

The Depository Trust Company

Consolidated Balance Sheets

(unaudited)

	March 31,	
	2007	2006
	(in thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$2,696,956	\$1,686,679
Accounts receivable	177,984	83,445
Fixed assets, less accumulated depreciation and amortization of \$239,840,000 and \$255,895,000 at March 31, 2007 and 2006, respectively	146,525	135,463
Deferred income taxes, net	110,677	85,430
Other assets	241,568	234,944
Total assets	\$3,373,710	\$2,225,961
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other liabilities	\$249,613	\$146,128
Payable to participants	1,806,253	769,287
Long-term debt and other borrowings	293,470	306,594
Participants' fund cash deposits	849,374	878,952
Total liabilities	3,198,710	2,100,961
Contingent liabilities		
Shareholders' equity:		
Preferred stock, Series A, \$100 par value - 1,250,000 and 750,000 shares authorized, issued and outstanding at March 31, 2007 and 2006, respectively	125,000	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	175,000	125,000
Total liabilities and shareholders' equity	\$3,373,710	\$2,225,961

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 Three Months Ended	
	2007	2006
	March 31,	
	(in thousands)	
Revenues:		
Trading services	\$45,224	\$50,296
Custody services	55,834	50,810
Network services	11,358	10,830
Other services	5,836	4,554
Interest income	30,657	23,655
Total revenues	148,909	140,145
Discounts and other refunds to participants	(65,306)	(54,995)
Net revenues	83,603	85,150
Expenses:		
Employee compensation and related benefits	48,276	50,818
Information technology	6,173	7,806
Professional and other services	13,533	12,344
Occupancy	6,313	6,072
Interest expense	5,246	5,288
Other general and administrative	2,027	1,861
Reimbursement from affiliate	(2)	(62)
Total expenses	81,566	84,127
Income before income taxes	2,037	1,023
Provision for income taxes	917	460
Net income	1,120	563
Retained earnings, beginning of period	47,200	47,200
Dividends on preferred stock	(1,120)	(563)
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 Three Months Ended	
	March 31,	
	2007	2006
	(in thousands)	
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Cash flows from operating activities:		
Net income	\$1,120	\$563
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of fixed assets	7,672	7,410
Changes in operating assets and liabilities:		
Decrease in accounts receivable	21,868	52,797
(Increase) decrease in other assets	(4,177)	19
Decrease in accounts payable and other liabilities	(58,913)	(73,416)
Decrease in payable to participants	(494,851)	(1,243,601)
Increase in participants' fund cash deposits	17,543	6,372
Net cash used in operating activities	(509,738)	(1,249,856)
Cash flows from investing activities - purchases of fixed assets	(5,803)	(6,180)
Cash flows from financing activities:		
Capitalized leases	-	2,671
Principal payments on debt and capital lease obligations	(1,911)	(3,794)
Dividends declared on preferred stock	(1,120)	(563)
Net cash used in financing activities	(3,031)	(1,686)
Net decrease in cash and cash equivalents	(518,572)	(1,257,722)
Cash and cash equivalents, beginning of period	3,215,528	2,944,401
Cash and cash equivalents, end of period	\$2,696,956	\$1,686,679
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Supplemental disclosure:		
Income taxes paid	\$-	\$197
Interest paid	\$8,750	\$8,921
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The Depository Trust Company

Notes to Consolidated Financial Statements (unaudited)

March 31, 2007

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, 2006. 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 \$849,374,000 at March 31, 2007, including excess deposits of \$271,934,000.