

The Depository Trust Company
Consolidated Financial Statements
September 30, 2011

Consolidated Balance Sheets

(Unaudited)

(IN THOUSANDS, EXCEPT SHARE DATA)

September 30,

2011

2010

| Assets | 2011 | 2010 |
|--|--------------------|-------------|
| Cash and cash equivalents | \$3,146,898 | \$3,265,727 |
| Accounts receivable | 50,689 | 52,695 |
| Fixed assets, less accumulated depreciation and amortization of \$412,495 and \$373,424 at September 30, 2011 and 2010, respectively | 119,040 | 117,753 |
| Deferred income taxes | 111,862 | 122,924 |
| Other assets | 248,472 | 246,550 |
| Total assets | \$3,676,961 | \$3,805,649 |
| Liabilities And Shareholder's Equity | | |
| Liabilities: | | |
| Accounts payable and other liabilities | 223,023 | 207,600 |
| Payable to participants | 1,048,806 | 1,273,615 |
| Long-term debt and other borrowings | 343,312 | 362,768 |
| Participants' fund cash deposits | 1,762,852 | 1,684,261 |
| Total liabilities | 3,377,993 | 3,528,244 |
| Commitments and Contingent liabilities | | |
| Shareholder's equity: | | |
| Preferred stock, Series A, \$100 par value - 3,250,000 shares authorized; 1,500,000, 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 | 135,936 | 114,373 |
| Total shareholder's equity | 298,968 | 277,405 |
| Total liabilities and shareholder's equity | \$3,676,961 | \$3,805,649 |

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

Consolidated Statements of Income

| (Unaudited) | <i>(IN THOUSANDS)</i> | |
|--|-----------------------|----------|
| For the Nine Months Ended September 30, | 2011 | 2010 |
| Revenues: | | |
| Trading services | \$108,231 | \$91,904 |
| Custody services | 163,873 | 146,778 |
| Network services | 8,132 | 7,705 |
| Other services | 17,908 | 16,474 |
| Interest income | 15,882 | 16,065 |
| Total revenues | 314,026 | 278,926 |
| Refunds to participants | (3,546) | (3,545) |
| Net revenues | 310,480 | 275,381 |
| Expenses: | | |
| Employee compensation and related benefits | 137,583 | 137,982 |
| Information technology | 19,107 | 17,096 |
| Professional and other services | 63,022 | 47,078 |
| Occupancy | 14,621 | 15,538 |
| Interest expense | 18,295 | 18,876 |
| Other general and administrative | 5,062 | 7,089 |
| Total expenses | 257,690 | 243,659 |
| Income before income taxes | 52,790 | 31,722 |
| Provision for income taxes | 22,484 | 12,684 |
| Net income | \$30,306 | \$19,038 |

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

Consolidated Statements of Income

| (Unaudited) | <i>(IN THOUSANDS)</i> | |
|--|-----------------------|----------|
| For the Three Months Ended September 30, | 2011 | 2010 |
| Revenues: | | |
| Trading services | \$34,979 | \$28,950 |
| Custody services | 54,986 | 49,315 |
| Network services | 2,715 | 2,392 |
| Other services | 4,266 | 4,714 |
| Interest income | 5,244 | 5,426 |
| Total revenues | 102,190 | 90,797 |
| Refunds to participants | (1,172) | (1,171) |
| Net revenues | 101,018 | 89,626 |
| Expenses: | | |
| Employee compensation and related benefits | 45,880 | 45,927 |
| Information technology | 6,619 | 5,650 |
| Professional and other services | 22,539 | 16,950 |
| Occupancy | 5,108 | 5,250 |
| Interest expense | 6,073 | 6,177 |
| Other general and administrative | 1,445 | 3,346 |
| Total expenses | 87,664 | 83,300 |
| Income before income taxes | 13,354 | 6,326 |
| Provision for income taxes | 5,845 | 3,556 |
| Net income | \$7,509 | \$2,770 |

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Consolidated Statements of Cash Flows

| (Unaudited) | <i>(IN THOUSANDS)</i> | |
|---|-----------------------|-------------|
| For the Nine Months Ended September 30, | 2011 | 2010 |
| Cash flows from operating activities: | | |
| Net income | \$30,306 | \$19,038 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization of fixed assets | 26,733 | 30,646 |
| Loss on fixed asset disposal | 253 | - |
| Deferred income taxes | (4,312) | (2,122) |
| Changes in operating assets and liabilities: | | |
| Decrease in accounts receivable | 16,077 | 14,561 |
| Decrease in other assets | 345 | 370 |
| Increase (decrease) in accounts payable and other liabilities | 5,324 | (29,045) |
| (Decrease) increase in payable to participants | (130,337) | 27,661 |
| Increase (decrease) in participants' fund cash deposits | 34,691 | (34,486) |
| Net cash (used in) provided by operating activities | (20,920) | 26,623 |
| Cash flows from investing activities - purchases of fixed assets | (33,752) | (12,476) |
| Cash flows from financing activities: | | |
| Principal payments on debt and capital lease obligations | (10,280) | (10,129) |
| Net cash used by financing activities | (10,280) | (10,129) |
| Net (decrease) increase in cash and cash equivalents | (64,952) | 4,018 |
| Cash and cash equivalents, beginning of period | 3,211,850 | 3,261,709 |
| Cash and cash equivalents, end of period | \$3,146,898 | \$3,265,727 |
| Supplemental disclosure: | | |
| Income taxes paid, net of refunds | \$18,712 | \$12,342 |
| Interest paid | \$16,975 | \$16,009 |

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, 2010. DTC is a consolidated subsidiary of The Depository Trust & Clearing Corporation (DTCC).

NOTE 2

DTC's participants are required to maintain cash deposits related to their activities in the depository. The deposits secure participants' obligations and certain liabilities of DTC, should they occur. The deposits totaled \$1,762,852,000 at September 30, 2011, including excess deposits of \$586,476,000.

NOTE 3

With respect to Lehman Brothers Inc. (LBI), at September 30, 2011, DTCC and its subsidiaries held funds in the aggregate amount of \$93,404,000, including the balances of the Barclays Cash Deposit, Clearing and Participant Funds and matured MMI funds. As of September 30, 2011, DTCC had delivered to the Trustee of the LBI estate \$5,095,811,000 in cash and Clearing Fund securities valued at \$159,479,000, attributable to the LBI estate.

Management does not expect that there will be any losses attributable to the liquidation of the LBI accounts to be assessed against retained earnings or participants.

NOTE 4

As of September 30, 2011, DTC's Tier 1 Capital ratio was approximately 8.4%.