

2005 Factbook

Merrill Lynch & Co., Inc.



About the Factbook

The **Merrill Lynch 2005 Factbook** was created to serve as a reference for the investment community and other interested parties. It is designed to provide an introduction to Merrill Lynch, and to be a convenient compendium of information to assist readers in their analysis of the company. The Factbook complements our Annual Report on Form 10-K for the fiscal year ended December 30, 2005.

To obtain additional copies of the Factbook

The Factbook may be downloaded from the Merrill Lynch Investor Relations website by clicking "Download Documents."

Alternatively, hard copies may be ordered on the Investor Relations website by clicking "Order Reports."

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For Additional Information

We have incorporated into the top margin of most pages of the Factbook the URL addresses for Merrill Lynch web pages where you can access or download additional information.

Simply type the URL into your web browser's address box, or click on it in the online version of the Factbook, to access this information.

Additional information available on the websites includes:

- Financial and SEC reports
- Press releases
- Executive speeches and presentations
- Capital and funding policies
- Credit ratings

Most of the information in this Factbook is excerpted from, and qualified in its entirety by reference to the Merrill Lynch & Co., Inc. Annual Report on Form 10-K for the fiscal year ended December 30, 2005 ("2005 Form 10-K") as filed with the U.S. Securities and Exchange Commission.

Unless the context otherwise requires, the term "Merrill Lynch" means Merrill Lynch & Co., Inc. and its consolidated subsidiaries. The term "ML & Co." is used herein where appropriate to refer solely to Merrill Lynch & Co., Inc., the parent holding company.

Certain statements in this Factbook may be considered forward-looking, including, for example, statements about management expectations, strategic objectives, growth opportunities, business prospects, anticipated financial results, the impact of off balance sheet arrangements, significant contractual obligations, anticipated results of litigation and regulatory investigations and proceedings, and other similar matters. These forward-looking statements are not statements of historical facts and represent only Merrill Lynch's beliefs regarding future performance, which is inherently uncertain. There are a variety of factors, many of which are beyond Merrill Lynch's control, which affect its operations, performance, business strategy and results and could cause its actual results and experience to differ materially from the expectations and objectives expressed in any forward-looking statements. These factors include, but are not limited to financial market volatility; actions and initiatives taken by both current and potential competitors; general economic conditions; the effects of current, pending and future legislation, regulation and regulatory actions; and the additional factors described in Merrill Lynch's 2005 Form 10-K. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Merrill Lynch does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. The reader should, however, consult further disclosures Merrill Lynch may make in future filings of its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

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Overview

Merrill Lynch & Co., Inc., is a Delaware corporation that, through its subsidiaries and affiliates, offers capital markets services, investment banking and advisory services, wealth management, asset management, insurance, banking and related products and services on a global basis, including:

- Securities origination, brokerage, dealer and related activities in:

Equities	Futures
Fixed income	Forwards
Mutual funds	Commodities
Swaps	Foreign exchange
Options	Other derivatives
- Investment banking
 - Securities underwriting
 - Strategic advisory services, including:
 - Mergers and acquisitions
 - Strategic valuation
 - Other corporate finance and advisory activities
- Securities clearance, settlement, equity financing and services, including prime brokerage
- Asset management and investment advisory services
- Wealth management products and services, including financial, retirement and generational planning
- Banking, trust and lending services, including:

Mortgage loans	Trust
Commercial loans	Deposit-taking
Securities-based loans	Cash management
- Insurance and annuity products and annuity underwriting
- Private equity and other principal investing activities
- Global investment research encompassing:

Equities	Economics
Fixed income	Equity strategy
Equity-linked securities	Wealth management strategy

Merrill Lynch offers these products and services to a wide array of clients, including:

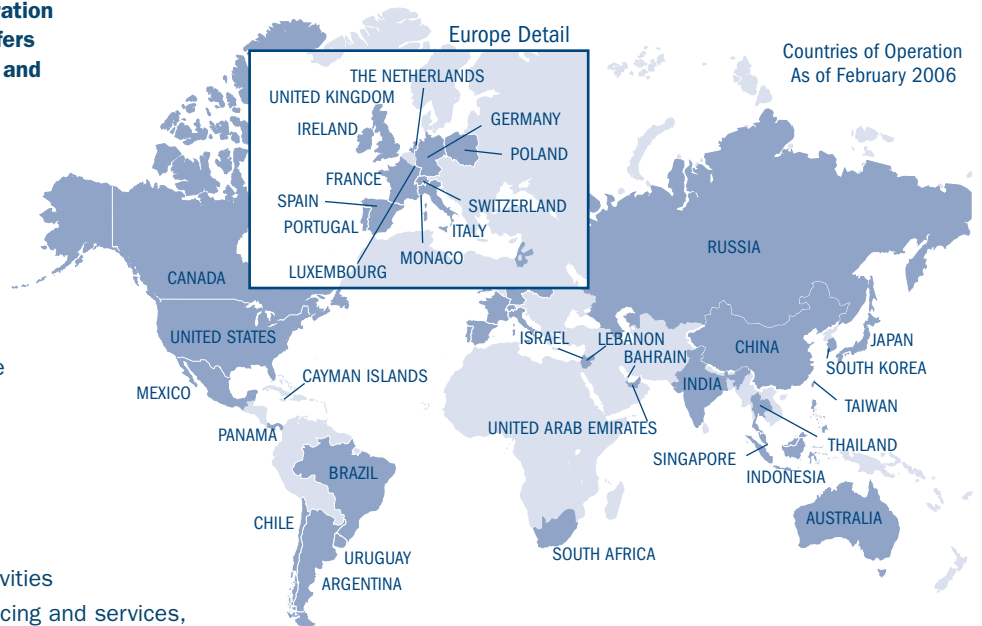
- Individual and institutional investors
- Businesses of all sizes
- Financial institutions
- Governments and governmental agencies

Merrill Lynch organizes its activities into three interrelated business segments:

- Global Markets & Investment Banking Group (GMI)
- Global Private Client (GPC)
- Merrill Lynch Investment Managers (MLIM)

Merrill Lynch provides financial services worldwide:

- Operations outside the United States are organized into four geographic regions:
 - Europe, Middle East and Africa (EMEA)
 - Pacific Rim
 - Canada
 - Latin America
- Presence in 36 countries and territories
- Headquartered at 4 World Financial Center in New York City



Strategic Positioning

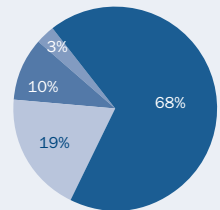
Merrill Lynch has positioned itself to be the preeminent global financial management and advisory company, an essential partner to its clients.

Key facets of this positioning include:

- Delivering value-added advice, products and services to clients with unmatched levels of quality and integrity
- Investing in opportunities for growth and diversification that leverage the firm's strengths and global client franchise
- Operating with discipline and focus throughout the firm to ensure that the appropriate resources are committed to each business opportunity
- Managing risk and capital to ensure efficient deployment of, and appropriate returns on, stockholders' equity
- Developing employee talent and leadership to its full potential to achieve superior results

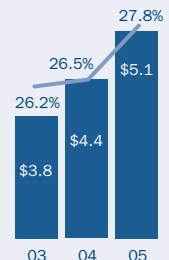
2005 Net Revenues by Geographic Region

- U.S.
- Europe, Middle East and Africa
- Pacific Rim
- Other



Net Earnings and Pre-tax Profit Margins
(dollars in billions)

- Net Earnings
- Pre-tax Profit Margin



Quick Facts

Selected Financial Data

For additional earnings and balance sheet data, please see pages 14-20.

Results of Operations (dollars in millions)

	2001* (52 weeks)	2002* (52 weeks)	2003* (52 weeks)	2004* (53 weeks)	2005 (52 weeks)
Net revenues	\$21,548	\$18,371	\$19,900	\$22,059	\$26,009
Net earnings (loss)	(340)	1,708	3,836	4,436	5,116
Net earnings (loss) applicable to common shareholders	(378)	1,670	3,797	4,395	5,046

Common Share Data (in millions, except per share amounts)

Earnings per share:					
Basic	\$ (0.45)	\$ 1.94	\$ 4.22	\$ 4.81	\$ 5.66
Diluted	(0.45)	1.77	3.87	4.38	5.16
Dividends paid per share	0.64	0.64	0.64	0.64	0.76
Book value per share	23.95	27.07	29.96	32.99	35.82
Weighted-average shares outstanding:					
Basic	838.7	862.3	900.7	912.9	890.7
Diluted	838.7	947.3	980.9	1003.8	977.7
Shares outstanding at year end	843.5	867.3	945.9	928.0	915.6

Financial Ratios

Compensation and benefits expense to net revenues	59.5%	58.8%	49.7%	48.3%	47.8%
Pre-tax profit margin	N/M	12.6	26.2	26.5	27.8
Effective tax rate	N/M	26.1	26.5	24.0	29.2
Return on average common stockholders' equity	N/M	7.5	14.8	14.9	16.0
Return on average assets	N/M	0.4	0.8	0.8	0.7
Common dividend payout ratio	N/M	33.0	15.2	13.3	13.4

N/M - Not meaningful

* Reported results include the impact of restructuring and other charges and benefits, research and other settlement-related expenses, and September 11-related recoveries and expenses. Management also examines results excluding those items, which are Merrill Lynch's operating basis results. Operating basis results should not be considered an alternative to results as determined in accordance with generally accepted accounting principles ("GAAP") in the United States, but rather as non-GAAP measures considered relevant by management in comparing current year results with prior year results. Management believes these measures are valuable tools for investors to judge the quality of Merrill Lynch's financial performance as they allow investors to more readily gauge earnings and identify trends. Items which would be excluded from operating results in the periods above include the following after-tax amounts: in 2001, \$83 million of September 11-related expenses (\$131 million pre-tax) and \$1.7 billion of restructuring and other charges (\$2.2 billion pre-tax); in 2002, \$207 million of research and other settlement-related expenses (\$291 million pre-tax), \$126 million of September 11-related net insurance recoveries (\$212 million pre-tax) and \$42 million of net benefits from restructuring and other charges (\$8 million charge pre-tax); in 2003, \$91 million of September 11-related net insurance recoveries (\$147 million pre-tax) and \$3 million of net benefits from restructuring and other charges (\$20 million charge pre-tax); and in 2004, \$11 million of net benefits from restructuring and other charges (\$13 million pre-tax).

Net Revenues and Pre-Tax Earnings Composition

Net Revenues by Business Segment

(dollars in millions)

	2003	2004	2005
Global Markets & Investment Banking	\$10,017	\$11,063	\$13,869
Global Private Client	8,898	9,827	10,764
Merrill Lynch Investment Managers	1,362	1,580	1,807
Corporate and other	(377)	(411)	(431)
Total	\$19,900	\$22,059	\$26,009

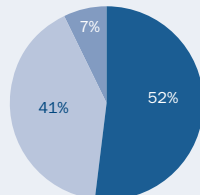
Pre-Tax Earnings by Business Segment

(dollars in millions)

	2003	2004	2005
Global Markets & Investment Banking	\$3,771	\$3,869	\$5,028
Global Private Client	1,529	1,873	2,177
Merrill Lynch Investment Managers	261	460	586
Corporate and other	(341)	(366)	(560)
Total	\$5,220	\$5,836	\$7,231

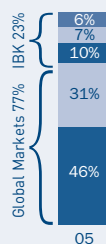
2005 Net Revenues by Segment

- GMI
- GPC
- MLIM



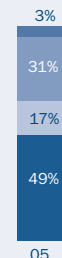
GMI Revenue Composition

- Investment Banking (IBK)**
 - Strategic advisory services
 - Equity origination
 - Debt origination
- Global Markets**
 - Equity markets
 - Debt markets



GPC Revenue Composition

- Other revenues
- Transactional and origination revenues
- Net interest profit and related hedges
- Fee-based revenues



Global Markets & Investment Banking Group (GMI)

GMI encompasses Merrill Lynch's institutional securities and advisory businesses, capitalizing on the firm's worldwide presence and resources, market intelligence, product innovation and leading scale positions in the capital markets to deliver value-added solutions that benefit investor and issuer clients and the firm.

The **Global Markets** business offers the following worldwide sales and trading services to meet investor client demand for new issue and secondary market instruments, and also undertakes selective proprietary positioning activities:

Debt Markets

- Sales and trading activities for interest rate, credit and foreign exchange products and derivatives
- Principal investing, secured financing and real estate-related activities
- Marketing and trading in commodities, including natural gas, electricity and other energy-related products and derivatives
- Strategic risk trading in debt products

Equity Markets

- Cash equity trading
- Equity-linked product trading and structuring
- Equity financing and services, including prime brokerage
- Private equity investments in select companies globally

The **Investment Banking** business offers a wide range of financing and strategic advisory services to issuer clients, including:

- Securities origination and underwriting
- Strategic merger and acquisition advisory services
- Corporate finance advisory services
- Private placements
- Leveraged finance activities
- Syndicated loans and other financing

Business Update

GMI capitalized on its more diversified portfolio of revenue sources and strong client relationships to generate record revenues and pre-tax earnings in 2005. The equity markets were strong during the first quarter, weakened during the second quarter, but regained momentum in the third and fourth quarters. The non-U.S. markets, notably in the Pacific Rim and Europe, showed particular strength. The fixed income markets remained active for most of the year, despite rising interest rates, a flattening yield curve and a number of credit events. Announced merger and acquisition activity increased, as did debt and equity origination volumes.

In 2005, **GMI continued to emphasize diversifying revenue sources in both fixed income and equity trading, while strengthening its client coverage in investment banking.** Key focus areas included:

- Growing principal investing and private equity businesses, while also positioning the firm for increased risk-taking and proprietary trading activities
- Integrating the natural gas and electricity-focused commodities trading business, and expanding to include trading of oil and coal products as well as a presence in Asia, while also enhancing its linkage to the broader client franchise
- Strengthening electronic order execution and prime brokerage capabilities through significant investments in technology and personnel, as well as the acquisition of a clearing business

- Expanding capabilities in credit and equity derivatives through key hires
- Selectively hiring a number of senior investment banking professionals globally to strengthen its client coverage across industry groups, with particular focus on leveraged finance and middle market companies
- Continued expansion outside of the U.S., with particular focus on emerging markets, by taking steps towards establishing a joint venture with a domestic securities firm in China and entering into an agreement to substantially increase Merrill Lynch's stake in its joint venture in India

GMI's Results of Operations

(dollars in millions)	2003	2004	2005
Global Markets			
Debt	\$5,051	\$5,213	\$6,324
Equity	2,845	3,036	4,381
Total Global Markets net revenues	7,896	8,249	10,705
Investment Banking			
Origination			
Debt	846	1,135	1,330
Equity	715	1,001	952
Strategic advisory services	560	678	882
Total Investment Banking net revenues	2,121	2,814	3,164
Total net revenues	10,017	11,063	13,869
Non-interest expenses before recoveries related to September 11 and net restructuring and other charges	6,383	7,195	8,841
Recoveries related to September 11	(155)	-	-
Net restructuring and other charges/(benefits)	18	(1)	-
Pre-tax earnings	\$3,771	\$3,869	\$5,028
Pre-tax profit margin	37.6%	35.0%	36.3%
Total full-time employees	10,300	12,000	13,400

Debt Markets net revenues include principal transactions and net interest profit, commissions, revenues from principal investments, fair value adjustments on private equity investments made by non-broker-dealer subsidiaries that are held for capital appreciation and/or current income, and other revenues. **Equity Markets net revenues** include commissions, principal transactions and net interest profit, revenues from equity method investments, fair value adjustments on private equity investments made by non-broker-dealer subsidiaries that are held for capital appreciation and/or current income, and other revenues.

Principal transactions revenues include realized gains and losses from the purchase and sale of securities, such as equity securities, fixed income securities including government bonds and municipal securities, in which Merrill Lynch acts as principal, as well as unrealized gains and losses on trading assets and liabilities, including commodities, derivatives and loans. **Net interest profit** is a function of (i) the level and mix of total assets and liabilities, including trading assets owned, deposits, financing and lending transactions, and trading strategies associated with GMI's institutional securities business, and (ii) the prevailing level, term structure and volatility of interest rates. Net interest profit is an integral component of trading activity. Changes in the composition of trading inventories and hedge positions can cause the recognition of principal transactions and net interest profit to fluctuate. Due to the nature of Merrill Lynch's businesses, principal transactions revenues and net interest profit are better analyzed on an aggregate basis.

Commissions revenues primarily arise from agency transactions in listed and over-the-counter equity securities and commodities, money market instruments and options. **Other revenues** include realized investment gains and losses, equity income from unconsolidated subsidiaries, distributions on cost method investments, fair value adjustments on private equity investments made by non-broker-dealer subsidiaries that are held for capital appreciation and/or current income, write-downs of certain available-for-sale securities, and translation gains and losses on foreign denominated assets and liabilities.

Origination revenues represent fees earned from the underwriting of debt, equity and equity-linked securities, as well as loan syndication and commitment fees.

Strategic advisory services revenues include merger and acquisition and other investment banking advisory fees.



Global Private Client (GPC)

GPC provides advice-based wealth management services and products through 15,160 Financial Advisors (FAs) in over 700 offices globally as of year-end 2005. About two-thirds of GPC's client assets arise from relationships with clients who have investable assets of \$1 million or more with Merrill Lynch. GPC also offers telephone-based and online services. Critical to Merrill Lynch's success is a segmentation strategy that delivers targeted services to its clients based on their level of investable assets, as follows:

- Ultra-high-net-worth investors with \$10 million or more, primarily served by Private Wealth Advisors
- High-net-worth and affluent investors with \$100,000 to \$10 million, primarily served by the Financial Advisor Network
- Individual investors with less than \$100,000, primarily served by the Financial Advisory Center
- Small- and middle-market businesses and institutions

Through its Total MerrillSM platform, GPC offers a broad range of integrated products and services from both proprietary and third-party sources. GPC is firmly committed to "open architecture." Account and fee structures reflect each client's specific choices. Products and services offered by GPC include:

- Comprehensive, customized financial planning
- Investment advisory services such as Merrill Lynch Consults[®], a fee-based managed account product that offers clients access to a variety of professional asset management firms
- A global array of mutual funds covering a cross-section of industries, regions and styles
- Deposit and cash management products, including Beyond Banking[®] and credit cards
- Retirement products, including IRAs and 401(k)s
- Traditional, fee-based and online securities brokerage services
- Trust and generational planning services
- Consumer and small business lending, including mortgages
- Insurance and annuity products
- Alternative investment products

Business Update

A continued emphasis on revenue diversification and annuitization and growth in its FA force enabled GPC to achieve increased revenues and record pre-tax earnings and pre-tax profit margin for 2005, as market conditions and investor sentiment improved.

- GPC continued to make progress in diversifying revenues by increasing annuitized revenue sources

Fee-based revenues, which are primarily generated by asset-priced and managed account products, rose 11% in 2005

Fee-based revenues and net interest profit (including related hedges) together represented 66% of GPC's total net revenues

- Outside the United States, GPC achieved its third consecutive year of strong profitability, posting pre-tax margins comparable to its U.S. business

GPC has established itself as a market leader in terms of earnings, productivity, and services. To further drive growth, GPC has emphasized the following initiatives:

- Improving FA productivity and increasing its FA force by over 1,000 Financial Advisors by maintaining a low rate of turnover among its most productive FAs; by hiring high quality, experienced FAs; by hiring into its FA training program; and by acquiring The Advest Group
- Expanding GPC's non-U.S. business, including the agreement to establish a private banking and wealth management joint venture in Japan
- Expanding retirement-related products and services through the acquisition of a U.S. defined contribution business
- Completing the U.S. rollout of the Wealth Management Technology Platform, which provides a fully integrated workstation with comprehensive market data and financial planning tools to its Financial Advisors, Client Associates and call centers

GPC's Results of Operations

(dollars in millions)	2003	2004	2005
Fee-based revenues	\$4,068	\$4,801	\$5,340
Transactional and origination revenues	3,042	3,293	3,311
Net interest profit and related hedges	1,301	1,293	1,801
Other revenues	487	440	312
Total net revenues	8,898	9,827	10,764
Non-interest expenses before recoveries related to September 11 and net restructuring and other benefits	7,386	7,964	8,587
Recoveries related to September 11	(15)	-	-
Net restructuring and other benefits	(2)	(10)	-
Pre-tax earnings	\$1,529	\$1,873	\$2,177
Pre-tax profit margin	17.2%	19.1%	20.2%
Total full-time employees	30,200	31,000	33,000
Total Financial Advisors	13,530	14,140	15,160

Fee-based revenues are comprised of portfolio service fees which are primarily derived from accounts that charge an annual fee based on net asset value, such as Merrill Lynch Consults[®] and Unlimited AdvantageSM, as well as fees from insurance products, taxable and tax-exempt money market funds and alternative investment products. Also included in fee-based revenues are fixed annual account fees and other account-related fees, and commissions related to distribution fees on mutual funds. **Transactional and origination revenues** include certain commissions revenues that arise from agency transactions in listed and over-the-counter equity securities, insurance products, and mutual funds. Also included are principal transactions, which primarily represent bid-offer revenues in over-the-counter equity securities, government bonds and municipal securities, as well as new issue revenues, which include selling concessions on newly issued debt and equity securities, including shares of closed-end funds. Net interest profit is interest revenue minus interest expense. **Net interest profit and related hedges** include GPC's allocation of the interest spread earned in Merrill Lynch's banks for deposits, as well as interest earned on margin, small- and middle-market business and other loans, corporate funding allocations, and the interest component of non-qualifying derivatives. **Other revenues** are primarily comprised of gains and losses on investments and gains related to the sale of mortgages.



Merrill Lynch Investment Managers (MLIM)

MLIM, one of the largest investment managers in the world, managed approximately \$539 billion of client assets as of the end of fiscal year 2005⁽¹⁾. MLIM offers a wide range of investment management capabilities including equity, taxable and tax-exempt fixed income, money market, indexed and enhanced index products and alternative investments to individual and institutional investors. MLIM's expertise is provided through a variety of vehicles, including:

- Mutual funds
- Retail separate accounts
- Institutional separate accounts

MLIM products are distributed through the following five channels:

- Proprietary retail (GPC)
- U.S. non-proprietary retail
- U.S. institutional
- EMEA Pacific third-party retail
- EMEA Pacific institutional

Business Update

MLIM continued to generate strong long-term investment performance while broadening the distribution of its products and maintaining operating discipline. This strategy led to strong revenue growth and record pre-tax earnings in 2005 as market conditions improved. After weak performance during the first half of 2005, the major global equity markets ended the year with positive returns. This rise in equity asset value, combined with strong long-term performance, net inflows, and continued operating discipline, resulted in an increase of more than three percentage points in MLIM's pre-tax profit margin in 2005, to 32.4%.

Key focus areas in 2005 included:

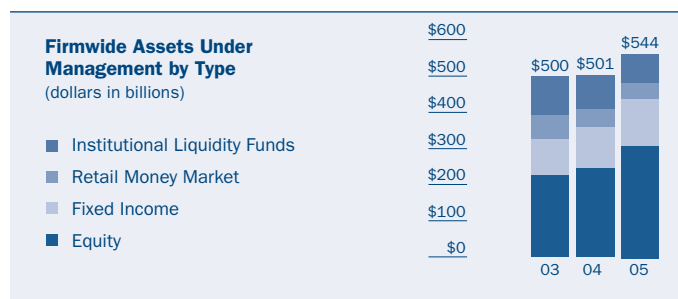
- Enhancing distribution across all channels. MLIM achieved positive net flows in all channels by the fourth quarter of 2005, with particular strength in EMEA Pacific third-party retail sales
- Maintaining strong investment performance with more than 70% of MLIM's global assets under management ahead of benchmark or category median for the 3- and 5-year periods ending December 2005
- Acquiring the pension business from Royal Philips Electronics in the Netherlands with approximately \$18 billion in assets under management

On February 15, 2006, Merrill Lynch announced that it had reached an agreement to combine MLIM with BlackRock, Inc. in exchange for an economic interest in the combined investment management firm of approximately 49.8%. This transaction will create a new independent company, operated under the name BlackRock, with nearly \$1 trillion in assets under management at the time of announcement. It brings together two firms with strong investment performance track records and highly complementary strengths across asset classes, products, channels and geographies. The merger is expected to close in the third quarter of 2006.

MLIM's Results of Operations

(dollars in millions)	2003	2004	2005
Asset management fees	\$1,233	\$1,413	\$1,573
Commissions	132	116	105
Other revenues	(3)	51	129
Total net revenues	1,362	1,580	1,807
Non-interest expenses before net restructuring and other benefits	1,105	1,122	1,221
Net restructuring and other benefits	(4)	(2)	-
Pre-tax earnings	\$ 261	\$ 460	\$ 586
Pre-tax profit margin	19.2%	29.1%	32.4%
Total full-time employees	2,600	2,500	2,600

Asset management fees primarily consist of fees earned from the management and administration of retail mutual funds and separately managed accounts for retail investors, as well as institutional funds such as pension assets. Also included are performance fees, which are generated in some cases by separately managed accounts and institutional money management arrangements. **Commissions revenues** principally consist of distribution fees for promoting and distributing mutual funds ("12b-1 fees"), as well as contingent deferred sales charges earned when a shareholder redeems shares prior to the required holding period. **Other revenues** primarily include net interest profit, investment gains and losses, and revenues from consolidated investments.



Analysis of Changes in Firmwide Assets Under Management

(dollars in billions)

	Year-end 2004	Net Changes Due to			Year-end 2005
		New Money	Asset Appreciation	Other*	
Assets under management	\$501	\$5	\$33	\$5	\$544

* Includes \$18 billion of new assets from the acquisition of Philips' pension business, reinvested dividends, the impact of foreign exchange movements and other changes.

(1) Firmwide assets under management are approximately \$544 billion, with \$539 billion managed by MLIM and \$5 billion managed by GPC.



Global Securities Research and Economics

Merrill Lynch's research expertise is at the core of the value proposition offered to clients and is an integral component of the product offerings in GMI and GPC. Merrill Lynch achieves research excellence through the quality of its staff, the breadth and depth of its global resources, and its product commitment. Merrill Lynch's analysts provide insightful, objective and decisive research that is designed to enable clients to make informed investment decisions.

Merrill Lynch is one of the most respected research organizations in the world with over 750 analysts focusing on four main disciplines:

- **Global Equity Research** employs approximately 500 analysts in 18 countries who conduct fundamental analysis on more than 2,650 companies globally. Merrill Lynch equity research also provides institutional and retail clients with industry-specific and in-depth research and analysis on more than 20 industries.
- **Global Equity Strategy and Economics** employs approximately 60 analysts. The group offers in-depth analysis of critical global issues, providing clients with investment ideas, market forecasts, macro overviews, and specific sector recommendations across asset classes, regions and disciplines.
- **Global Fixed Income and Equity-Linked Research** employs over 170 research professionals, who conduct analysis for products including fixed income and equity derivatives, convertibles, high-yield debt, mortgages, municipals, commodities, and global foreign exchange. The group not only publishes dedicated product research, but also provides comprehensive capital structure assessments of select industries and their component companies.
- **Global Wealth Management Strategy** strengthens the linkage between Research and Merrill Lynch's individual wealth management business activities. This group is focused specifically on servicing individual investors and Financial Advisors, and leverages macroeconomic and other Research views to produce insightful, actionable investment ideas targeted to its investor clients.

Research Distribution

Merrill Lynch utilizes a variety of channels to ensure timely and effective dissemination of its research to clients.

In addition to traditional research reports, regular digital media programming is available to individual Merrill Lynch clients on the firm's web-based delivery channels, including:

- Merrill Lynch Direct
- Merrill Lynch OnLine
- Merrill Lynch OnLine International

Merrill Lynch's institutional clients can also receive digital media programming through:

- The MLXSM portal
- Links from co-mingled, third-party platforms such as TheMarkets.com and Bond.Hub

Research Rankings

Merrill Lynch is consistently recognized for its global research capabilities, both in the U.S. and around the world. Recent rankings include:

- Voted #1 by *The Wall Street Journal* in its 2005 Best on the Street Survey
- Placed #2 in *Institutional Investor's* 2005 All-America Research Survey for the third year in a row
- Claimed top analyst ranking in 2006 Starmine UK Analyst Survey, which is based on the accuracy of recommendations for FTSE 100 stocks

iQanalyticsSM Capabilities

Merrill Lynch Research now offers its clients a resource for investment research called *iQanalyticsSM*. Merrill Lynch's *iQanalytics* capabilities include a defined valuation methodology that draws on over 2,500 company models prepared by its Fundamental Equity analysts globally, and a series of proprietary software tools. Using the *iQanalytics* platform, Merrill Lynch analysts and clients can select and compare financial metrics across sectors and regions under its coverage on a consistent basis, with a focus on recent and forecast company performance and valuation.

Third-Party Research

In compliance with the 2003 Global Research Analysts' Settlement, Merrill Lynch began providing independent third-party research, in addition to its proprietary research, to U.S. clients in July 2004. To assist in identifying sources of third-party research, Merrill Lynch retained an independent consultant who chose the following third-party research providers:

- **Morningstar**, known for its rating of mutual funds, provides fundamental equity analysis for more than 95% of the approximately 1,300 stocks currently covered by Merrill Lynch research that are subject to the settlement. Morningstar provides a "buy," "hold" or "sell" recommendation while retaining the familiar Morningstar five-star rating system.
- **BNY Jaywalk**, a company that aggregates research from over 80 different sources, provides reports on virtually all of the stocks Merrill Lynch covers. Merrill Lynch's independent consultant selected from within Jaywalk approximately 20 providers that use various research methodologies. While providing recommendations based on various rating systems, these providers also offer a "buy," "hold" or "sell" recommendation.

By providing independent third-party research, Merrill Lynch now offers its private clients multiple ratings for a stock, exceeding the settlement's requirement to provide only one "second opinion."

Merrill Lynch has always been committed to informing, educating and advising investors. Its proprietary research has a long history of adding value, and now Merrill Lynch clients benefit from having access to additional research opinions.



Delivering Stockholder Value

In addition to providing outstanding service to clients, Merrill Lynch is committed to delivering superior returns to stockholders through appreciation in its common stock price and cash dividends. The price of a Merrill Lynch common share has grown at an 11% compound annual rate since our 1971 initial public offering. Merrill Lynch has also consistently paid a quarterly common stock dividend, and the annual dividends paid have grown at a 12% compound annual rate. While in the short term Merrill Lynch's share price is subject to fluctuations in market conditions, we believe that over the longer term, the distinctiveness of our franchise and business mix, combined with our focus on consistent revenue and earnings growth, operating discipline and capital management, will drive superior returns to stockholders. The following elements are central to our ability to deliver shareholder value:

Revenue Growth and Diversification

Since 1971, Merrill Lynch has increased net revenues at a 12% compound annual rate. By strategically positioning the company to benefit from continued global growth and to drive innovation in financial services, we have established worldwide leadership positions in our business segments. Secular growth prospects for these businesses favor sustained revenue expansion. To enhance the strength and consistency of our financial performance across market cycles, management is committed to making investments in areas that further diversify revenues and enable growth, including fee-based and recurring sources of revenue. These investments take advantage of Merrill Lynch's competitive strengths, scale and client relationships across asset classes and geographies.

Operating Discipline

Growth in revenues drives expansion in net earnings through strong operating discipline, appropriate scaling of capacity and profitable market share. Since going public in 1971, Merrill Lynch has increased net earnings at a 13% compound annual rate. Success in generating leading profit margins is driven by the deployment of our people, financial, technical and other resources into areas that offer the most attractive growth and return prospects. Superior performance in cyclical, market driven businesses is achieved through ongoing expense and capital management discipline that creates operating leverage by limiting performance declines in cyclical downturns and increasing profit margins in upturns. This discipline also facilitates investment in the most attractive organic and inorganic growth opportunities.

Capital Management

Merrill Lynch seeks to ensure that it has a robust and flexible capital structure while balancing returns on equity and growth in book value per share. In capital planning, Merrill Lynch considers the equity capital necessary to support regulatory requirements, as well as the growth and risks of its businesses, including investments and other strategic initiatives. We assign each of our businesses an amount of equity that reflects the risks of that business, both on and off balance sheet, and evaluate returns in that context. We recognize that equity capital required to support business risks may not always be adequately measured through quantitative models or ratios, and thus do not rely solely on such measures.

In the event Merrill Lynch generates capital beyond what is required by opportunities to invest in businesses that are strategically attractive and offer appropriate returns, Merrill Lynch will return capital to stockholders through share repurchases and dividends. Merrill Lynch's dividend policy is to maintain a competitive market yield, considering increases in the context of earnings growth and capital planning.

Liquidity and Funding

Merrill Lynch ensures sufficient liquidity across market cycles and periods of financial stress as part of its core funding strategy. Our primary liquidity objective is to maintain alternative sources of funding so that all debt obligations maturing within one year can be

repaid when due without raising new unsecured debt or requiring the liquidation of business assets. Our liquidity policy ensures that sufficient long-term debt and equity capital are in place to fund the firm's assets, commitments, contingent obligations and regulatory capital needs. We also assure sufficient liquidity is available at each bank subsidiary to meet deposit obligations under stress market conditions. We diversify our funding sources, including deposits, globally to minimize our overall cost of funding and maximize available sources of liquidity.

Risk Management

Growth, consistent returns and capital are jeopardized if risk is not controlled. Merrill Lynch's market, credit and operating risk management framework seeks to reduce volatility in our operating performance and lower our cost of equity by managing risks both within and across businesses. We limit our risk profile by diversifying risk and revenue sources, increasing the contribution of fee-based and recurring sources of revenues, and carefully managing fixed costs. Other risk management objectives include closely monitoring our proprietary risk-taking and long-term exposure to illiquid assets. We continually look for opportunities to strengthen our worldwide market and credit risk controls, with particular attention to avoiding undue concentrations. At all levels of the organization, Merrill Lynch recognizes that sound corporate governance and oversight policies and employee integrity are critical to effectively managing risk and protecting the interests of stockholders.

Aligning Employees with Shareholders

Employee stock ownership is the critical element in aligning the economic interests of Merrill Lynch's management with those of its stockholders and emphasizing long-term value creation. As such, Merrill Lynch pays a significant amount of total annual incentive compensation in stock-based awards subject to vesting requirements. This alignment of employees and stockholders extends broadly across the company, as approximately 8,200 employees receive a portion of their bonus awards in stock. This means that, like other stockholders, employees participate in both the upside opportunity and downside risk of the firm's common shares. The allocation of stock bonus awards is progressive, so that as an employee's total compensation increases, the percentage of total compensation paid in stock-based awards increases. This ensures that higher paid employees have a greater "at risk" financial interest in the sustained success of the company.

Further, the Board of Directors has adopted a new three-year incentive program for certain members of executive and senior management, including the company's executive officers. This program emphasizes long-term performance by tying a portion of stock-based compensation to the initial goal of increasing annual return on equity over the next three years. The awards granted under this program are fully at risk, and the potential payout can vary depending on the company's financial performance against specified targets. The program also creates common accountability of the company's key leaders around specified corporate goals.



Common Share Data

Annual Data

	EARNINGS PER SHARE		DIVIDENDS PAID	BOOK VALUE	SHARES OUTSTANDING (in millions)			COMMON STOCK PRICE ⁽²⁾		
	Basic	Diluted			WEIGHTED AVERAGE	END OF PERIOD	Close	High	Low	
					Basic	Diluted				
2001 ⁽¹⁾	\$(0.45)	\$(0.45)	\$0.64	\$23.95	838.7	838.7	850.2	\$52.12	\$80.00	\$33.50
2002 ⁽¹⁾	1.94	1.77	0.64	27.07	862.3	947.3	873.8	37.95	59.32	28.21
2003 ⁽¹⁾	4.22	3.87	0.64	29.96	900.7	980.9	949.9	58.65	60.47	30.75
2004 ⁽¹⁾	4.81	4.38	0.64	32.99	912.9	1,003.8	931.8	59.77	64.89	47.35
2005	5.66	5.16	0.76	35.82	890.7	977.7	919.2	67.73	69.34	52.00

Quarterly Data

	EARNINGS PER SHARE		DIVIDENDS PAID	BOOK VALUE	SHARES OUTSTANDING (in millions)			COMMON STOCK PRICE ⁽²⁾		
	Basic	Diluted			WEIGHTED AVERAGE	END OF PERIOD	Close	High	Low	
					Basic	Diluted				
1Q03 ⁽¹⁾	\$0.71	\$0.67	\$0.16	\$26.28	887.6	945.0	929.8	\$35.40	\$43.75	\$30.75
2Q03 ⁽¹⁾	1.08	0.99	0.16	27.36	897.2	970.6	935.2	46.68	49.20	35.30
3Q03 ⁽¹⁾	1.10	1.00	0.16	28.52	904.8	995.1	942.6	53.53	57.50	45.83
4Q03 ⁽¹⁾	1.32	1.19	0.16	29.96	913.3	1,013.0	949.9	58.65	60.47	53.85
1Q04 ⁽¹⁾	1.33	1.21	0.16	30.68	930.2	1,022.8	967.7	59.56	64.89	56.97
2Q04 ⁽¹⁾	1.15	1.05	0.16	30.97	923.0	1,015.9	948.9	53.98	60.74	51.35
3Q04	1.01	0.93	0.16	31.75	903.2	985.0	932.9	49.72	54.32	47.35
4Q04	1.32	1.19	0.16	32.99	896.6	992.7	931.8	59.77	61.16	50.01
1Q05	1.33	1.21	0.16	32.91	907.8	993.3	948.7	56.60	61.99	56.01
2Q05	1.25	1.14	0.20	33.63	897.5	978.5	930.9	55.01	57.50	52.00
3Q05	1.54	1.40	0.20	34.66	881.4	968.5	921.7	61.35	61.67	54.36
4Q05	1.56	1.41	0.20	35.82	876.2	970.7	919.2	67.73	69.34	58.64

Share Repurchases

	Shares Purchased (in millions)	Average Purchase Price Per Share	Amount Purchased (in millions)
1Q04	8.2	\$61.25	\$ 502
2Q04	21.8	56.19	1,224
3Q04	17.7	50.28	893
4Q04	6.3	55.55	349
2004 Total	54.0	\$54.94	\$2,968
1Q05	17.3	59.52	1,032
2Q05	20.2	54.48	1,099
3Q05	14.7	58.26	855
4Q05	10.9	65.62	714
2005 Total	63.1	\$58.67	\$3,700

Stock Splits

Split	Declared Date	Record Date	Paid Date
2 for 1	4/24/83	6/1/83	6/27/83
2 for 1	10/11/93	10/22/93	11/24/93
2 for 1	4/15/97	5/2/97	5/30/97
2 for 1	7/18/00	8/4/00	8/31/00

Stock Listing Information

The common stock of Merrill Lynch & Co., Inc. (trading symbol MER) is listed on the New York Stock Exchange, Chicago Stock Exchange, Pacific Exchange, London Stock Exchange and Tokyo Stock Exchange. The following securities are also listed on the New York Stock Exchange: Depositary Shares representing 1/1,200 of a share of Floating Rate Non-Cumulative Preferred Stock, Series 1; Depositary Shares representing 1/1,200 of a share of Floating Rate Non-Cumulative Preferred Stock, Series 2; Depositary Shares representing 1/1,200 of a share of 6.375% Non-Cumulative Preferred Stock, Series 3; and Depositary Shares representing 1/1,200 of a share of Floating Rate Non-Cumulative Preferred Stock, Series 4. Information on how to contact the firm's transfer agent is available in the Merrill Lynch 2005 Annual Report on Form 10-K.

(1) Reported results for certain periods include the impact of restructuring and other charges and benefits, research and other settlement-related expenses, and September 11-related recoveries and expenses. Management also examines results excluding those items, which are Merrill Lynch's operating basis results. Operating basis results should not be considered an alternative to results as determined in accordance with generally accepted accounting principles ("GAAP") in the United States, but rather as non-GAAP measures considered relevant by management in comparing current year results with prior year results. Management believes these measures are valuable tools for investors to judge the quality of Merrill Lynch's financial performance as they allow investors to more readily gauge earnings and identify trends. See footnotes on Annual and Quarterly Earnings Statements on pages 16-19 for further information. Note that in accordance with GAAP, in periods with net losses, basic shares are used to compute earnings per diluted share.

(2) Based on calendar period end.



Chronology

Key events throughout Merrill Lynch's history

- 2006 **BlackRock-MLIM:** Announced agreement to combine MLIM with BlackRock, Inc. in exchange for an economic interest in the combined investment management firm of 49.8%.
- 2005 **Mitsubishi UFJ Financial Group Inc:** Announced agreement to establish private banking and wealth management joint venture in Japan with leading Japanese banking company
- DSP Merrill Lynch:** Announced agreement to increase stake from 40% to 90% in its investment banking and wealth management joint venture in India for approximately \$500 million
- The Advest Group:** Acquired retail brokerage firm from AXA Financial for \$400 million
- Royal Philips Electronics unit:** Acquired pension business in the Netherlands with approximately \$18 billion of assets under management
- AMVESCAP Plc unit:** Acquired U.S. 401(k) retirement business
- Pax Clearing Corp.:** Acquired Chicago-based options, stock and futures clearing firm
- 2004 **Entergy-Koch LP:** Acquired commodities trading business that trades natural gas, power and weather derivatives with offices in Houston and London
- Mortgages plc:** Acquired U.K.-based residential mortgage servicer
- Wilshire Credit Corporation:** Acquired a sub-prime mortgage servicer
- ABN Amro unit:** Acquired the U.S. equity and options execution and clearing unit
- Bear Stearns unit:** Acquired listed options electronic market-making assets
- 2001 **Following a broad strategic review of all businesses, Merrill Lynch announced a \$2.2 billion pre-tax charge (\$1.7 billion after-tax) to position the business for improved profitability and growth**
- 2000 **Herzog, Heine, Geduld, Inc.:** Merged with leading Nasdaq market-maker in a pooling-of-interests transaction
- 1997 **Mercury Asset Management PLC:** Acquired a U.K.-based international asset management group for \$5.3 billion
- 1995 **Smith New Court plc:** Acquired U.K.-based global securities firm for \$803 million
- 1984 **Becker Paribas:** Acquired investment banking firm to strengthen Merrill Lynch's international investment banking franchise
- 1983 **Broadcort:** Acquired clearing services firm
- 1978 **White, Weld & Co.:** Acquired international investment banking firm, accelerating development of Merrill Lynch's debt franchise
- 1973 **Merrill Lynch & Co., Inc.:** Holding company created, MLPF&S continues as principal operating subsidiary
- 1971 Company went public on June 23, offering four million shares at a split-adjusted \$1.75 per share
- 1959 MLPF&S incorporated on January 12, and joined the NYSE
- 1958 Company re-named **Merrill Lynch, Pierce, Fenner & Smith** (MLPF&S)
- 1941 Merrill Lynch, E.A. Pierce & Cassatt merged with Fenner & Beane, becoming **Merrill Lynch, Pierce, Fenner & Beane**
- 1940 Merrill, Lynch, & Co. merged with E.A. Pierce & Cassatt, becoming **Merrill Lynch, E.A. Pierce & Cassatt**
- 1914 **Charles E. Merrill & Co.** opened its doors; changed its name to Merrill, Lynch & Co. in 1915

Board of Directors

Governing the firm is a Board of Directors, whose Audit, Finance, Management Development and Compensation, Nominating and Corporate Governance, and Public Policy and Responsibility Committees are comprised exclusively of independent, non-employee Directors.

Armando M. Codina: Founder, Chairman and Chief Executive Officer of Codina Group, Inc., a real estate investment, development, construction, brokerage and property management firm; former President of Professional Automated Services, Inc.; 59 years old; elected a Director of Merrill Lynch in 2005.

Jill K. Conway: Visiting Scholar, Massachusetts Institute of Technology; former President of Smith College; 71 years old; elected a Director of Merrill Lynch in 1978.

Alberto Cribiore: Managing Principal of Brera Capital Partners LLC, a private equity investment firm that he founded in 1997; former Co-President of Clayton, Dubilier and Rice, Inc.; former Senior Vice President of Warner Communications (Time Warner, Inc.); 60 years old; elected a Director of Merrill Lynch in 2003.

John D. Finnegan: Chairman of the Board, President and Chief Executive Officer of The Chubb Corporation, a property and casualty insurance company; former Executive Vice President of General Motors Corporation; former Chairman and President of General Motors Acceptance Corporation; 57 years old; elected a Director of Merrill Lynch in 2004.

Heinz-Joachim Neubürger: Executive Vice President and Chief Financial Officer of Siemens AG; Member of the Executive Committee of the Managing Board of Siemens AG; former Head of Business Administration of Siemens Ltd; 53 years old; elected a Director of Merrill Lynch in 2001.

David K. Newbigging: Chairman of the Board of Talbot Holdings Limited, a non-life insurance company whose operations are based in the U.K.; former Chairman of the Board of Friends Provident plc; former Chairman of the Board of Equitas Holdings Limited; former Chairman of the Board of Rentokil Group plc; former Chairman of the Board and Senior Managing Director of Jardine, Matheson & Co. Limited; 72 years old; elected a Director of Merrill Lynch in 1996.

E. Stanley O'Neal: Chairman of the Board, Chief Executive Officer and President of Merrill Lynch; 54 years old; elected a Director of Merrill Lynch in 2001; joined Merrill Lynch in 1986.

Aulana L. Peters: Corporate Director; Member of the International Public Interest Oversight Board; Retired Partner in the law firm of Gibson, Dunn & Crutcher LLP; former Member of the Public Oversight Board of AICPA; former Commissioner of the U.S. Securities and Exchange Commission; 64 years old; elected a Director of Merrill Lynch in 1994.

Joseph W. Prueher: Corporate Director; Consulting Professor at the Stanford University Institute of International Studies and Senior Advisor to the Stanford-Harvard Preventive Defense Project; former U.S. Ambassador to the People's Republic of China; U.S. Navy Admiral (Ret.), former Commander-in-Chief of U.S. Pacific Command; 63 years old; elected a Director of Merrill Lynch in 2001.

Ann N. Reese: Co-Founder and Co-Executive Director of the Center for Adoption Policy, a not-for-profit corporation; former Principal of Clayton, Dubilier & Rice, Inc.; former Executive Vice President and Chief Financial Officer of ITT Corporation; 53 years old; elected a Director of Merrill Lynch in 2004.

Charles O. Rossotti: Senior Advisor to The Carlyle Group, a private global investment firm; former Commissioner of Internal Revenue at the Internal Revenue Service; former Chairman of the Board, President and Chief Executive Officer of American Management Systems; 65 years old; elected a Director of Merrill Lynch in 2004.



Executive and Operating Management



E. Stanley O'Neal (1)
Chairman of the Board,
Chief Executive Officer and President

Rosemary T. Berkery (2)
General Counsel

Ahmass L. Fakahany (3)
Vice Chairman and
Chief Administrative Officer

Gregory J. Fleming (4)
President,
Global Markets & Investment Banking

Dow Kim (5)
President,
Global Markets & Investment Banking

Robert J. McCann (6)
Vice Chairman and President,
Global Private Client

Jason Brand
Co-Head of Pacific Rim,
Global Markets & Investment Banking

Candace Browning
Head of Global Securities Research
& Economics

Samuel R. Chapin
Vice Chairman,
Executive Client Coverage Group

Damian Chunilal
Co-Head of Pacific Rim,
Global Markets & Investment Banking

John W. Cummings
Chief Operating Officer,
Global Private Client

Rohit D'Souza
Head of Global Equity Trading,
Global Markets & Investment Banking

Doug DeMartin
Head of Global Investor Client Group,
Global Markets & Investment Banking

Robert C. Doll
President and Chief Investment Officer,
Merrill Lynch Investment Managers

Jeffrey N. Edwards
Chief Financial Officer

Yoshiyuki Fujisawa
Chairman, Merrill Lynch Japan Securities
Company, Ltd. and Vice Chairman,
Merrill Lynch International

H. McIntyre Gardner
Head of Americas Region and
Global Bank Group,
Global Private Client

Todd P. Kaplan
Global Head of Leveraged Finance,
Global Markets & Investment Banking

Jeffrey W. Kronthal
Head of Global Credit, Real Estate
and Structured Products,
Global Markets & Investment Banking

Harry Lengsfield
Head of Global Rates and Foreign Exchange,
Global Markets & Investment Banking

Andrea Orzel
Head of Europe, Middle East and
Africa Origination and Head of Global
Financial Institutions Group,
Global Markets & Investment Banking

James B. Quigley
Vice Chairman, Executive Client
Coverage Group and President,
Merrill Lynch International

Diane L. Schueneman
Head of Global Operations and
Infrastructure Services

Osman Semerci
Head of Europe, Middle East &
Africa Global Markets,
Global Markets & Investment Banking

John P. Sievwright
Chief Operating Officer,
Global Markets & Investment Banking

David Sobotka
Head of Global Commodities,
Global Markets & Investment Banking

Daniel C. Sontag
Head of Americas Advisory Division,
Global Private Client

Kevan V. Watts
Chairman,
Merrill Lynch International

Bob Wigley
Chairman,
Europe, Middle East & Africa

Barry Wittlin
Head of Strategic Risk and
Asset-Liability Management,
Global Markets & Investment Banking

Jason H. Wright
Head of Communications & Public Affairs

Raymundo A. Yu
Chairman, Asia Pacific Region and Head
of Europe, Middle East, Africa and Pacific
Regions, Global Private Client

Executive Client Coverage Group

Samuel R. Chapin
Vice Chairman

Brian P. Hull
Vice Chairman

Jerome P. Kenney
Vice Chairman

William J. McDonough
Vice Chairman and
Special Counsel to the Chairman

Harry McMahon
Vice Chairman

James B. Quigley
Vice Chairman

Gregg Seibert
Vice Chairman



Selected Legal Entities As of February 2006

Merrill Lynch & Co., Inc.

Merrill Lynch, Pierce, Fenner & Smith Incorporated^{(1) (2)}

Merrill Lynch Life Agency Inc.⁽³⁾
 Merrill Lynch Professional Clearing Corp.⁽⁴⁾
 Merrill Lynch Singapore Commodities Pte. Ltd.
 The Advest Group, Inc.
 Advest, Inc.
 Advest Insurance Agency, Inc.
 Balanced Capital Services, Inc.
 Vercoe Insurance Agency, Inc.

Merrill Lynch Government Securities, Inc.⁽¹⁾

Merrill Lynch Money Markets Inc.

Merrill Lynch Bank USA⁽¹⁾

MLBUSA Funding Corporation
 Merrill Lynch Business Financial Services Inc.⁽⁵⁾
 Merrill Lynch Credit Corporation
 Merrill Lynch NJ Investment Corporation
 Merrill Lynch Utah Investment Corporation
 Merrill Lynch Community Development Company, LLC
 Merrill Lynch Commercial Finance Corp.
 Merrill Lynch Private Finance Inc.

Merrill Lynch Capital Services, Inc.⁽¹⁾

Merrill Lynch Commodities, Inc.
 Merrill Lynch Commodities (Europe) Holdings Limited⁽⁶⁾
 Merrill Lynch Commodities (Europe) Limited
 Merrill Lynch Commodities (Europe) Trading Limited
 Merrill Lynch Commodities GmbH

Merrill Lynch International Incorporated⁽¹⁾

Merrill Lynch (Australasia) Pty Limited
 Merrill Lynch Finance (Australia) Pty Limited
 Merrill Lynch Markets (Australia) Pty Limited
 Equity Margins Ltd.
 Merrill Lynch (Australia) Pty. Ltd.
 Merrill Lynch Private (Australia) Limited
 Merrill Lynch Equities (Australia) Limited
 Berndale Securities Limited
 Merrill Lynch (Australia) Nominees Pty Limited
 Merrill Lynch International (Australia) Limited
 Merrill Lynch (Australia) Futures Limited

Merrill Lynch International Holdings Inc.

Merrill Lynch Bank and Trust Company (Cayman) Limited
 Institucion Financiera Externa Merrill Lynch Bank (Uruguay) S.A.
 Merrill Lynch Española Agencia de Valores S.A.
 Merrill Lynch Europe PLC⁽⁶⁾
 Merrill Lynch Asset Management U.K. Limited
 Merrill Lynch Global Asset Management Limited
 Merrill Lynch, Pierce, Fenner & Smith Limited
 Merrill Lynch Administration Services (Luxembourg) S.à r.l.
 ML UK Capital Holdings⁽⁶⁾
 Merrill Lynch International⁽⁷⁾
 Merrill Lynch Europe Intermediate Holdings
 Merrill Lynch Capital Markets España S.A., S.V.
 Merrill Lynch (Singapore) Pte. Ltd.⁽⁶⁾
 Merrill Lynch South Africa (Pty) Ltd.⁽⁶⁾
 Merrill Lynch Capital Markets AG⁽⁸⁾
 Merrill Lynch S.A.
 Merrill Lynch Europe Ltd.
 Merrill Lynch France S.A.S.
 Merrill Lynch Capital Markets (France) S.A.S.
 Merrill Lynch, Pierce, Fenner & Smith S.A.S.
 Merrill Lynch (Asia Pacific) Limited
 Merrill Lynch Far East Limited
 PT Merrill Lynch Indonesia⁽⁹⁾
 Merrill Lynch Mexico, S.A. de C.V., Casa de Bolsa
 Merrill Lynch Argentina S.A.
 Merrill Lynch Pierce Fenner & Smith de Argentina S.A.F.M. y de M⁽¹⁰⁾
 Banco Merrill Lynch de Investimentos S.A.
 Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários
Merrill Lynch Japan Securities Co., Ltd.
 Merrill Lynch Japan Finance Co., Ltd.
Merrill Lynch Futures Asia Limited
Merrill Lynch Futures (Hong Kong) Limited
Merrill Lynch Taiwan Limited
Merrill Lynch International Bank
Merrill Lynch Reinsurance Solutions LTD

Merrill Lynch Group, Inc.⁽¹⁾

Merrill Lynch Bank & Trust Co.
 Financial Data Services, Inc.
 ML Mortgage Holdings Inc.
Merrill Lynch Trust Company, FSB
Merrill Lynch Diversified Investments, LLC
 Merrill Lynch Credit Products, LLC
 Merrill Lynch Mortgage Capital Inc.
 Merrill Lynch Mortgage Lending, Inc.
 Wilshire Credit Corporation
Merrill Lynch International Finance Corporation
 Merrill Lynch International Bank Limited⁽⁶⁾
 Mortgages 1 Limited
 Majestic Acquisitions Limited
 Mortgage Holdings Limited
 Mortgages PLC
 Merrill Lynch Bank (Suisse) S.A.
 MLBS Fund Management S.A.
 Merrill Lynch Group Holdings Limited
 Merrill Lynch Capital Markets Bank Limited
Merrill Lynch Canada Holdings Company
 Merrill Lynch Canada Finance Company⁽⁶⁾
 Merrill Lynch & Co., Canada Ltd.⁽⁶⁾
 Merrill Lynch Financial Assets Inc.
 Merrill Lynch Canada Inc.⁽⁶⁾
ML IBK Positions, Inc.
 Merrill Lynch PCG, Inc.
 Merrill Lynch Capital Corporation
ML Leasing Equipment Corp.⁽¹¹⁾
MLDP Holdings, Inc.
 Merrill Lynch Derivatives Products AG
Princeton Services, Inc.
 Merrill Lynch Investment Managers, L.P.⁽¹²⁾
 Merrill Lynch Investment Managers Co., Ltd.
 Merrill Lynch Investment Managers, LLC
 Merrill Lynch Alternative Investments LLC
 Fund Asset Management, L.P.⁽¹²⁾
 IQ Investment Advisors LLC
 Princeton Administrators, L.P.⁽¹²⁾
Merrill Lynch Investment Managers (Finance) Limited
 Merrill Lynch Investment Managers Holdings B.V.⁽⁶⁾
 Merrill Lynch Investment Managers (Netherlands) B.V.
 Merrill Lynch Investment Managers (Channel Islands) Limited
 Merrill Lynch Investment Managers (Dublin) Limited
 Merrill Lynch Investment Managers (Luxembourg) S.A.
 Merrill Lynch Investment Managers Limited (Australia)
 Merrill Lynch Investment Managers (Isle of Man) Holdings Limited
 Merrill Lynch Fund Managers (Isle of Man) Limited
 Merrill Lynch Insurance PCC Limited
ML Invest Holdings Limited⁽⁶⁾
Merrill Lynch Investment Managers Group Limited⁽⁶⁾
 Mercury Carry Company Ltd. (Isle of Man)
 Merrill Lynch Pensions Limited
 Merrill Lynch Investment Managers Holdings Limited⁽⁶⁾
 Merrill Lynch Fund Managers Limited
 Merrill Lynch Investment Managers Limited⁽⁶⁾
 Merrill Lynch Investment Managers Società di Gestione del Risparmio S.p.A.
 Merrill Lynch Investment Managers International Limited⁽⁶⁾
Merrill Lynch Investment Holdings (Mauritius) Limited⁽¹²⁾
 Merrill Lynch (Mauritius) Investments Limited
Merrill Lynch Insurance Group, Inc.
 Merrill Lynch Life Insurance Company
 ML Life Insurance Company of New York
 Roszel Advisors, LLC
Investor Protection Insurance Company
Merrill Lynch Credit Reinsurance Limited
FAM Distributors, Inc.
Herzog, Heine, Geduld, LLC⁽¹⁾
Merrill Lynch Financial Markets Inc.⁽¹⁾
The Princeton Retirement Group, Inc.⁽¹⁾
 GPC Securities, Inc.

- (1) Legal entity is a direct subsidiary of ML & Co.
- (2) Also conducts business under the name "Merrill Lynch & Co."
- (3) Similarly named affiliates and subsidiaries that engage in the sale of insurance and annuity products are incorporated in various other jurisdictions.
- (4) The preferred stock of the corporation is owned by an unaffiliated group of investors.
- (5) Also conducts business under the name "Merrill Lynch Capital."
- (6) Held through several intermediate holding companies.
- (7) Partially owned by another indirect subsidiary of ML & Co.
- (8) Also conducts business under the names "Merrill Lynch Capital Markets S.A." and "Merrill Lynch Capital Markets Ltd."
- (9) Merrill Lynch International Holdings Inc. has an 80% stake in this entity through a joint venture.
- (10) Partially owned by another direct subsidiary of ML & Co.
- (11) This corporation has 26 direct and indirect subsidiaries operating in the United States and serving as either general partners or associate general partners of limited partnerships.
- (12) Princeton Services, Inc. is the general partner and ML & Co. is the limited partner of these partnerships.
- (13) Merrill Lynch Group, Inc. and Merrill Lynch International Incorporated each hold 50% of this entity.



Selected Legal Entities Detail As of February 2006

The following are among the legal entities through which Merrill Lynch delivers products and services to its clients globally:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) in the United States, acts as a broker (i.e., agent) for corporate, institutional, government, and private clients and as a dealer (i.e., principal) in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. MLPF&S also acts as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities and options. The futures business and foreign exchange activities are conducted through MLPF&S and other subsidiaries. As a leading investment banking firm, MLPF&S provides corporate, institutional, and government clients with a wide variety of financial services including underwriting the sale of securities to the public, structured and derivative financing, private placements, mortgage and lease financing and financial advisory services, including advice on mergers and acquisitions. Through its research group, MLPF&S provides equity, equity-linked, debt, foreign exchange and economic research services on a global basis. MLPF&S also provides securities clearing services for its own account and for unaffiliated broker-dealers through its *Broadcort Correspondent Clearing Division* and through its subsidiary **Merrill Lynch Professional Clearing Corp.** Through its retirement group, MLPF&S provides a wide variety of investment and custodial services to individuals through Individual Retirement Accounts (IRAs) and small business retirement programs. MLPF&S also provides investment, administration, communications, and consulting services to corporations and their employees for their retirement programs, including 401(k), pension, profit-sharing and non-qualified deferred compensation plans.

Merrill Lynch Group, Inc. through its subsidiaries: **Merrill Lynch International Bank Limited** provides collateralized (including mortgage) lending, letter of credit, guarantee and foreign exchange services to, and accepts deposits from, international clients; **Merrill Lynch Bank (Suisse) S.A.**, a Swiss licensed bank, provides a full array of banking, asset management and brokerage products to international clients, including securities trading and custody, secured loans and overdrafts, fiduciary deposits, foreign exchange trading and portfolio management services; **Merrill Lynch Trust Company, FSB** provides personal trust, employee benefit trust and custodial services; and **Merrill Lynch Capital Corporation** provides senior and subordinated financing to certain companies. **Merrill Lynch Capital Markets Bank Limited (MLCMBL)**, an Ireland-based bank with branch offices in Frankfurt and Milan, acts primarily as a credit intermediary for swaps, options and other derivative transactions, and secondarily as a principal for debt derivative transactions. MLCMBL also engages in advisory, lending, loan trading, and institutional sales activities.

Merrill Lynch Mortgage Capital Inc. (MLMCI) is a dealer in whole loan mortgages, mortgage loan participations, mortgage loan servicing and syndicated commercial loans. As an integral part of its business, MLMCI enters into repurchase agreements whereby it obtains funds by pledging its own whole loans as collateral. The repurchase agreements provide financing for MLMCI's inventory and serve as short-term investments for MLMCI's customers. MLMCI also enters into reverse repurchase agreements through which it provides funds to customers collateralized by whole loan mortgages, thereby providing the customers with temporary liquidity. **Merrill Lynch Mortgage Lending, Inc. (MLML)** is a commercial mortgage conduit that makes, and purchases from lenders, both commercial and multi-family mortgage loans and then securitizes these loans for sale to investors. MLMCI and MLML purchase prime, subprime, nonperforming and subperforming residential mortgage loans from originators of these loans and aggregates these loans for sale in the securitization market.

Merrill Lynch Investment Managers, L.P., Fund Asset Management, L.P., and **Merrill Lynch Investment Managers Limited** are the principal subsidiaries engaged in asset management activities conducted through the **Merrill Lynch Investment Managers (MLIM)** brand name. MLIM is an asset manager with portfolio managers located in the United States, the United Kingdom, Japan and Australia. MLIM manages a variety of investment products and offers a wide array of taxable and tax-exempt fixed income, equity and balanced mutual funds and segregated accounts to a diverse

global clientele. MLIM also offers a wide assortment of index-based equity and alternative investment products. MLIM's clients include institutions, high-net-worth individuals, retail investors, mutual funds and other investment vehicles.

Merrill Lynch Life Insurance Company and **ML Life Insurance Company of New York** issue annuity products. The sale of non-proprietary life insurance and proprietary and non-proprietary annuity products are made through **Merrill Lynch Life Agency Inc.** and other affiliated insurance agencies operating in the United States.

Merrill Lynch Government Securities, Inc. (MLGSI) is a primary dealer in obligations issued or guaranteed by the U.S. Government and regularly makes a market in securities issued by Federal agencies and other government-sponsored entities, such as, among others, Government National Mortgage Association, Fannie Mae and Freddie Mac. MLGSI deals in mortgage-backed pass-through instruments issued by certain of these entities and also in related futures, options, and forward contracts for its own account, to hedge its own risk, and to facilitate customers' transactions. As a primary dealer, MLGSI acts as a counterparty to the Federal Reserve Bank of New York (FRBNY) in the conduct of open market operations and regularly reports positions and activities to the FRBNY. An integral part of MLGSI's business involves entering into repurchase agreements and securities lending transactions.

Merrill Lynch Bank USA (MLBUSA) and **Merrill Lynch Bank & Trust Co. (MLB&T)** are part of the Merrill Lynch Global Bank Group, which provides the management platform for Merrill Lynch's banking products and services worldwide. Merrill Lynch, primarily through MLBUSA, provides syndicated and bridge financing, asset based lending, commercial real estate lending, equipment financing, and standby or "backstop" credit in various forms for large institutional clients generally in connection with their commercial paper programs. MLBUSA and MLB&T are state-chartered depository institutions insured by the Federal Deposit Insurance Corporation, and both are wholesale banks for Community Reinvestment Act purposes. MLBUSA and MLB&T offer certificates of deposit, transaction accounts and money market deposit accounts and issue VISA debit cards. MLBUSA, through its subsidiaries: **Merrill Lynch Credit Corporation** offers residential mortgage financing throughout the United States enabling clients to purchase and refinance their homes as well as to manage their other personal credit needs; and **Merrill Lynch Business Financial Services Inc. (MLBFS)** originates commercial financing for qualifying small and mid-size businesses. The Merrill Lynch Capital division of MLBFS provides corporate finance, commercial real estate and equipment financing lending to qualifying mid- and large-sized business clients.

Merrill Lynch Capital Services, Inc. (MLCS) and **Merrill Lynch Derivative Products AG (MLDP)** are Merrill Lynch's primary interest rate and currency derivative product dealers. MLCS primarily acts as a counterparty for certain derivative financial products, including interest rate and currency swaps, caps and floors and options. MLDP acts as an intermediary for certain derivative products, including interest rate and currency swaps, between MLCS and certain counterparties. **Merrill Lynch Commodities, Inc. (MLCI)** and **Merrill Lynch Commodities (Europe) Limited (MLCE)** trade as principal in physically and financially settled contracts in energy, weather and a broad range of other commodities. Merrill Lynch also provides asset optimization and other energy management and risk management services for third parties. **Merrill Lynch Commodities (Europe) Trading Limited (MLCETL)** acts as arranger and agent for MLCE and other subsidiaries in connection with commodity trading activities outside the United States.

Merrill Lynch International Incorporated (MLII), is a holding company whose subsidiaries and affiliates provide comprehensive investment, financing and related services globally to sovereign governments, corporations, institutional clients and individual investors outside the United States. **Merrill Lynch International (MLI)**, an indirect subsidiary of MLII, is a dealer in equity and fixed income securities of a significant number of global issuers, sovereign government obligations and asset-backed securities, and in loans and related financial instruments. MLI regularly makes a market in the equity securities of non-U.S. corporations. MLI is also Merrill Lynch's primary credit and equity derivatives product dealer.

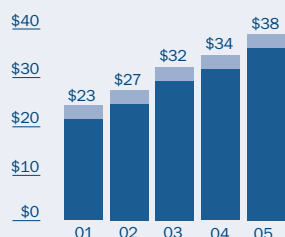


Balance Sheet, Leverage Ratios and Ratings Summary

Equity Capital

(dollars in billions)

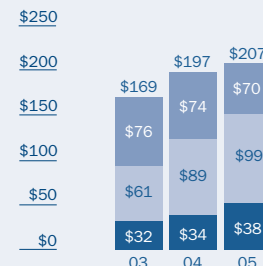
- Long-term debt issued to TOPRSSM partnerships, net of related investments
- Stockholders' equity



Total Long-term Capital Sources⁽¹⁾

(dollars in billions)

- Deposit liabilities
- Long-term debt obligations⁽²⁾
- Equity capital



Balance Sheet Highlights

(dollars in millions)

	Dec. 28, 2001	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	Dec. 30, 2005
Total assets	\$431,173	\$440,252	\$480,233	\$628,098	\$681,015
Commercial paper and other short-term borrowings	5,141	5,353	5,000	3,979	3,902
Payables under repurchase agreements and securities loaned transactions	87,194	93,018	106,727	176,079	217,487
Deposits	85,819	81,842	79,457	79,746	80,016
Long-term borrowings	77,273	79,788	85,178	119,513	132,409
Long-term debt issued to TOPRS SM trusts	3,181	3,188	3,203	3,092	3,092
Total stockholders' equity	20,787	24,081	28,884	31,370	35,600

Leverage Ratios

(dollars in millions, except ratio amounts)

	2001	2002	2003	2004	2005
Total assets	\$431,173	\$440,252	\$480,233	\$628,098	\$681,015
Less: Receivables under resale agreements	66,223	71,338	61,006	78,853	163,021
Receivables under securities borrowed transactions	54,930	45,543	56,072	94,498	92,484
Securities received as collateral	3,234	3,693	9,156	11,903	16,808
Add: Trading liabilities, at fair value, excluding contractual agreements	39,273	34,009	45,967	63,859	60,178
Sub-total	346,059	353,687	399,966	506,703	468,880
Less: Segregated cash and securities balances	3,893	5,909	12,022	17,784	11,949
Separate account assets	15,965	13,042	17,034	18,641	16,185
Adjusted Assets	326,201	334,736	370,910	470,278	440,746
Less: Goodwill and other intangible assets	4,071	4,446	4,814	6,162	6,035
Tangible adjusted assets	322,130	330,290	366,096	464,116	434,711
Stockholders' equity	20,787	24,081	28,884	31,370	35,600
Long-term debt issued to TOPRS SM partnerships, net of related investments ⁽³⁾	2,642	2,648	2,639	2,544	2,544
Equity capital	23,429	26,729	31,523	33,914	38,144
Goodwill and other intangible assets	4,071	4,446	4,814	6,162	6,035
Tangible equity capital	\$ 19,358	\$ 22,283	\$ 26,709	\$ 27,752	\$ 32,109
Leverage ratio ⁽⁴⁾	18.7x	16.9x	15.2x	18.5x	17.9x
Adjusted leverage ratio ⁽⁵⁾	14.2x	12.5x	11.8x	13.9x	11.6x
Tangible adjusted leverage ratio ⁽⁶⁾	16.9x	14.8x	13.7x	16.7x	13.5x

Debt and Preferred Stock Ratings

as of February 2006⁽⁷⁾

	Commercial Paper	Senior Long-Term	TOPRS SM	Preferred Stock
Rating Agency				
Dominion Bond Rating Service Ltd.	R-1(Mid)	AA (low)	Not Rated	Not Rated
Fitch Ratings	F-1+	AA-	A+	A+
Moody's Investors Service, Inc.	P-1	Aa3	A1	A2
Rating & Investment Information, Inc. (Japan)	a-1+	AA	A+	A+
Standard & Poor's Rating Service	A-1	A+	A-	A-

(1) At December 30, 2005, Merrill Lynch's long-term capital sources substantially exceeded estimated long-term capital requirements.

(2) Total long-term borrowings less (i) current portion and (ii) other subsidiary financing non-recourse.

(3) TOPRSSM related investments were \$539 million, \$540 million, \$564 million, \$548 million and \$548 million at year-end 2001, 2002, 2003, 2004 and 2005, respectively.

(4) Total assets divided by equity capital.

(5) Adjusted assets divided by equity capital.

(6) Tangible adjusted assets divided by tangible equity capital.

(7) Rating agencies express outlooks from time to time on these ratings, and each of these agencies describes its current outlook as stable, except for Standard & Poor's whose outlook on ML & Co. was raised to positive from stable on January 23, 2006.



Client Assets and Employees

Selected Client Asset Information

(dollars in billions)

	2001	2002	2003	2004	2005
Client Assets					
Private Client					
U.S.	\$1,185	\$1,017	\$1,164	\$1,244	\$1,356
Non-U.S.	101	80	103	115	117
Total Private Client Assets	1,286	1,098	1,267	1,359	1,473
MLIM Direct Sales⁽¹⁾	270	213	240	238	291
Total Client Assets	\$1,556	\$1,311	\$1,507	\$1,597	\$1,764
Assets in Asset-Priced Accounts⁽²⁾	\$ 205	\$ 188	\$ 226	\$ 257	\$ 284
Assets Under Management	\$ 529	\$ 462	\$ 500	\$ 501	\$ 544
Retail	220	189	207	218	245
Institutional	266	235	253	240	250
Separate Accounts	43	38	40	43	49
U.S.	327	313	337	332	333
Non-U.S.	202	149	163	169	211
Equity	262	191	225	247	299
Retail Money Market	81	66	67	50	45
Institutional Liquidity Funds	77	97	107	90	77
Fixed Income	109	108	101	114	123
Bank Deposits					
U.S.	\$ 74	\$ 69	\$ 65	\$ 66	\$ 62
Total	86	82	79	80	80

Client Assets

(dollars in billions)

	1Q	2Q	3Q	4Q
2001	\$1,564	\$1,635	\$1,468	\$1,556
2002	1,504	1,403	1,289	1,311
2003	1,288	1,373	1,382	1,507
2004	1,541	1,516	1,513	1,597
2005	1,575	1,589	1,667	1,764

Firmwide Assets Under Management

(dollars in billions)

	1Q	2Q	3Q	4Q
2001	\$525	\$533	\$507	\$529
2002 ⁽³⁾	518	499	452	462
2003	442	471	473	500
2004	513	488	478	501
2005	479	478	524	544

Employee Statistics

	2001	2002	2003	2004	2005
Full-Time Employees:					
U.S.	43,400	40,000	38,200	40,200	43,200
Non-U.S.	13,700	10,900	9,900	10,400	11,400
Total ⁽⁴⁾	57,100	50,900	48,100	50,600	54,600
Non-U.S. Based Employees as a % of Total	24.0%	21.4%	20.6%	20.6%	20.9%
Global Private Client Financial Advisors	16,350	14,010	13,530	14,140	15,160
Total GPC Offices	740	670	640	630	720

(1) Reflects funds managed by MLIM not sold through Merrill Lynch Global Private Client channels.

(2) Includes assets in Unlimited AdvantageSM, Merrill Lynch Consults[®], Private Investors, Merrill Lynch Mutual Fund Advisor[®], and other asset-priced Private Client accounts.

(3) Reflects the redirection of cash balances from certain taxable money funds to bank deposits at Merrill Lynch's U.S. banks.

(4) Excludes 3,500; 1,500; 200; 100 and 200 full-time employees on salary continuation severance at year end 2001, 2002, 2003, 2004 and 2005, respectively.



Annual Earnings Statements

(dollars in millions)

	2001* (52 weeks)	2002* (52 weeks)	2003* (52 weeks)	2004* (53 weeks)	2005 (52 weeks)
Net Revenues					
Asset management and portfolio service fees					
Asset management fees	\$ 2,105	\$ 1,687	\$ 1,609	\$ 1,853	\$ 2,036
Portfolio service fees	2,202	2,134	1,990	2,409	2,769
Account fees	488	525	529	516	491
Other fees	549	565	570	662	735
Total	5,344	4,911	4,698	5,440	6,031
Commissions					
Equities	3,403	3,099	2,848	3,070	3,290
Mutual funds	1,561	1,219	1,105	1,311	1,501
Other	130	211	346	493	580
Total	5,094	4,529	4,299	4,874	5,371
Principal transactions					
	3,945	2,355	3,065	2,248	3,583
Investment banking					
Underwriting	2,438	1,710	2,092	2,585	2,710
Strategic advisory	1,101	703	551	683	884
Total	3,539	2,413	2,643	3,268	3,594
Revenues from consolidated investments					
	(12)	(26)	70	346	438
Other					
	989	995	1,492	1,454	2,195
Subtotal					
	18,899	15,177	16,267	17,630	21,212
Interest and dividend revenues	20,120	13,184	11,657	14,989	26,571
Less interest expense	17,471	9,990	8,024	10,560	21,774
Net interest profit					
	2,649	3,194	3,633	4,429	4,797
Total Net Revenues					
	\$21,548	\$18,371	\$19,900	\$22,059	\$26,009

Non-Interest Expenses

Compensation and benefits	12,818	10,802	9,886	10,663	12,441
Communications and technology	2,232	1,741	1,457	1,461	1,608
Occupancy and related depreciation	1,076	909	889	893	938
Brokerage, clearing, and exchange fees	861	688	676	773	842
Professional fees	545	551	598	715	727
Advertising and marketing development	704	540	429	533	599
Expenses of consolidated investments	(9)	(8)	68	231	258
Office supplies and postage	349	258	197	203	210
Other	889	491	607	764	985
Net (recoveries)/expenses related to September 11	131	(212)	(147)	-	-
Net restructuring and other charges/(benefits)	2,193	8	20	(13)	-
Research and other settlement-related expenses	-	291	-	-	170
Total Non-Interest Expenses	21,789	16,059	14,680	16,223	18,778
Earnings (loss) before income taxes					
	(241)	2,312	5,220	5,836	7,231
Income tax expense	99	604	1,384	1,400	2,115
Net Earnings (Loss)					
	\$ (340)	\$ 1,708	\$ 3,836	\$ 4,436	\$ 5,116

All periods ended on the last Friday of the period. For further information, including Notes to Consolidated Financial Statements, please see the 2003 and 2004 Annual Reports and 2005 Annual Report on Form 10-K.

*Reported results for certain periods include the impact of restructuring and other charges and benefits, research and other settlement-related expenses, and September 11-related recoveries and expenses. Management also examines results excluding those items, which are Merrill Lynch's operating basis results. Operating basis results should not be considered an alternative to results as determined in accordance with generally accepted accounting principles ("GAAP") in the United States, but rather as non-GAAP measures considered relevant by management in comparing current year results with prior year results. Management believes these measures are valuable tools for investors to judge the quality of Merrill Lynch's financial performance as they allow investors to more readily gauge earnings and identify trends. Items which would be excluded from operating results in the periods above include the following after-tax amounts: in 2001, \$83 million of September 11-related expenses (\$131 million pre-tax) and \$1.7 billion of restructuring and other charges (\$2.2 billion pre-tax); in 2002, \$207 million of research and other settlement-related expenses (\$291 million pre-tax), \$126 million of September 11-related net insurance recoveries (\$212 million pre-tax) and \$42 million of net benefits from restructuring and other charges (\$8 million charge pre-tax); in 2003, \$91 million of September 11-related net insurance recoveries (\$147 million pre-tax) and \$3 million of net benefits from restructuring and other charges (\$20 million charge pre-tax); and in 2004, \$11 million of net benefits from restructuring and other charges (\$13 million pre-tax).



Annual Earnings Statements

	2001* (52 weeks)	2002* (52 weeks)	2003* (52 weeks)	2004* (53 weeks)	2005 (52 weeks)
Net Revenues					
Asset management and portfolio services fees					
Asset management fees	9.8%	9.2%	8.1%	8.4%	7.8%
Portfolio service fees	10.2	11.6	10.0	10.9	10.6
Account fees	2.3	2.9	2.7	2.3	1.9
Other fees	2.5	3.1	2.9	3.0	2.8
Total	24.8	26.7	23.6	24.7	23.2
Commissions					
Equities	15.8	16.9	14.3	13.9	12.6
Mutual funds	7.2	6.6	5.6	5.9	5.8
Other	0.6	1.1	1.7	2.2	2.2
Total	23.6	24.7	21.6	22.1	20.7
Principal transactions					
	18.3	12.8	15.4	10.2	13.8
Investment banking					
Underwriting	11.3	9.3	10.5	11.7	10.4
Strategic advisory	5.1	3.8	2.8	3.1	3.4
Total	16.4	13.1	13.3	14.8	13.8
Revenues from consolidated investments					
	(0.1)	(0.1)	0.4	1.6	1.7
Other					
	4.6	5.4	7.5	6.6	8.4
Subtotal					
	87.7	82.6	81.7	79.9	81.6
Interest and dividend revenues	93.4	71.8	58.6	67.9	102.2
Less interest expense	81.1	54.4	40.3	47.9	83.7
Net interest profit					
	12.3	17.4	18.3	20.1	18.4
Total Net Revenues					
	100.0	100.0	100.0	100.0	100.0
Non-Interest Expenses					
Compensation and benefits	59.5	58.8	49.7	48.3	47.8
Communications and technology	10.4	9.5	7.3	6.6	6.2
Occupancy and related depreciation	5.0	4.9	4.5	4.0	3.6
Brokerage, clearing, and exchange fees	4.0	3.7	3.4	3.5	3.2
Professional fees	2.5	3.0	3.0	3.2	2.8
Advertising and marketing development	3.3	2.9	2.2	2.4	2.3
Expenses of consolidated investments	0.0	0.0	0.3	1.0	1.0
Office supplies and postage	1.6	1.4	1.0	0.9	0.8
Other	4.1	2.7	3.1	3.5	3.8
Net (recoveries)/expenses related to September 11	0.6	(1.2)	(0.7)	0.0	0.0
Net restructuring and other charges/(benefits)	10.2	0.0	0.1	(0.1)	0.0
Research and other settlement-related expenses	0.0	1.6	0.0	0.0	0.7
Total Non-Interest Expenses	101.1	87.4	73.8	73.5	72.2
Earnings (loss) before income taxes					
	(1.1)	12.6	26.2	26.5	27.8
Income tax expense	0.5	3.3	7.0	6.3	8.1
Net Earnings (Loss)					
	(1.6)%	9.3%	19.3%	20.1%	19.7%

All periods ended on the last Friday of the period. For further information, including Notes to Consolidated Financial Statements, please see the 2003 and 2004 Annual Reports and 2005 Annual Report on Form 10-K.

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Quarterly Earnings Statements

(dollars in millions, except per share amounts)

	1Q03	2Q03*	3Q03*	4Q03*	Full Year 2003*	1Q04*	2Q04*	3Q04	4Q04	Full Year 2004*
Net Revenues										
Asset management and portfolio service fees	\$1,124	\$1,150	\$1,187	\$1,237	\$ 4,698	\$1,313	\$1,344	\$1,344	\$1,439	\$ 5,440
Commissions	1,040	1,030	1,090	1,139	4,299	1,337	1,160	1,076	1,301	4,874
Principal transactions	962	1,161	634	308	3,065	965	619	355	309	2,248
Investment banking										
Underwriting	363	572	560	597	2,092	688	611	531	755	2,585
Strategic advisory	125	133	133	160	551	165	142	129	247	683
Revenues from consolidated investments	-	15	1	54	70	57	46	104	139	346
Other	315	321	430	426	1,492	400	329	414	311	1,454
Subtotal	3,929	4,382	4,035	3,921	16,267	4,925	4,251	3,953	4,501	17,630
Interest and dividend revenues	2,996	2,989	2,871	2,801	11,657	3,059	3,116	3,635	5,179	14,989
Less interest expense	2,144	2,111	1,904	1,865	8,024	1,923	2,104	2,759	3,774	10,560
Net interest profit	852	878	967	936	3,633	1,136	1,012	876	1,405	4,429
Total net revenues	4,781	5,260	5,002	4,857	19,900	6,061	5,263	4,829	5,906	22,059
Non-Interest Expenses										
Compensation and benefits	2,578	2,770	2,467	2,071	9,886	3,062	2,603	2,289	2,709	10,663
Communications and technology	403	357	352	345	1,457	340	358	363	400	1,461
Occupancy and related depreciation	216	221	224	228	889	217	202	219	255	893
Brokerage, clearing, and exchange fees	160	161	175	180	676	185	187	193	208	773
Professional fees	145	144	152	157	598	178	165	164	208	715
Advertising and market development	121	113	89	106	429	122	132	127	152	533
Expenses of consolidated investments	1	6	7	54	68	42	39	47	103	231
Office supplies and postage	58	50	46	43	197	51	49	47	56	203
Other	193	155	102	157	607	176	153	172	263	764
Net (recoveries)/expenses related to September 11	-	(61)	(21)	(65)	(147)	-	-	-	-	-
Net restructuring and other charges/(benefits)	-	-	-	20	20	(2)	(11)	-	-	(13)
Research and other settlement-related expenses	-	-	-	-	-	-	-	-	-	-
Total non-interest expenses	3,875	3,916	3,593	3,296	14,680	4,371	3,877	3,621	4,354	16,223
Earnings before income taxes	906	1,344	1,409	1,561	5,220	1,690	1,386	1,208	1,552	5,836
Income tax expense	264	370	404	346	1,384	439	316	286	359	1,400
Net Earnings	642	974	1,005	1,215	3,836	1,251	1,070	922	1,193	4,436
Preferred stock dividends	10	9	10	10	39	10	9	9	13	41
Net Earnings Applicable to Common Stockholders	\$ 632	\$ 965	\$ 995	\$1,205	\$3,797	\$1,241	\$1,061	\$ 913	\$1,180	\$ 4,395
Selected Financial Ratios										
Compensation and benefits to net revenues	53.9%	52.7%	49.3%	42.6%	49.7%	50.5%	49.5%	47.4%	45.9%	48.3%
All other non-interest expense to net revenues	27.1	21.8	22.5	25.2	24.1	21.6	24.2	27.6	27.9	25.2
Pre-tax profit margin	19.0	25.6	28.2	32.1	26.2	27.9	26.3	25.0	26.3	26.5
Effective tax rate	29.1	27.5	28.7	22.2	26.5	26.0	22.8	23.7	23.1	24.0
Net earnings to net revenues	13.4	18.5	20.1	25.0	19.3	20.6	20.3	19.1	20.2	20.1
Return on average common stockholders' equity (annualized)	10.5	15.4	15.2	17.5	14.8	17.0	14.4	12.5	15.7	14.9

All periods ended on the last Friday of the period. For further information, including Notes to Consolidated Financial Statements, please see the 2003 and 2004 Annual Reports.

*Reported results for certain periods include the impact of restructuring and other charges and benefits, research and other settlement-related expenses, and September 11-related recoveries and expenses. Management also examines results excluding those items, which are Merrill Lynch's operating basis results. Operating basis results should not be considered an alternative to results as determined in accordance with generally accepted accounting principles ("GAAP") in the United States, but rather as non-GAAP measures considered relevant by management in comparing current year results with prior year results. Management believes these measures are valuable tools for investors to judge the quality of Merrill Lynch's financial performance as they allow investors to more readily gauge earnings and identify trends. Items which would be excluded from operating results in the periods above include the following after-tax amounts: in 2Q02, \$78 million of research and other settlement-related expenses (\$111 million pre-tax); in 3Q02, \$114 million of September 11-related net recoveries (\$191 million pre-tax) and \$1 million of net benefits from restructuring and other charges (\$2 million pre-tax); in 4Q02, \$129 million of research and other settlement-related expenses (\$180 million pre-tax) \$12 million of September 11-related net recoveries (\$21 million pre-tax) and \$41 million of net benefits from restructuring and other charges (\$10 million charge pre-tax); in full year 2002, \$207 million of research and other settlement-related expenses (\$291 million pre-tax), \$126 million of September 11-related net insurance recoveries (\$212 million pre-tax) and \$42 million of net benefits from restructuring and other charges (\$8 million charge pre-tax); in 2Q03, \$36 million of September 11-related net recoveries (\$61 million pre-tax); in 3Q03, \$13 million of September 11-related net recoveries (\$21 million pre-tax); in 4Q03, \$42 million of September 11-related net recoveries (\$65 million pre-tax) and \$3 million of net benefits from restructuring and other charges (\$20 million charge pre-tax); in full year 2003, \$91 million of September 11-related net insurance recoveries (\$147 million pre-tax) and \$3 million of net benefits from restructuring and other charges (\$20 million charge pre-tax).



Quarterly Earnings Statements

(dollars in millions, except per share amounts)

	1Q05	2Q05	3Q05	4Q05	Full Year 2005
Net Revenues					
Asset management and portfolio service fees	\$1,435	\$1,431	\$1,527	\$1,638	\$ 6,031
Commissions	1,341	1,247	1,342	1,441	5,371
Principal transactions	945	1,006	917	715	3,583
Investment banking					
Underwriting	652	706	720	632	2,710
Strategic advisory	161	214	160	349	884
Revenues from consolidated investments	127	84	142	85	438
Other	370	664	548	613	2,195
Subtotal	5,031	5,352	5,356	5,473	21,212
Interest and dividend revenues	5,531	5,974	7,039	8,027	26,571
Less interest expense	4,330	5,007	5,717	6,720	21,774
Net interest profit	1,201	967	1,322	1,307	4,797
Total net revenues	6,232	6,319	6,678	6,780	26,009
Non-Interest Expenses					
Compensation and benefits	3,096	3,148	3,270	2,927	12,441
Communications and technology	396	395	405	412	1,608
Occupancy and related depreciation	233	227	235	243	938
Brokerage, clearing, and exchange fees	219	216	190	217	842
Professional fees	178	183	173	193	727
Advertising and market development	126	160	138	175	599
Expenses of consolidated investments	85	35	91	47	258
Office supplies and postage	52	51	48	59	210
Other	178	309	192	306	985
Net (recoveries)/expenses related to September 11	-	-	-	-	-
Net restructuring and other benefits	-	-	-	-	-
Research and other settlement-related expenses	-	-	-	170	170
Total non-interest expenses	4,563	4,724	4,742	4,749	18,778
Earnings before income taxes	1,669	1,595	1,936	2,031	7,231
Income tax expense	457	460	560	638	2,115
Net Earnings	1,212	1,135	1,376	1,393	5,116
Preferred stock dividends	7	17	18	28	70
Net Earnings Applicable to Common Stockholders	\$1,205	\$1,118	\$1,358	\$1,365	\$ 5,046
Selected Financial Ratios					
Compensation and benefits to net revenues	49.7%	49.8%	49.0%	43.2%	47.8%
All other non-interest expense to net revenues	23.5	24.9	22.0	26.9	24.4
Pre-tax profit margin	26.8	25.2	29.0	30.0	27.8
Effective tax rate	27.4	28.8	28.9	31.4	29.2
Net earnings to net revenues	19.4	18.0	20.6	20.5	19.7
Return on average common stockholders' equity (annualized)	15.5	14.3	17.2	16.9	16.0

All periods ended on the last Friday of the period. For further information, including Notes to Consolidated Financial Statements, please see the 2005 Annual Report on Form 10-K.



Year-End Balance Sheets

(dollars in millions, except ratio amounts)

	Dec. 28, 2001	Dec. 27, 2002	Dec. 26, 2003	Dec. 31, 2004	Dec. 30, 2005
Assets					
Cash and cash equivalents	\$ 11,070	\$ 10,211	\$ 9,663	\$ 20,790	\$ 14,586
Cash and securities segregated for regulatory purposes or deposited with clearing organizations	3,893	5,909	12,022	17,784	11,949
Receivables under resale agreements and securities borrowed transactions	121,153	116,881	117,078	173,351	255,505
Trading assets, at fair value	102,819	106,691	127,625	174,577	148,710
Investment securities	88,202	82,320	74,922	78,460	69,273
Securities received as collateral	3,234	3,693	9,156	11,903	16,808
Other receivables (net)	52,469	50,685	49,704	64,287	68,197
Loans, notes, and mortgages (net)	22,937	38,833	50,993	53,262	66,041
Separate accounts assets	15,965	13,042	17,034	18,641	16,185
Equipment and facilities (net)	2,873	3,080	2,612	2,508	2,313
Goodwill and other intangible assets (net)	4,071	4,446	4,814	6,162	6,035
Other assets	2,487	4,461	4,610	6,373	5,413
Total Assets	431,173	440,252	480,233	628,098	681,015
Liabilities					
Payables under repurchase agreements and securities loaned transactions	\$ 87,194	\$ 93,018	\$106,727	\$176,079	\$217,487
Commercial paper and other short-term borrowings	5,141	5,353	5,000	3,979	3,902
Deposits	85,819	81,842	79,457	79,746	80,016
Trading liabilities, at fair value	71,455	71,634	78,504	99,593	88,933
Obligation to return securities received as collateral	3,234	3,693	9,156	11,903	16,808
Other payables	57,344	61,047	63,737	81,024	83,648
Liabilities of insurance subsidiaries	3,737	3,566	3,353	3,158	2,935
Separate accounts liabilities	15,965	13,042	17,034	18,641	16,185
Long-term borrowings	77,273	79,788	85,178	119,513	132,409
Long-term debt issued to TOPRS SM partnerships	3,181	3,188	3,203	3,092	3,092
Total Liabilities	410,343	416,171	451,349	596,728	645,415
Preferred Securities Issued by Subsidiaries	43	-	-	-	-
Stockholders' Equity					
Preferred stockholders' equity	425	425	425	630	2,673
Common stockholders' equity	20,362	23,656	28,459	30,740	32,927
Total Stockholders' Equity	20,787	24,081	28,884	31,370	35,600
Total Liabilities and Stockholders' Equity	\$431,173	\$440,252	\$480,233	\$628,098	\$681,015

Regulatory Capital

(dollars in millions)

	2001	2002	2003	2004	2005
Regulatory capital in MLPF&S ⁽¹⁾ in excess of the minimum requirements	\$2,171	\$2,366	\$2,419	\$2,683	\$3,301
Regulatory capital in MLGSI ⁽²⁾ in excess of the minimum requirements	695	1,402	1,046	662	1,219
Regulatory capital in MLI ⁽³⁾ exceeding the minimum financial resources required	1,181	1,206	920	1,242	1,572
Bank Capital Ratios: Tier 1 leverage (to average assets)					
MLBUSA ⁽⁴⁾	5.61%	5.35%	6.47%	7.58%	9.46%
MLB&T ⁽⁵⁾	6.90	5.42	6.00	6.17	7.47
Tier 1 capital (to risk-weighted assets)					
MLBUSA ⁽⁴⁾	14.30	11.48	10.73	10.28	9.95
MLB&T ⁽⁵⁾	20.47	20.53	19.18	17.35	18.21
Total capital (to risk-weighted assets)					
MLBUSA ⁽⁴⁾	15.44	12.04	11.28	10.81	11.07
MLB&T ⁽⁵⁾	20.48	20.54	19.20	17.39	18.32

For notes to Consolidated Financial Statements, please refer to the 2003 and 2004 Annual Reports and 2005 Annual Report on Form 10-K.

(1) MLPF&S – Merrill Lynch, Pierce, Fenner & Smith Incorporated

(2) MLGSI – Merrill Lynch Government Securities, Inc.

(3) MLI – Merrill Lynch International

(4) MLBUSA – Merrill Lynch Bank USA

(5) MLB&T – Merrill Lynch Bank & Trust Co.





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