentive stock option plan, options are granted for terms of up to five years at prices not less than fair market value at the date of grant. Prior to June 24, 1993, the Company had also granted nonqualified options. Stock option activity was as follows:

	Qualified		Nonqualified	
	Number of Services	Per Share Option Price	Number of Shares	Per Share Option Price
Outstanding at June 30, 1990				
Granted	1,099,150	\$ 6.13 - 10.50	15,000	\$ 6.13
Canceled	354,480	5.00 - 7.00	16,800	5.00
Outstanding at June 30, 1991	(500,750)	5.00 - 8.00	(1,600)	5.00
Granted	952,880	5.00 - 10.50	30,200	\$ 5.00 - 6.13
Canceled	111,950	5.00 - 6.00	35,800	5.00 - 7.50
Outstanding at June 26, 1992	(67,390)	5.00 - 10.50	(23,200)	5.00 - 7.50
Granted	997,440	5.00 - 8.00	42,800	5.00 - 7.50
Canceled	311,775	5.00 - 6.38	71,275	5.00 - 6.38
Exercised	(194,300)	5.00 - 8.00	(37,400)	5.00 - 7.50
Outstanding at June 25, 1993	(7,200)	5.00		
	1,107,715	5.00 - 7.00	76,675	5.00 - 6.38

Options outstanding at June 25, 1993 are exercisable at an average price of \$5.54.

The Company's Board of Directors has approved the qualified Rodman & Renshaw Capital Group, Inc. Incentive Stock Option Plan as of June 24, 1993. This plan is subject to the approval of the stockholders of the Company at its annual stockholders' meeting. There were no stock options granted under this plan for the fiscal year ended June 25, 1993. Unoptioned shares reserved and available for grant under this qualified incentive stock option plan are 10,000 at June 25, 1993.

FINANCIAL STATEMENT TEXT:

SOURCE: 10-K 12/31/93

RODMAN & RENSHAW OPTHALMIC PHARMACEUTICALS, INC.

(A Development Stage Company)

BALANCE SHEETS

December 31

ASSETS	1992	1993
Current assets:		
Cash and cash equivalents		
Short-term investments	7,027,937	5,617,000
Interest receivable	NA	15,061,204
Prepaid expenses and deposits	NA	123,525
Total current assets	48,264	302,024
Property and equipment, at cost:	7,076,201	21,103,753
Laboratory equipment	326,019	515,544

Computer equipment	124,035	151,641
Furniture and fixtures	94,908	116,363
	544,962	783,548
Less - accumulated depreciation	95,293	217,876
	449,669	565,672
Other assets	18,800	NA
	7,544,670	21,669,425

	1992	1993
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	260,381	228,466
Accrued expenses	347,882	606,074
Total current liabilities	608,263	834,540
Commitments (Note 7)		
Stockholders' equity:		
Preferred stock, \$.001 par value; 5,000,000 shares authorized; none issued	NA	NA
Convertible preferred stock, \$.001 par value; Series A - Authorized, issued and outstanding 1,875,000 shares in 1992 and no shares in 1993	1,875	NA
Series B - Authorized, issued and outstanding 8,594,568 shares in 1992 and no shares in 1993	8,595	NA
Series C - Authorized - 9,550,000 shares; Issued and outstanding - 8,800,000 shares in 1992 and no shares in 1993	8,800	NA
Common stock, \$.001 par value - Authorized - 25,000,000 shares Issued and outstanding - 893,642 shares in 1992 and 7,626,417 shares in 1993	894	7,626
Additional paid-in capital	15,124,404	35,723,899
Deferred compensation	-457,000	-344,128
Deficit accumulated during the development stage	-7,751,161	-14,552,512
Total stockholders' equity	6,936,407	20,834,885
	7,544,670	21,669,425

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

TELOR OPHTHALMIC PHARMACEUTICALS, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	Nine Months Ended Dec 31 1991	Year Ended Dec 31 1992	Year Ended Dec 31 1993
Revenues	NA	NA	NA
Operating expenses:			
Research and development	1,312,530	2,902,440	5,501,041
General and administrative	570,344	1,007,231	1,452,416
Marketing	NA	219,727	317,884
Total operating expenses	1,882,874	4,129,398	7,271,314
Interest income, net	-114,943	-201,800	-469,963
Net loss	-1,767,931	-3,927,598	-6,801,351

Pro forma net loss per common share	NA	- .80	-1.03
Pro forma weighted average number of common shares outstanding	NA	4,909,646	6,575,774

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

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

NOTES TO FINANCIAL STATEMENTS

(d) 1988 Stock Plan and 1993 Stock Plan

Pursuant to the 1988 Stock Plan, the Company may grant incentive stock options, non-qualified stock options and common stock purchase rights. The Company has reserved 484,537 shares of common stock for issuance under this plan.

During 1993, the Company's Board of Directors and Stockholders approved the 1993 Stock Plan pursuant to which the Company may grant incentive and non-qualified options to purchase up to 600,000 shares of the Company's common stock.

The following table summarizes option activity under both plans:

	Number of shares	Exercise Price
Outstanding at March 31, 1991	233,730	\$.25
Granted	62,286	.25
Exercised	(5,000)	.25
Terminated	(22,000)	.25
Outstanding at December 31, 1991	269,016	.25
Granted	207,220	.25-5.00
Exercised	(5,700)	.25
Terminated	(8,300)	.25
Outstanding at December 31, 1992	462,236	.25-5.00
Granted	191,153	5.00-8.50
Exercised	(3,867)	.25-1.25
Terminated	(25,791)	.25-8.00
Outstanding at December 31, 1993	623,731	\$.25-\$8.50
Exercisable at December 31, 1993	266,824	\$.25-\$8.00

During 1992, the Company recorded deferred compensation of \$512,000, which represented the excess of the fair market value per share on the option grant date as estimated for financial reporting purposes, over the exercise price of certain options granted under the 1988 Stock Plan. The Company's Board of Directors granted such stock options at per share exercise prices which it believed to be at or above the fair market value of the underlying common stock at the time of grant. In light of the initial public offering of the Company's common stock, the Company utilized per share market prices in excess of such exercise prices in computing deferred compensation for financial reporting purposes. During 1993, the Company reversed \$34,749 of the deferred compensation relating to options forfeited by terminated employees. Compensation expense will be recognized ratably over the vesting period of the options. During the years ended December 31, 1992 and 1993, the results of operations include compensation expense of \$55,000 and \$78,123, respectively, related to the amortization of deferred compensation.

FINANCIAL STATEMENT TEXT:

SOURCE: 10-K 09/30/93

CONSOLIDATED BALANCE SHEET

(In millions)

September 30

1993

1992

ASSETS		
Cash and cash equivalents		
Investments	363.0	764.8
Receivables	1,888.5	1,407.0
Merchandise inventories	1,390.3	1,179.3
Film and television costs	1,608.9	462.8
Theme parks, resorts and other property, at cost	1,360.9	760.5
Attractions, buildings and equipment	6,732.1	6,285.3
Accumulated depreciation	-2,286.4	-1,999.6
Projects in progress	4,445.7	4,285.7
Land	688.2	440.1
	94.3	72.9
Investment in and advances to Euro Disney	5,228.2	4,798.7
Other assets	NA	659.1
	911.3	829.5
	11,751.1	10,861.7

LIABILITIES AND STOCKHOLDERS' EQUITY		
	1993	1992
Accounts payable and other accrued liabilities		
Income taxes payable	2,530.1	1,791.9
Borrowings	291.0	381.0
Unearned royalty and other advances	2,385.8	2,222.4
Deferred income taxes	840.7	872.8
Stockholders' equity	673.0	889.0
Preferred stock, \$.10 par value; Authorized--100.0 million shares Issued--none	NA	NA
Common stock, \$.025 par value; Authorized--1.2 billion shares Issued--564.6 million shares and 552.2 million shares		
Retained earnings	876.4	619.9
Cumulative translation adjustments	4,833.1	4,661.9
	36.7	86.9
Less treasury stock, at cost--29.1 million shares and 27.8 million shares	5,746.2	5,368.7
	715.7	664.1
	5,030.5	4,704.6
	11,751.1	10,861.7

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF INCOME
(In millions, except per share data)
Year ended September 30

	1993	1992	1991
REVENUES			
Theme parks and resorts			
Filmed entertainment	3,440.7	3,306.9	2,794.3
Consumer products	3,673.4	3,115.2	2,593.7
	1,415.1	1,081.9	724.0
	8,529.2	7,504.0	6,112.0
COSTS AND EXPENSES			
Theme parks and resorts			
Filmed entertainment	2,693.8	2,662.9	2,247.7
Consumer products	3,051.2	2,606.9	2,275.6
	1,059.7	798.9	494.2
	6,804.7	6,068.7	5,017.5

OPERATING INCOME			
Theme parks and resorts	746.9	644.0	546.6
Filmed entertainment	622.2	508.3	318.1
Consumer products	355.4	283.0	229.8
	1,724.5	1,435.3	1,094.5
CORPORATE ACTIVITIES			
General and administrative expenses	164.2	148.2	160.8
Interest expense	157.7	126.8	105.0
Investment and interest income	-186.1	-130.3	-119.4
	135.8	144.7	146.4
INCOME (LOSS) FROM INVESTMENT IN EURO DISNEY			
	-514.7	11.2	63.8
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
	1,074.0	1,301.8	1,011.9
Income taxes	402.7	485.1	375.3
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
	671.3	816.7	636.6
CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
Pre-opening costs	-271.2	NA	NA
Postretirement benefits	-130.3	NA	NA
Income taxes	30.0	NA	NA
NET INCOME	299.8	816.7	636.6
AMOUNTS PER COMMON SHARE			
EARNINGS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
	1.23	1.52	1.20
CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
Pre-opening costs	-.50	NA	NA
Postretirement benefits	-.24	NA	NA
Income taxes	.06	NA	NA
EARNINGS PER SHARE	.55	1.52	1.20
AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING			
	544.5	536.8	532.7

See Notes to Consolidated Financial Statements.

FINANCIAL FOOTNOTES:

(SOURCE 10-K)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

NOTE 10 STOCK INCENTIVE PLANS-Under various plans, the Company may grant stock option and other awards to key executive, management and creative personnel. Transactions under the various stock option and incentive plans during 1993 were as follows.

(Shares in millions)	1993	1992	1991
Outstanding at beginning of year	44.3	44.8	43.2
Awards cancelled	(1.1)	(1.2)	(0.7)
Awards granted	5.6	4.3	4.0
Awards exercised	(12.4)	(3.6)	(1.7)
Outstanding at September 30	36.4	44.3	44.8
Exercisable at September 30	13.4	18.8	17.8

Stock option awards are granted at prices equal to at least market price on the date of grant. Options outstanding at September 30, 1993 and 1992 ranged in price from \$3.23 to \$44.06 and \$3.23 to \$37.39 per share, respectively. Options exercised during the period ranged in price from \$3.23 to \$33.35 per share in 1993, from \$3.23 to \$32.66 per share in 1992, and from \$3.14 to \$30.75 per share in 1991. Shares available for future option grants at September 30, 1993 were 24.0 million.

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