

# The Depository Trust Company

## Consolidated Balance Sheets

(unaudited)

	September 30,	
	2007	2006
	(in thousands, except share data)	
<b>ASSETS</b>		
Cash and cash equivalents	\$3,369,730	\$2,149,620
Accounts receivable	238,384	118,142
Fixed assets, less accumulated depreciation and amortization of \$254,098,000 and \$271,039,000 at September 30, 2007 and 2006, respectively	149,253	137,678
Deferred income taxes, net	110,677	85,430
Other assets	241,319	234,941
<b>Total assets</b>	<b>\$4,109,363</b>	<b>\$2,725,811</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Accounts payable and other liabilities	\$252,507	\$196,154
Payable to participants	2,475,103	1,218,964
Long-term debt and other borrowings	294,261	304,310
Participants' fund cash deposits	912,492	881,383
<b>Total liabilities</b>	<b>3,934,363</b>	<b>2,600,811</b>
Contingent liabilities		
Shareholders' equity:		
Preferred stock, Series A, \$100 par value - 1,250,000 and 750,000 shares authorized, issued and outstanding at September 30, 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
<b>Total shareholders' equity</b>	<b>175,000</b>	<b>125,000</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$4,109,363</b>	<b>\$2,725,811</b>

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 Nine Months Ended September 30,	
	2007	2006
	(in thousands)	
<b>Revenues:</b>		
Trading services	\$138,539	\$149,880
Custody services	171,943	156,466
Network services	33,165	30,773
Other services	15,548	13,585
Interest income	100,891	77,287
Total revenues	460,086	427,991
Discounts and other refunds to participants	(216,012)	(174,059)
Net revenues	244,074	253,932
<b>Expenses:</b>		
Employee compensation and related benefits	139,655	147,183
Information technology	17,805	23,307
Professional and other services	40,626	36,339
Occupancy	17,970	21,630
Interest expense	15,949	15,853
Other general and administrative	6,092	6,411
Reimbursement from affiliate	(7)	(186)
Total expenses	238,090	250,537
Income before income taxes	5,984	3,395
Provision for income taxes	2,693	1,528
Net income	3,291	1,867
Retained earnings, beginning of period	47,200	47,200
Dividends on preferred stock	(3,291)	(1,867)
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 Income and Retained Earnings

(unaudited)

	For the Three Months Ended September 30,	
	2007	2006
	(in thousands)	
<b>Revenues:</b>		
Trading services	\$46,419	\$48,177
Custody services	58,567	53,144
Network services	11,184	9,749
Other services	4,828	4,315
Interest income	35,980	29,022
Total revenues	156,978	144,407
Discounts and other refunds to participants	(77,498)	(59,575)
Net revenues	79,480	84,832
<b>Expenses:</b>		
Employee compensation and related benefits	45,128	47,470
Information technology	5,771	7,435
Professional and other services	13,912	12,502
Occupancy	5,543	8,661
Interest expense	5,302	5,279
Other general and administrative	1,894	2,306
Reimbursement from affiliate	(3)	(62)
Total expenses	77,547	83,591
Income before income taxes	1,933	1,241
Provision for income taxes	870	559
Net income	1,063	682
Retained earnings, beginning of period	47,200	47,200
Dividends on preferred stock	(1,063)	(682)
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 Nine Months Ended September 30,	
	2007	2006
	(in thousands)	
Cash flows from operating activities:		
Net income	\$3,291	\$1,867
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of fixed assets	21,983	22,670
Loss on fixed asset disposals	6	197
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(38,532)	18,100
(Increase) decrease in other assets	(3,928)	22
Decrease in accounts payable and other liabilities	(56,019)	(23,390)
Increase (decrease) in payable to participants	173,999	(793,924)
Increase in participants' fund cash deposits	80,661	8,803
Net cash provided by (used in) operating activities	181,461	(765,655)
Cash flows from investing activities - purchases of fixed assets	(22,848)	(23,852)
Cash flows from financing activities:		
Capitalized leases	8,222	4,455
Principal payments on debt and capital lease obligations	(9,342)	(7,862)
Dividends declared on preferred stock	(3,291)	(1,867)
Net cash used in financing activities	(4,411)	(5,274)
Net increase (decrease) in cash and cash equivalents	154,202	(794,781)
Cash and cash equivalents, beginning of period	3,215,528	2,944,401
Cash and cash equivalents, end of period	\$3,369,730	\$2,149,620
Supplemental disclosure:		
Income taxes paid, net of refunds	\$780	\$2,317
Interest paid	\$17,843	\$17,775

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

## **The Depository Trust Company**

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**Notes to Consolidated Financial Statements (unaudited)**

**September 30, 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 (DTCC).

### **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 \$912,492,000 at September 30, 2007, including excess deposits of \$299,222,000.