

Revenue Reconciliation (Non-GAAP Measures)

(dollars in millions)

The following table provides the calculation of Merrill Lynch's net revenues excluding certain adjustments. While these amounts are considered non-GAAP measures, management believes that it is relevant in assessing the quality of our financial performance, identifying trends in our results and providing more meaningful period-to-period comparisons.

	For the Three Months Ended			Percent Inc / (Dec)		For the Nine Months Ended		Percent Inc/(Dec)
	Sep. 26,	Jun. 27,	Sep. 28,	3Q08 vs.	3Q08 vs.	Sep. 26,	Sep. 28,	
	2008	2008	2007	2Q08	3Q07	2008	2007	
GMI:								
<u>FICC</u>								
GAAP revenues, net of interest expense	\$ (9,943)	\$ (8,068)	\$ (5,764)			\$ (21,389)	\$ (718)	
Net losses / (gains) as follows:								
U.S. ABS CDOs	4,836	3,492	6,855			9,800	6,956	
Leveraged finance commitments write-downs	546	348	463			1,821	463	
Residential mortgage-related exposures	2,289	1,255	1,027			4,326	1,646	
U.S. Banks investment securities portfolio	852	1,673	143			2,946	101	
Commercial real estate	832	15	-			794	(695)	
Other ⁽¹⁾	2,051	-	-			2,051	-	
Total net losses	11,406	6,783	8,488			21,738	8,471	
Credit valuation adjustments ("CVA") related to hedges with financial guarantors ⁽²⁾	1,302	2,888	-			7,221	-	
Net effect due to change in Merrill Lynch credit spreads on certain long-term debt liabilities	(1,969)	(98)	(420)			(3,446)	(405)	
Adjusted revenues, net of interest expense	796	1,505	2,304	(47)%	(65)%	4,124	7,348	(44)%
<u>Equity Markets</u>								
GAAP revenues, net of interest expense	6,030	1,727	1,581			9,640	6,115	
Net losses / (gains) as follows:								
Bloomberg sale	(4,296)	-	-			(4,296)	-	
Other	47	-	-			47	-	
Total net losses / (gains)	(4,249)	-	-			(4,249)	-	
CVA related to hedges with financial guarantors	-	-	-			-	-	
Net effect of Merrill Lynch credit spreads	(830)	-	(174)			(1,525)	(208)	
Adjusted revenues, net of interest expense	951	1,727	1,407	(45)%	(32)%	3,866	5,907	(35)%
<u>Investment Banking</u>								
GAAP revenues, net of interest expense	750	1,022	1,005			2,577	3,768	
Net losses / (gains)	-	-	-			-	-	
CVA related to hedges with financial guarantors	-	-	-			-	-	
Net effect of Merrill Lynch credit spreads	-	-	-			-	-	
Adjusted revenues, net of interest expense	750	1,022	1,005	(27)%	(25)%	2,577	3,768	(32)%
<u>Total GMI</u>								
GAAP revenues, net of interest expense	(3,163)	(5,319)	(3,178)			(9,172)	9,165	
Net losses / (gains)	7,157	6,783	8,488			17,489	8,471	
CVA related to hedges with financial guarantors ⁽²⁾	1,302	2,888	-			7,221	-	
Net effect of Merrill Lynch credit spreads	(2,799)	(98)	(594)			(4,971)	(613)	
Adjusted revenues, net of interest expense	2,497	4,254	4,716	(41)%	(47)%	10,567	17,023	(38)%
<u>GWM</u>								
GAAP revenues, net of interest expense	3,235	3,359	3,538			10,193	10,426	
Net losses / (gains)	-	-	-			-	-	
CVA related to hedges with financial guarantors	-	-	-			-	-	
Net effect of Merrill Lynch credit spreads	(44)	7	(15)			(66)	(15)	
Adjusted revenues, net of interest expense	3,191	3,366	3,523	(5)%	(9)%	10,127	10,411	(3)%
<u>Corporate</u>								
GAAP revenues, net of interest expense	(56)	(156)	20			(187)	(149)	
Other net losses / (gains)	66	-	-			66	-	
CVA related to hedges with financial guarantors	-	-	-			-	-	
Net effect of Merrill Lynch credit spreads	-	-	-			-	-	
Adjusted revenues, net of interest expense	10	(156)	20	N/M	N/M	(121)	(149)	N/M
<u>Total</u>								
GAAP revenues, net of interest expense	16	(2,116)	380			834	19,442	
Net losses / (gains)	7,223	6,783	8,488			17,555	8,471	
CVA related to hedges with financial guarantors ⁽²⁾	1,302	2,888	-			7,221	-	
Net effect of Merrill Lynch credit spreads	(2,843)	(91)	(609)			(5,037)	(628)	
Adjusted revenues, net of interest expense	\$ 5,698	\$ 7,464	\$ 8,259	(24)%	(31)%	\$ 20,573	\$ 27,285	(25)%

N/M = Not Meaningful

(1) Primarily related to the default and spread movements of certain government sponsored entities and major U.S. broker-dealers.

(2) The CVA related to hedges with financial guarantors for the third quarter of 2008 is primarily related to the termination and potential settlement of monoline hedges.