

## Fixed Income Clearing Corporation

### Balance Sheets

(unaudited)

	2007	September 30, 2006
	(in thousands, except share data)	
<b>Assets</b>		
Cash and cash equivalents	\$2,288,779	\$955,850
Investments in marketable securities	25,008	12,952
Accounts receivable	2,249	5,676
Clearing fund	15,327,107	13,631,401
Fixed assets, less accumulated depreciation and amortization of \$45,696,000 and \$49,780,000 at September 30, 2007 and 2006, respectively	14,426	8,911
Other assets	8,874	5,732
<b>Total assets</b>	<b>\$17,666,443</b>	<b>\$14,620,522</b>
<b>Liabilities and Shareholder's Equity</b>		
Liabilities:		
Accounts payable and other liabilities	\$50,751	\$24,037
Payable to participants	29,944	17,015
Clearing fund:		
Cash deposits	2,208,641	898,069
Other deposits	15,327,107	13,631,401
<b>Total liabilities</b>	<b>17,616,443</b>	<b>14,570,522</b>
Contingent liabilities		
Shareholder's equity:		
Common stock		
Class A, \$.50 par value: 105,000 shares authorized, 20,400 shares issued and outstanding	10	10
Paid in capital	9,373	9,373
Retained earnings	40,617	40,617
<b>Total shareholder's equity</b>	<b>50,000</b>	<b>50,000</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$17,666,443</b>	<b>\$14,620,522</b>

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

**Fixed Income Clearing Corporation****Statements of Income and Retained Earnings**

(unaudited)

For the Nine Months Ended  
September 30,

2007

2006

(in thousands)

	2007	2006
<b>Revenues:</b>		
Revenue from services	\$116,573	\$99,365
Interest income	67,611	32,690
Total revenues	184,184	132,055
Discounts and other refunds to participants	(118,526)	(66,456)
<b>Net revenues</b>	<b>65,658</b>	<b>65,599</b>
<b>Expenses:</b>		
Employee compensation and related benefits	35,458	34,804
Information technology	4,652	5,040
Professional, clearance and other services	20,459	20,211
Occupancy	4,043	4,592
Other general and administrative	1,048	995
Reimbursement from affiliates	(2)	(43)
<b>Total expenses</b>	<b>65,658</b>	<b>65,599</b>
Income before income taxes	-	-
Provision for income taxes	-	-
<b>Net income</b>	<b>-</b>	<b>-</b>
Retained earnings, beginning of period	40,617	40,617
Retained earnings, end of period	\$40,617	\$40,617

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

## Fixed Income Clearing Corporation

### Statements of Income and Retained Earnings

(unaudited)

	For the Three Months Ended September 30,	
	2007	2006
	(in thousands)	
<b>Revenues:</b>		
Revenues from services	\$40,269	\$33,035
Interest income	29,732	12,992
Total revenues	70,001	46,027
Discounts and other refunds to participants	(47,846)	(24,076)
<b>Net revenues</b>	<b>22,155</b>	<b>21,951</b>
<b>Expenses:</b>		
Employee compensation and related benefits	12,080	11,040
Information technology	1,454	1,621
Professional, clearance and other services	7,035	6,977
Occupancy	1,248	1,975
Other general and administrative	338	352
Reimbursement from affiliates	-	(14)
<b>Total expenses</b>	<b>22,155</b>	<b>21,951</b>
Income before income taxes	-	-
Provision for income taxes	-	-
<b>Net income</b>	<b>-</b>	<b>-</b>
Retained earnings, beginning of period	40,617	40,617
Retained earnings, end of period	\$40,617	\$40,617

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

## Fixed Income Clearing Corporation

### Statements of Cash Flows

(unaudited)

For the Nine Months Ended

September 30,

2007

2006

(in thousands)

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#### Cash flows from operating activities:

Net income	\$ -	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	2,954	2,759
Net discount accreted on securities owned	(40)	(178)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	5,500	(1,860)
Decrease in other assets	664	248
Increase (decrease) in accounts payable and other liabilities	6,595	(8,629)
Increase in payable to participants	18,257	5,856
Increase in clearing fund cash deposits	1,502,553	251,119
Net cash provided by operating activities	1,536,483	249,315

#### Cash flows from investing activities:

Maturities of investments in marketable securities	13,000	37,000
Purchases of investments in marketable securities	(25,001)	(7,918)
Purchases of fixed assets	(7,480)	(3,280)
Net cash (used in) provided by investing activities	(19,481)	25,802
Net increase in cash and cash equivalents	1,517,002	275,117
Cash and cash equivalents, beginning of period	771,777	680,733
Cash and cash equivalents, end of period	\$2,288,779	\$955,850

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Supplemental disclosure - income taxes paid, net of refunds	(\$58)	\$542
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## Fixed Income Clearing Corporation

Notes to Financial Statements (unaudited)

September 30, 2007

**Note 1-** Fixed Income Clearing Corporation (FICC) is a clearing agency registered with the U.S. Securities and Exchange Commission that provides various services to participants of the government and mortgage-backed securities markets, consisting principally of automated real-time trade comparison, netting, settlement, trade confirmation, risk management and electronic pool notification. The quarterly financial statements of FICC, 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. FICC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC).

**Note 2-** FICC's rules require certain participants to maintain clearing fund deposits based on calculated requirements, which at September 30, 2007 totaled \$10,087,928,000. The clearing fund is available to secure participants' obligations and, in certain circumstances, to satisfy other losses and liabilities of FICC should they occur. All clearing fund cash and securities are recorded on the balance sheet. A summary of the total deposits held at September 30, 2007, including \$7,630,820,000 in excess of calculated requirements, follows:

(Dollars in thousands)	GS Division	MBS Division	Total
Cash	\$961,956	\$1,246,685	\$2,208,641
U.S. Treasury and Agency securities, at market	9,837,057	5,490,050	15,327,107
Letters of credit issued by authorized banks	183,000	-	183,000
Total deposits	\$10,982,013	\$6,736,735	\$17,718,748