

Consolidated Balance Sheets

(Unaudited)

(IN THOUSANDS, EXCEPT SHARE DATA)

September 30, 2009 2008

Assets	2009	2008
Cash and cash equivalents	\$2,974,226	\$3,893,635
Accounts receivable	63,352	138,092
Fixed assets, less accumulated depreciation and amortization of \$330,513 and \$287,123 at September 30, 2009 and 2008, respectively	138,251	152,233
Deferred income taxes, net	137,398	96,934
Other assets	242,241	242,674
Total assets	\$3,555,468	\$4,523,568
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and other liabilities	\$279,442	\$449,270
Payable to participants	1,080,676	2,722,544
Long-term debt and other borrowings	382,848	253,614
Participants' fund cash deposits	1,613,904	923,140
Total liabilities	3,356,870	4,348,568
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, Series A, \$100 par value - 1,500,000 authorized; 1,500,000 and 1,250,000 shares issued and outstanding at September 30, 2009 and 2008, respectively	150,000	125,000
Common stock, \$100 par value - 18,500 shares authorized, issued and outstanding	1,850	1,850
Paid in capital	11,182	950
Retained earnings	35,566	47,200
Total shareholders' equity	198,598	175,000
Total liabilities and shareholders' equity	\$3,555,468	\$4,523,568

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

Consolidated Statements of Income and Retained Earnings

(Unaudited)	<i>(IN THOUSANDS)</i>	
For the Nine Months Ended September 30,	2009	2008
Revenues:		
Trading services	\$92,681	\$121,643
Custody services	144,271	176,316
Network services	7,423	8,297
Other services	16,559	16,165
Interest income	12,864	50,392
Total revenues	273,798	372,813
Discounts and other refunds to participants	(27,372)	(110,724)
Net revenues	246,426	262,089
Expenses:		
Employee compensation and related benefits	146,583	144,144
Information technology	15,588	15,783
Professional and other services	45,791	62,370
Occupancy	15,705	15,879
Interest expense	17,476	15,118
Other general and administrative	5,283	6,291
Total expenses	246,426	259,585
Income before income taxes	-	2,504
Income taxes	-	1,127
Net income	-	1,377
Retained earnings, beginning of period	35,566	47,200
Dividends on preferred stock	-	(1,377)
Retained earnings, end of period	\$35,566	\$47,200

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

Consolidated Statements of Income and Retained Earnings

(Unaudited)	<i>(IN THOUSANDS)</i>	
For the Three Months Ended September 30,	2009	2008
Revenues:		
Trading services	\$29,419	\$38,377
Custody services	48,770	58,994
Network services	2,276	2,359
Other services	5,640	5,133
Interest income	4,248	13,908
Total revenues	90,353	118,771
Discounts and other refunds to participants	(8,811)	(31,340)
Net revenues	81,542	87,431
Expenses:		
Employee compensation and related benefits	46,933	47,022
Information technology	5,247	5,101
Professional and other services	14,493	21,652
Occupancy	5,240	5,301
Interest expense	7,368	4,796
Other general and administrative	2,261	2,852
Total expenses	81,542	86,724
Income before income taxes	-	707
Income taxes	-	319
Net income	-	388
Retained earnings, beginning of period	35,566	47,200
Dividends on preferred stock	-	(388)
Retained earnings, end of period	\$35,566	\$47,200

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Consolidated Statements of Cash Flows

(Unaudited)	<i>(IN THOUSANDS)</i>	
For the Nine Months Ended September 30,	2009	2008
Cash flows from operating activities:		
Net income	\$ -	\$1,377
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization of fixed assets	30,862	27,485
Loss on fixed asset disposals	-	736
Changes in operating assets and liabilities:		
Decrease in accounts receivable	34,132	115,883
Decrease in other assets	374	378
(Decrease) increase in accounts payable and other liabilities	(35,657)	193,150
(Decrease) increase in payable to participants	(785,588)	765,407
Increase in participants' fund cash deposits	681,542	16,118
Net cash (used in) provided by operating activities	(74,335)	1,120,534
Cash flows from investing activities - purchases of fixed assets	(29,787)	(26,969)
Cash flows from financing activities:		
Issuance of preferred stock	25,000	-
Capital contribution	10,232	-
Capitalized leases & other borrowings	161,326	-
Principal payments on debt and capital lease obligations	(27,053)	(29,159)
Dividends paid on preferred stock	-	(1,377)
Net cash provided by (used in) in financing activities	169,505	(30,536)
Net Increase in cash and cash equivalents	65,383	1,063,029
Cash and cash equivalents, beginning of period	2,908,843	2,830,606
Cash and cash equivalents, end of period	\$2,974,226	\$3,893,635
Supplemental disclosure:		
Income tax payments (refunds), net	\$25,099	(\$16,127)
Interest paid	\$17,581	\$14,354

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

NOTE 1

The Depository Trust Company (DTC) is a limited purpose trust company providing central securities depository and related services to members of the securities, banking and other financial industries (participants). 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, 2008. 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 \$1,613,904,000 at September 30, 2009, including excess deposits of \$404,483,000.

NOTE 3

At September 30, 2009, DTCC and its subsidiaries held aggregate funds of \$616,423,000 and securities of \$157,439,000 including the Barclays Cash Deposit, Clearing and Participant Fund balances and proceeds from winding down and closing out the respective Lehman Brothers Inc. (LBI) accounts. As of September 30, 2009, payments totaling \$3,501,761,000 have already been remitted to the Trustee.

Management is not expecting to need to assess losses against retained earnings or to the participants as a result of the liquidation of the LBI accounts.

NOTE 4

At December 31, 2008, DTC's Tier 1 Capital ratio of 2.1% was below the 3% minimum level. During the nine month period ended September 30, 2009, DTC issued an additional \$25 million of Series A Preferred Stock and received a capital contribution of \$10,232,000 from DTCC to replenish its Tier 1 Capital. As of September 30, 2009, DTC's Tier 1 Capital ratio was approximately 3.55%.