

The Depository Trust Company

Consolidated Balance Sheets

(unaudited)

	June 30,	
	2006	2005
	(in thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$1,782,529	\$2,293,131
Accounts receivable	177,152	137,806
Fixed assets, less accumulated depreciation and amortization of \$263,418,000 and \$231,396,000 at June 30, 2006 and 2005, respectively	136,716	138,279
Deferred income taxes, net	85,430	82,075
Other assets	234,945	233,075
Total assets	\$2,416,772	\$2,884,366
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other liabilities	\$170,276	\$161,843
Payable to participants	939,325	1,424,713
Long-term debt and other borrowings	303,831	316,345
Participants' fund cash deposits	878,340	856,465
Total liabilities	2,291,772	2,759,366
Shareholders' equity:		
Preferred stock, Series A, \$100 par value - 750,000 shares authorized, issued and outstanding	75,000	75,000
Common stock, \$100 par value - 18,500 shares authorized, issued and outstanding	1,850	1,850
Paid in capital	950	950
Retained earnings	47,200	47,200
Total shareholders' equity	125,000	125,000
Total liabilities and shareholders' equity	\$2,416,772	\$2,884,366

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

The Depository Trust Company

Consolidated Statements of Income and Retained Earnings

(unaudited)

	For the Six Months Ended	
	June 30,	
	2006	2005
	(in thousands)	
Revenues:		
Trading services	\$101,703	\$95,662
Custody services	103,322	91,110
Network services	21,024	42,111
Other services	9,270	18,611
Interest income	48,265	26,984
Total revenues	283,584	274,478
Discounts and other refunds to participants	(114,484)	(71,038)
Net revenues	169,100	203,440
Expenses:		
Employee compensation and related benefits	99,713	115,542
Information technology	15,872	28,763
Professional and other services	23,837	15,858
Occupancy	12,969	26,933
Interest expense	10,574	10,954
Other general and administrative	4,105	4,316
Reimbursement from affiliate	(124)	(167)
Total expenses	166,946	202,199
Income before income taxes	2,154	1,241
Provision for income taxes	969	558
Net income	1,185	683
Retained earnings, beginning of period	47,200	47,200
Dividends on preferred stock	(1,185)	(683)
Retained earnings, end of period	\$47,200	\$47,200

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The Depository Trust Company

Consolidated Statements of Income and Retained Earnings

(unaudited)

	For the Three Months Ended	
	June 30,	
	2006	2005
	(in thousands)	
Revenues:		
Trading services	\$51,407	\$48,708
Custody services	52,512	46,205
Network services	10,194	20,853
Other services	4,716	9,457
Interest income	24,610	14,336
Total revenues	143,439	139,559
Discounts and other refunds to participants	(59,489)	(35,411)
Net revenues	83,950	104,148
Expenses:		
Employee compensation and related benefits	48,895	56,708
Information technology	8,066	14,469
Professional and other services	11,493	6,894
Occupancy	6,897	17,857
Interest expense	5,286	5,459
Other general and administrative	2,244	2,165
Reimbursement from affiliate	(62)	(85)
Total expenses	82,819	103,467
Income before income taxes	1,131	681
Provision for income taxes	509	306
Net income	622	375
Retained earnings, beginning of period	47,200	47,200
Dividends on preferred stock	(622)	(375)
Retained earnings, end of period	\$47,200	\$47,200

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

The Depository Trust Company

Consolidated Statements of Cash Flows

(unaudited)

	For the Six Months Ended	
	June 30,	
	2006	2005
	(in thousands)	
Cash flows from operating activities:		
Net income	\$1,185	\$683
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization of fixed assets	15,008	14,834
Loss on fixed asset disposals	194	9,642
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(40,910)	8,135
Decrease (increase) in other assets	18	(1)
Decrease in accounts payable and other liabilities	(49,268)	(49,580)
(Decrease) increase in payable to participants	(1,073,563)	631,618
Increase (decrease) in participants' fund cash deposits	5,760	(7,124)
Net cash (used in) provided by operating activities	(1,141,576)	608,207
Cash flows from investing activities - purchases of fixed assets	(15,225)	(13,597)
Cash flows from financing activities:		
Capitalized leases	2,671	268
Principal payments on debt and capital lease obligations	(6,557)	(4,904)
Dividends declared on preferred stock	(1,185)	(683)
Net cash used in financing activities	(5,071)	(5,319)
Net (decrease) increase in cash and cash equivalents	(1,161,872)	589,291
Cash and cash equivalents, beginning of period	2,944,401	1,703,840
Cash and cash equivalents, end of period	\$1,782,529	\$2,293,131
Supplemental disclosure:		
Income taxes paid	\$713	\$3,213
Interest paid	\$17,426	\$9,152

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

The Depository Trust Company

Notes to Consolidated Financial Statements (unaudited)

June 30, 2006

Note 1 -

The Depository Trust Company (DTC) is a limited purpose trust company that provides central securities depository and related services to members of the securities, banking and other financial industries. The quarterly financial statements of DTC, which have been prepared in accordance with accounting principles generally accepted in the United States of America, should be read in conjunction with the annual financial statements as of December 31, 2005. DTC is a consolidated subsidiary of The Depository Trust & Clearing Corporation.

Note 2 -

DTC's participants are required to maintain deposits related to their activities in the depository. The deposits are available to secure participants' obligations and certain liabilities of DTC, should they occur. The deposits, which are all in cash, totaled \$878,340,000 at June 30, 2006, including excess deposits of \$276,838,000.