

Consolidated Balance Sheets

(Unaudited)

(IN THOUSANDS, EXCEPT SHARE DATA)

September 30,	2010	2009
Assets		
Cash and cash equivalents	\$3,265,727	\$2,974,226
Accounts receivable	52,695	63,352
Fixed assets, less accumulated depreciation and amortization of \$373,424 and \$330,513 at September 30, 2010 and 2009, respectively	117,753	138,251
Deferred income taxes	122,924	137,398
Other assets	246,550	242,241
Total assets	\$3,805,649	\$3,555,468
Liabilities and Shareholder's Equity		
Liabilities:		
Accounts payable and other liabilities	\$207,600	\$279,442
Payable to participants	1,273,615	1,080,676
Long-term debt and other borrowings	362,768	382,848
Participants' fund cash deposits	1,684,261	1,613,904
Total liabilities	3,528,244	3,356,870
Commitments and contingent liabilities		
Shareholder's equity:		
Preferred Stock, Series A, \$100 par value – 1,500,000 shares authorized, issued and outstanding	150,000	150,000
Common stock, \$100 par value – 18,500 shares authorized issued and outstanding	1,850	1,850
Paid in capital	11,182	11,182
Retained earnings	114,373	35,566
Total shareholder's equity	277,405	198,598
Total liabilities and shareholder's equity	\$3,805,649	\$3,555,468

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

Consolidated Statements of Income and Retained Earnings

(Unaudited)

(IN THOUSANDS)

For the Nine Months Ended September 30,

2010

2009

	2010	2009
Revenues:		
Trading services	\$91,904	\$92,681
Custody services	146,778	144,271
Network services	7,705	7,423
Other services	16,458	16,559
Interest income	27,613	12,864
Total revenues	290,458	273,798
Discounts and other refunds to participants	(3,545)	(27,372)
Net revenues	286,913	246,426
Expenses:		
Employee compensation and related benefits	137,982	146,583
Information technology	17,096	15,588
Professional and other services	47,086	45,791
Occupancy	15,547	15,705
Interest expense	30,383	17,476
Other general and administrative	7,089	5,283
Total expenses	255,183	246,426
Income before income taxes	31,730	-
Income Taxes	12,692	-
Net income	19,038	-
Retained earnings, beginning of period	95,335	35,566
Dividends on preferred stock	-	-
Retained earnings, end of period	\$114,373	\$35,566

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

Consolidated Statements of Income and Retained Earnings

(Unaudited)

(IN THOUSANDS)

For the Three Months Ended September 30,

	2010	2009
Revenues:		
Trading services	\$28,950	\$29,419
Custody services	49,315	48,770
Network services	2,392	2,276
Other services	4,698	5,640
Interest income	16,974	4,248
Total revenues	102,329	90,353
Discounts and other refunds to participants	(1,171)	(8,811)
Net revenues	101,158	81,542
Expenses:		
Employee compensation and related benefits	45,927	46,933
Information technology	5,650	5,247
Professional and other services	16,958	14,493
Occupancy	5,259	5,240
Interest expense	17,684	7,368
Other general and administrative	3,346	2,261
Total expenses	94,824	81,542
Income before income taxes	6,334	-
Income Taxes	3,564	-
Net income	2,770	-
Retained earnings, beginning of period	111,603	35,566
Dividends on preferred stock	-	-
Retained earnings, end of period	\$114,373	\$35,566

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

Consolidated Statements of Cash Flows

(Unaudited)	<i>(IN THOUSANDS)</i>	
For the Nine Months Ended September 30,	2010	2009
Cash flows from operating activities:		
Net income	\$19,038	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of fixed assets	30,646	30,862
Deferred income taxes	(2,122)	30,862
Changes in operating assets and liabilities:		
Decrease in accounts receivable	14,561	34,132
Decrease in other assets	370	374
Decrease in accounts payable and other liabilities	(29,045)	(35,657)
Increase (decrease) in payable to participants	27,661	(785,588)
(Decrease) increase in clearing fund cash deposits	(34,486)	681,542
Net cash provided by (used in) operating activities	26,623	(74,335)
Cash flows from investing activities – purchase of fixed assets	(12,476)	(29,787)
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	(10,129)	(27,053)
Net cash (used in) provided by financing activities	(10,129)	169,505
Net increase in cash and cash equivalents	4,018	65,383
Cash and cash equivalents, beginning of period	3,261,709	2,908,843
Cash and cash equivalents, end of period	\$3,265,727	\$2,974,226
Supplemental disclosure:		
Income taxes paid, net of refunds	\$12,342	\$25,099
Interest paid	\$16,009	\$17,581

The accompanying notes are an integral part of these 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, 2009. 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 \$1,684,261,000 at September 30, 2010, including excess deposits of \$469,913,000.

NOTE 3

At September 30, 2010, DTCC and its subsidiaries held aggregate funds of \$626,843,000 and securities of \$157,701,000 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, 2010 payments totaling \$4,354,761,000 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

As of September 30, 2010, DTC's Tier 1 Capital ratio was approximately 7.0%.