

YOU CAN TELL A LOT
ABOUT WHERE **WE'RE GOING,**
By WHERE WE'VE BEEN.



1918–1930

108 East Washington

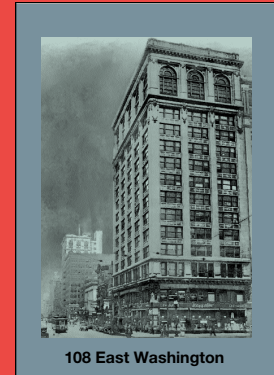
FROM THE BEGINNING. J. Dwight Peterson entered the investment banking profession in a unique way—by selling bait and tackle supplies to fishermen at Sylvan Lake in northern Indiana. Born in 1897 in Decatur, Indiana, J. Dwight belonged to a family which vacationed each summer at nearby Sylvan Lake. As a teenager, J. Dwight started a business selling night crawlers and shiners to the numerous fishermen at the lake. One of his best customers was Dick Miller, a financier from Indianapolis. Miller was one of Indiana's leading distributors of municipal bonds and his business, Miller and Company, became part of the City Trust Company in 1918.

On a recruiting visit to his alma mater, Indiana University, in 1917, Miller happened to see J. Dwight Peterson, who was then a senior at the university majoring in economics and journalism. Recalling his experiences with Peterson during their summers at Sylvan Lake, Miller offered the younger man a position with his business. In 1919, after graduating from Indiana University and serving briefly in the Army during World War I, Peterson accepted an offer to become a bond salesman with the City Trust Company where Dick Miller had become the President. As Peterson recalled, “I went to work selling bonds right off the bat,” covering a large territory in the northern half of Indiana. He earned a starting salary of \$17.50 per week, plus expenses.

A SEPARATION OF POWERS. Between 1919 and 1924, the sale of municipal bonds proved to be so lucrative that Miller and Peterson separated the bond department from the City Trust Company and incorporated it as a separate company. Peterson gave the new company its name: City Securities Corporation. The purpose of the business was simple: “to provide complete investment banking service to the people of Indiana.” The corporation's first business address was 108 East Washington, also the location of the City Trust Company.

City Securities Corporation's specialty continued to be the sale of bonds, those issued by municipalities as well as by agencies of the State of Indiana, and some federal securities. But the corporation also marketed a broader array of investments, including stock in publicly-held corporations and even real estate. Peterson belonged to a sales force which also included two other men, Cecil Weathers and Earl Richardson, who also became legendary figures in the history of investment banking in Indiana.

A HISTORY OF INNOVATION. In 1928, Peterson devised an innovation which was to be forever associated with City Securities Corporation, the self-liquidating bond for university residence hall construction, an instrument which made it possible for state universities to raise needed funds to build dormitories without relying on private philanthropy. Business was good: between 1925 and 1929, the dollar value of securities sold by the corporation doubled. For City Securities Corporation, and for J. Dwight Peterson, the foundation had been set for the business which was to become the leading regional investment banking firm in Indiana.



1930–1987

400 Circle Tower

FACING NEW GENERATIONS OF CHALLENGE. Between 1930 and 1987, the offices of City Securities Corporation were at 400 Circle Tower, adjacent to Monument Circle in downtown Indianapolis. Completed in 1930, the Circle Tower, with its art deco architecture, became a prestigious business address in Indianapolis. City Securities Corporation was the building's second tenant. For nearly 60 years from its familiar offices in the Circle Tower, City Securities Corporation grew to be an industry leader and became recognized as Indiana's largest and best-capitalized regional investment banking firm.

Like almost every securities enterprise, City Securities Corporation experienced a difficult challenge during the 1930s. J. Dwight Peterson became the President of the firm in 1934 and rescued the fortunes of the company by providing fiscal agency services to hard-hit Hoosier businesses and by expanding the business of the corporation's newly-acquired insurance agency. Peterson also procured the financial help of James P. Goodrich, the former Governor of Indiana and one of Indiana's leading investors, as a source of investment capital.

THE WAR YEARS. During World War II, City Securities Corporation maintained a modest business in the distribution of municipal and corporate securities. More noteworthy, however, was Peterson's contribution to the war effort through his co-chairmanship, with publisher Eugene C. Pulliam, of Indiana's War Finance Committee. By 1944, City Securities Corporation had sold over \$2,000,000 in United States Savings Bonds, Series E, to benefit the war effort.

LEADERSHIP BY EXAMPLE. In 1933, Peterson hired Noble Biddinger, who had recently graduated from Indiana University, to join the firm as a bond salesman. Biddinger quickly emerged as a topflight producer and became the company's Sales Manager in 1942 and Executive Vice President in 1946. From the mid-1940s until Biddinger's death in 1971, the management team of J. Dwight Peterson and Noble Biddinger guided the fortunes of City Securities Corporation.

Under the leadership of Peterson and Biddinger, City Securities Corporation experienced rapid growth after World War II. In the 1950s and 1960s, the market for public finance issues, combined with bonds offered by public school corporations and state universities, grew dramatically. In one of its historic underwritings, banking houses in 1953 to underwrite and distribute Indiana Toll Road.

During this fast-paced period, the corporation "bidding on any [municipal] issue offered in Indiana, "Sometimes we were the only one to bid on some of when our commitments made the difference between completely without support for its project."

rate underwriting during the 1950s and 1960s.

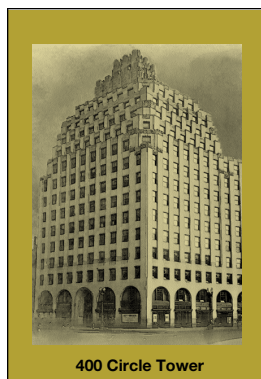
as Marsh Supermarkets, Inc., Mayflower Corporation

Securities became identified as a valuable source of investment capital and advisory services.

DECADES OF GROWTH ON THE HORIZON. By 1970, City Securities Corporation transitioned to a second generation of management. In that year, a group headed by John D. Peterson, son of J. Dwight, purchased control of the business, with John Peterson taking over as President of the company. Cecil M. Fritz, the deputy to Noble Biddinger in the Underwriting Department, became Executive Vice President of the firm. By the end of the decade, J. Dwight Peterson transitioned to Honorary Chairman of the Board, John Peterson became Chairman and Chief Executive Officer and Cecil Fritz moved into the corporate presidency.

Under the leadership team headed by John D. Peterson and Cecil Fritz, City Securities Corporation continued its pattern of growth and also aggressively established a network of branch offices throughout the state. During the 1970s, City Securities Corporation built branch offices in Lafayette, South Bend, and Anderson. In the early 1980s, it built another branch office in north Indianapolis. In 1979, the corporation acquired Wildman, Neal, and DeBolt, another investment banking firm in Indianapolis, in a move designed to strengthen its underwriting and trading capabilities.

By this point in the company's history, City Securities Corporation was underwriting bond issues of enormous size, by comparison with just a decade previously. During the 1980s, City Securities participated in a syndicate to underwrite a second issue for the Indiana Toll Road, worth \$259.5 million, as well as the issue for the construction of the Hoosier Dome (later the RCA Dome), worth \$47.5 million. Even more importantly, the corporation was a consistent partner with investment houses in Chicago, New York, and other money centers on the underwriting and distribution of public finance issues that affected Indiana. City Securities Corporation had become one of the most respected regional banking firms in both the Midwest and in the country.



135 North Pennsylvania

WELCOME TO THE MODERN MARKETPLACE. City Securities Corporation enjoyed a period of unprecedented growth between 1988 and 2002, as well as a move to a new corporate location and smooth transitions in its leadership. In April 1988, the corporation moved its offices from the Circle Tower to the 22nd floor of the recently-completed office complex at the First Indiana Plaza. The corporation's growth during the 1980s made such a move necessary as the net capital of City Securities Corporation doubled and new employees joined the firm. Furthermore, the demands of new technology in the "electronic marketplace" as well as advances in computers and communications combined to make the need for a modernized office environment even more imperative.

SEIZING THE OPPORTUNITIES FOR GROWTH. Like the 1980s, the 1990s provided tremendous growth opportunities for City Securities Corporation. Changes in federal tax laws, both in the late 1980s and early 1990s, resulted in an expanded market for tax-exempt securities. The unprecedented increase in trading on the national and regional exchanges likewise created additional business for the firm. With the continuation of strong securities markets, City Securities responded by introducing a host of new investment products and services, including a Venture Capital Fund, offered for the first time in 1989. And during the tenure at the 135 location, City Securities made history by underwriting the largest bond issue in Indiana history—the \$580,370,000 issue for the City of Indianapolis Waterworks.

INSURED SUCCESS. Another factor in the decision to move the corporation's offices was the growth of its Insurance Division. City Securities Corporation began offering insurance services in 1933 after J. Dwight Peterson purchased the agency from the Aetna Trust and Savings Company. During the 1930s and 1940s, W.F. "Fritz" Souder managed the division. In 1946, Donald Dean took over leadership of the division until his death in 1980. Dean was succeeded by C. Eugene Newlund who directed the division during the 1980s. In the 1990s, the agency was led by Michael H. White and Patrick J. O'Connor.

Sometimes referred to as "one of City Securities Corporation's best-kept secrets," the Insurance Division nevertheless grew along with the rest of the corporation throughout the 1980s and 1990s. Premium income continued to set new records, virtually on an annual basis. Furthermore, the Insurance Division moved ambitiously to take advantage of new opportunities for business which resulted from the rapid expansion of professional and amateur athletics in Indiana. By 1996, the Insurance Division had grown to become one of the top 15 agencies in central Indiana and one of the 25 largest in Indiana. In 1996, the Insurance Division's impressive expansion required a move to additional, separate space on the 11th floor of the First Indiana Plaza.

TRANSITIONING FOR GROWTH. Another managerial transition also occurred during this period. After 43 years with City Securities Corporation, and 12 years as its President, Cecil M. Fritz stepped down from active service in 1992. Known throughout Indiana as "the kingpin of municipal finance," Cecil Fritz had been a central figure in the corporation's growth as the dominant regional investment banking firm in the state. Moreover, his work in underwriting tax-exempt issues had made him a confidant of office holders in state, county and local government, university officers, school superintendents, and hospital administrators. James A. Merten, Vice President in charge of the Underwriting Department, succeeded Fritz as the company's President in 1992.

The continued growth of the corporation, combined with advances in technology and the increasing complexity of the securities industry, led to another managerial transition in 1998-1999. In 1998, the corporation announced that Michael E. Bosway, a fifteen-year veteran of the corporation, would assume the position of Executive Vice President and Chief Operating Officer and then assume the corporate presidency in 1999. Merten remained as Vice Chairman of the corporation and assumed responsibility for the underwriting of both tax-exempt and corporate issues. Through both managerial transitions, John D. Peterson remained as Chairman of the Board and Donald C. Danielson as Vice Chairman.

On December 26, 1990, J. Dwight Peterson passed away at the age of 93. Typically, he continued to work in his office until the final few months of his life. For over 70 years, Peterson had been a leader in Indiana's investment banking community. After his death, tributes poured in from state leaders in business, government, education, and religion. Peterson's work had helped to define investment banking in Indiana, but he was never one to draw special attention to himself. Instead, he once summarized his career with the words: "One of the things that I value most is having had the opportunity to build a successful business in Indiana."

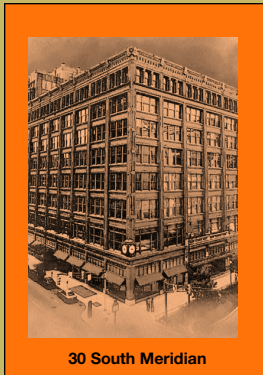


135 North Pennsylvania

30 South Meridian

A MOVE FOR THE BETTER. In May 2002, City Securities Corporation relocated its offices from the First Indiana Plaza to a new suite of offices on the sixth floor of the recently remodeled building at 30 South Meridian Street in downtown Indianapolis. The new corporate home for City Securities Corporation was formerly the site of the L.S. Ayres department store, constructed by the famous retailer Frederic Ayres in 1905. As with its relocation in 1988, the corporation moved its offices in 2002 for the purpose of acquiring the space necessary to accommodate the growth of its business.

NEW STRENGTHS. NEW SERVICES. The business profile of City Securities Corporation in 2002 was considerably different from that of the previous ten or twenty years. The firm held a net capital which surpassed \$19.5 million, cementing its position as the best-capitalized regional investment banking firm in Indiana. While still the leader in the underwriting and distribution of municipal securities in Indiana, City Securities was no longer overly dependent on the successful marketing of these investments. As Michael E. Bosway, the President of City Securities Corporation, observed on the occasion of the firm's 75th anniversary in 1999: "We now offer more products and services than ever before in our 75-year history. Our 'tool box' has now been expanded to include financial and estate planning, trust services, asset management, a fee-based brokerage account and client Internet access."



COMMITTED TO INDEPENDENCE, STRENGTH AND INDIANA. The move to 30 South Meridian occurred after the corporation's owners and management painstakingly considered the direction of the enterprise during the previous decade. In the 1990s, the trends in the investment industry were clearly toward the increased consolidation of securities firms and the emergence of personal investing through the new tools of advanced technology. More and more, it seemed, the world of investment banking was about to be dominated by financial supermarkets, discount brokerages, and on-line trading services.

Was there still a place for the full-service, independent, regional investment banker in this rapidly-changing business environment? In fact, the owners of City Securities Corporation were approached by several different firms, both in the brokerage and banking fields, about the possibilities of either a merger or outright sale. After considering these offers, however, the owners of the corporation decided to maintain their independence and take the steps necessary to remain competitive.

Unquestionably, City Securities Corporation possessed a number of strengths which promised to serve it effectively as an independent investment banking firm. It continued to maintain a leadership position in the municipal bond field. Its Insurance Division was also an acknowledged industry leader. The corporation possessed the capital necessary to modernize its technological capacity. As James A. Merten once said: "We're committed to Indiana, to staying independent, and to maintaining our financial strength."

CREATING THE SUCCESSES OF THE FUTURE. Given that decision, the corporation embarked upon a five-year plan in 1999 designed to provide a road map for the future growth of the enterprise. The plan entailed improvements in new technology, the acquisition of personnel necessary to fuel the growth of the business, especially those people who chose not to be employed by larger organizations, and a continuous emphasis on client satisfaction. Given these developments, the corporation was confident that it faced a future which would be as successful as its past. In 1974, commenting on the occasion of the 50th anniversary of City Securities Corporation, John D. Peterson said, simply, "We intend to be around a long time." Almost thirty years later, the words are as profound as ever. City Securities Corporation continues to be Indiana's oldest and largest, independent, full-service investment banking firm.

INDIANAPOLIS
(CORPORATE HEADQUARTERS)

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