

The Depository Trust Company

Consolidated Financial Statements
as of and for the nine months ended September 30, 2013 and the
year ended December 31, 2012

THE DEPOSITORY TRUST COMPANY

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THE DEPOSITORY TRUST COMPANY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

(In thousands)

	September 30, 2013 (unaudited)	December 31, 2012 (audited)
ASSETS		
Cash and cash equivalents	\$ 3,378,353	\$ 3,305,334
Accounts receivable	60,722	42,724
Fixed assets - less accumulated depreciation and amortization of \$476,760 and \$451,406 at September 30, 2013 and December 31, 2012, respectively	92,917	101,805
Deferred income taxes - net	77,627	77,259
Other assets	8,093	46,668
TOTAL ASSETS	\$ 3,617,712	\$ 3,573,790
LIABILITIES AND SHAREHOLDER'S EQUITY		
LIABILITIES:		
Accounts payable and other liabilities	\$ 305,156	\$ 167,692
Payable to participants	1,000,403	1,142,391
Long-term debt and other borrowings	116,998	127,600
Participants' fund cash deposits	1,805,840	1,771,389
Total liabilities	3,228,397	3,209,072
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	61,546	61,546
Retained earnings	175,919	151,322
Total shareholder's equity	389,315	364,718
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 3,617,712	\$ 3,573,790

See notes to financial statements.

THE DEPOSITORY TRUST COMPANY

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(In thousands)

	September 30, 2013	September 30, 2012
REVENUES:		
Trading services	\$106,478	\$104,962
Custody services	157,388	162,831
Network services	8,189	7,428
Other services	17,719	16,238
Interest income	952	12,480
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Total revenues	290,726	303,939
Refunds to participants	(67)	(78)
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Net revenues	290,659	303,861
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EXPENSES:		
Employee compensation and related benefits	135,031	137,452
Information technology	23,146	21,337
Professional and other services	76,264	62,332
Occupancy	12,420	17,003
Interest expense	5,900	18,163
Other general and administrative	(5,452)	4,049
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Total expenses	247,309	260,336
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INCOME BEFORE PROVISIONS FOR INCOME TAXES	43,350	43,525
PROVISION FOR INCOME TAXES	18,753	19,919
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NET INCOME	<u>\$ 24,597</u>	<u>\$ 23,606</u>

See notes to financial statements.

THE DEPOSITORY TRUST COMPANY

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (In thousands)

	September 30, 2013	September 30, 2012
REVENUES:		
Trading services	\$35,288	\$34,226
Custody services	53,481	54,921
Network services	3,116	2,072
Other services	5,373	5,508
Interest income	357	4,220
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Total revenues	97,615	100,947
Refunds to participants	(24)	(31)
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Net revenues	97,591	100,916
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EXPENSES:		
Employee compensation and related benefits	45,205	45,204
Information technology	7,923	7,280
Professional and other services	21,341	22,615
Occupancy	4,064	5,371
Interest expense	2,004	6,165
Other general and administrative	(6,847)	769
	<hr/>	<hr/>
Total expenses	73,690	87,404
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INCOME BEFORE PROVISIONS FOR INCOME TAXES	23,901	13,512
PROVISION FOR INCOME TAXES	10,874	5,356
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NET INCOME	<u>\$ 13,027</u>	<u>\$ 8,156</u>

See notes to financial statements.

THE DEPOSITORY TRUST COMPANY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(In thousands)

	September 30, 2013	September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$24,597	\$23,606
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of fixed assets	25,354	30,811
Loss on fixed asset disposal	-	5,295
Deferred income taxes - net	(368)	(4,273)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(17,998)	6,996
Decrease (increase) in other assets	38,575	(686)
Increase in accounts payable and other liabilities	137,464	18,158
(Decrease) increase in payable to participants	(141,988)	615,806
Increase in participants' fund cash deposits	34,451	42,828
Net cash provided by operating activities	<u>100,087</u>	<u>738,541</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>(16,466)</u>	<u>(71,601)</u>
Net cash used in investing activities	<u>(16,466)</u>	<u>(71,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt and capital lease payments	<u>(10,602)</u>	<u>(8,691)</u>
Net cash used in financing activities	<u>(10,602)</u>	<u>(8,691)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,019	658,249
CASH AND CASH EQUIVALENTS - Beginning of period	<u>3,305,334</u>	<u>3,067,127</u>
CASH AND CASH EQUIVALENTS - End of period	<u><u>\$ 3,378,353</u></u>	<u><u>\$ 3,725,376</u></u>
SUPPLEMENTAL DISCLOSURES:		
Income taxes paid to DTCC - net of refunds	<u>\$ 31,236</u>	<u>\$ 8,230</u>
Interest paid	<u><u>\$ 2,586</u></u>	<u><u>\$ 2,786</u></u>

See notes to financial statements.

THE DEPOSITORY TRUST COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2013

1. BUSINESS AND OWNERSHIP

The Depository Trust Company and subsidiaries (DTC or the Company) is a limited purpose trust company providing central securities depository, settlement, and related services to members of the securities, banking, and other financial industries (participants). The principal subsidiary of DTC is DTC Limited Funding Corporation.

DTC is a consolidated subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), DTCC Deriv/SERV LLC, DTCC Solutions LLC, European Central Counterparty Limited (EuroCCP), DTCC Solutions Worldwide Limited, and Avox Limited.

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, 2012.

2. PARTICIPANTS FUND

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 \$1,805,840,000 and \$1,771,389,000 at September 30, 2013 and December 31, 2012, respectively, which included deposits of \$505,840,000 and \$579,359,000, respectively, in excess of the requirements determined by the Company.

3. OTHER MATTERS

Lehman Brothers Inc. and MF Global Inc. — On September 19, 2008, a Trustee was appointed, under the Securities Investor Protection Act (SIPA), to administer and liquidate the business of Lehman Brothers Inc. (LBI). As part of the liquidation of LBI, certain of its assets were sold to Barclays Capital Inc. ("Barclays"), which assets did not, however, include the accounts that LBI maintained at NSCC, FICC, and DTC.

As a result, the trustee, Barclays, and DTCC, on behalf and for the benefit of NSCC, FICC, and DTC (collectively, the "Clearing Agency Subsidiaries") entered into an agreement that provided for the Clearing Agency Subsidiaries to wind down their respective LBI accounts, including the close out of pending transactions and the use of the proceeds in accordance with their respective rules and procedures, in the same manner in which they close out positions of participants for whom they cease to act. On September 24, 2008, the Clearing Agency Subsidiaries formally ceased to act for LBI.

In addition, Barclays agreed to guaranty, indemnify, and hold harmless DTCC, each of NSCC, FICC, and DTC, and their officers, directors, employees, owners, agents, and representatives against any and all losses, claims, damages, expenses (including legal fees), or liabilities that any of them may incur as a result of winding down and closing out the respective accounts, which guaranty is limited to a \$250,000,000 cash deposit (the "Cash Deposit") it provided for that purpose.

THE DEPOSITORY TRUST COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2013

Any losses will first be satisfied from the Cash Deposit. If there are losses in excess of the Cash Deposit, they will be satisfied in accordance with the rules and procedures of NSCC, FICC and DTC, respectively (including through application of LBI's Clearing or Participant Fund deposits and any Clearing Agency cross guaranty agreements). If any portion of such funds remain after the close out of the LBI Accounts and satisfaction of all obligations of NSCC, FICC, and DTC, they will be remitted to the Trustee.

The Cash Deposit is held at DTCC to facilitate its investment pending application against losses or its turnover to the Trustee.

With respect to Lehman Brothers Inc., at September 30, 2013, DTCC and its subsidiaries held funds in the aggregate amount of \$63,978,000, including the balances of the Barclays' Cash Deposit, Clearing and Participant Funds and matured money market instrument (MMI) accounts. As of September 30, 2013, DTCC had delivered to the Trustee of the LBI estate \$5,125,811,000 in cash and Clearing Fund securities valued at \$159,479,000, attributable to the LBI estate.

On October 31, 2011, a Trustee was appointed, under the SIPA, to administer and liquidate the business of MF Global Inc. ("MFG"). As part of the liquidation of MFG, any losses will first be satisfied in accordance with the rules and procedures of NSCC, FICC, DTC and EuroCCP, respectively (including through application of MFG's Clearing or Participant Fund deposits and any Clearing Agency cross guaranty agreements). If any portion of such funds remains after the close out of the MFG Accounts and satisfaction of all obligations of NSCC, FICC, DTC and EuroCCP they will be remitted to the Trustee.

With respect to MF Global Inc., at September 30, 2013, DTCC and its subsidiaries held funds in the aggregate amount of \$28,992,000, including Clearing and Participant Funds and matured MMI accounts. As of September 30, 2013, DTCC had delivered to the Trustee of MFG \$237,987,000 in cash, attributable to the MF Global Inc. estate.

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