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Company Profile Excerpt from the Forthcoming Report:

CARBON MARKETS OUTLOOK AND FORECAST: 2008 AND BEYOND

About Merrill Lynch

Merrill Lynch (ML) is one of the world's leading wealth management, capital markets and advisory companies, with offices in 40 countries and territories and total client assets of almost $2 trillion. As an investment bank, it is a leading global trader and underwriter of securities and derivatives across a broad range of asset classes and serves as a strategic advisor to corporations, governments, institutions and individuals worldwide. ML owns approximately half of BlackRock, one of the world's largest publicly traded investment management companies, with more than $1 trillion in assets under management.

Corporate Snapshot

- Founded: 1914 (Charles E. Merrill & Co)
- Employees: 63,100
- 1Q 2008 Net Revenue: $2.9 billion
- Total Client Assets: Approx. $1.6 trillion
- Total Stockholders' Equity: $36.5 bn
- Fortune 500: Ranked No.30
- Stock Symbol: MER
- Global Markets: 40 countries
- Services:
  - Finance: Full-service securities brokerage and investment advisory firm, equity, debt, foreign exchange, commodities and economic research, banking, trust, and lending services, including mortgage lending and related services.
  - Insurance: Underwriter of life insurance and annuities.
  - Finance: Holding company.
- Officers:
  - John A. Thain - Chief Executive Officer, Chairman of the Board
  - Nelson Chai - Chief Financial Officer
  - Gregory J. Fleming - President and Chief Operating Officer

Environmental Investments

In a presentation at Yale University on October 31, 2007, Abyd Karmali (ML's Managing Director, Global Head of Carbon Emissions) stated that the company thinks that climate change is sparking a mega-trend for investment. The carbon markets have many risks and opportunities associated with them and ML wants to be well positioned in this arena. For this reason the company is taking a holistic approach in the transition to becoming a green investment bank. They see their strategy as aligning the business risks and opportunities with their internal vision, governance structure and stance on environmental stewardship.

ML thinks the financial services industry has the capacity to make significant strides in addressing climate change. By harnessing the free market, these companies will be able to "efficiently allocate capital to promising investment ideas will foster technological solutions

that could ultimately provide the key to mitigating Greenhouse Gas emissions and other pressing environmental challenges." For this reason the company engages in the following activities:

- **Green Technology**
  - ML promotes proprietary investments in green technology while facilitating financing for green technologies globally
  - ML pays attention to government policies that require green technology and regularly reports on solar energy, biofuels and other renewable energy technologies, especially where there is potential for early investors to generate significant capital returns. Their investment bankers around the world have arranged financing for a significant number of renewable energy companies.

- **Carbon Markets**
  - ML actively trades carbon credits in the emerging carbon markets of the world. The company believes that governmentally mandated, cap-and-trade systems most effectively marry public policy with the beneficial effects of free market mechanisms. In order to achieve success in this arena, GHG emitters should be held financially responsible for the cost of their emissions.
  - They will promote this by
    - counseling clients on the best methods of engaging with environmental concerns;
    - provoking debate in the public arena;
    - continually adding value within their corporate capacities;
    - maintaining a public posture consistent with their identity as a firm.

- **Internal**
  - Reducing their energy consumption and emissions firm-wide, on a per occupant basis, by an average of 2% annually. Committed to offsetting emissions related to electricity consumption, heat usage and commercial travel by purchasing sufficient voluntary credit offsets.
  - Designing future proprietary office centers to adhere to a minimum standard of the Gold certification rating under The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™.
  - Reducing their global impact by implementing internal environmental improvements including recycling, temperature and lighting management, and two-sided copying.

Current Carbon-related Investment Opportunities

	Commodities & Fixed Income	Investment Banking	Wealth Management
Context	• Trading, brokerage, and intermediation services for EUA market • Carbon credit origination, hedging, and risk management of CER/ ERU for investors, aggregators, and compliance buyers • Carbon-driven debt/equity financing for projects that reduce emissions	• Financial advice and due diligence where carbon value is material in cash flow forecast • Raising capital and executing IPO for low-carbon technology companies • Leveraged M&A, advising sales of low-carbon technology companies	• Leader in wealth management for high and ultra high net worth individuals; offers a product distribution channel • **Blackrock**, in which ML has an almost 50% stake, has assets of over $1.3 trillion
New Products/Deals	• Underwrote **European Investment Bank's new Climate Awareness Bond** in 2007 focused on renewable energy • Investors in **Core Carbon Group**, undertaking projects that reduces emissions in Russia, and offtakers of carbon credits • New **weather derivative** product focused on temperature increases affecting Italian agricultural clients	• Global coordinator for upcoming €20 billion **Iberdrola Renovables IPO** • $35 million principal investment in Vulcan Power, California based geothermal power development company	• Blackrock manages market-leading $5 billion **New Energy Technology Fund** into which ML clients invest • In 2007, Research launched a new **Energy Efficiency Index**, a new **ML Renewable Energy Index, and Carbon Leaders Index**. ML clients access these themes via various structured products • Bespoke **Carbon Emission Tracker** structured products based on EUA underlying

Next Generation Financial Products

Merrill Lynch has identified the following current and future opportunities to provide financial products that will reduce greenhouse gas emissions and help mitigate the impacts of global warming:

- Carbon Markets- Structured emission products, carbon funds, emission indexes, EUA/CER swaps
- Equities- Portfolio screening, Social Responsibility Index funds, Low-carbon technology stock
- Bonds- Portfolio screening, Low-carbon technology bonds
- Private Equity/Venture Capital- Carbon venture capital, carbon-driven principal investing
- Real Estate- Energy efficiency/green building real estate investment trusts
- Hedging Instruments- Weather derivative products, catastrophe bonds, insurance products

Carbon Disclosure Project

Merrill Lynch is a founding member and primary sponsor of the Carbon Disclosure Project (CDP). The CDP is the world's largest investor collaboration on climate change, with 385 institutional investors with assets under management of U.S. $57 trillion. Each year, it sends out a request to over 3,000 companies globally on behalf of investors, including

Merrill Lynch, AXA, Allianz, ANZ, Banco do Brazil, Mitsubishi UFJ, AIG Investments, the RBS Group and HSBC. The request asks companies to measure and disclose their greenhouse gas emissions and report on their strategy for dealing with risks and opportunities associated with climate change.

CDP will benefit from Merrill Lynch's expertise in capital markets, carbon trading, investment banking, and advisory services to accelerate the collection and disclosure of key corporate climate change data from more and more companies. Merrill Lynch will help increase focus on the vital role that investors play in driving financial flows into low-carbon solutions. It will also play an important part in enabling CDP to pursue new projects to expand the CDP reach globally, and to raise awareness of the importance of corporate climate change reporting and accounting. Abyd Karmali said, "CDP has been instrumental in creating a constructive dialogue between companies and the financial markets on new opportunities and risks posed by climate change. Importantly it has also promoted continuous improvement in corporate reporting on carbon emissions, which has been valuable to Merrill Lynch in developing new carbon-related investment products. For example, CDP data were instrumental for Merrill Lynch in launching our Capital Protected Carbon Leaders Europe Index Certificate in 2007."

Information from:
Merrill Lynch website- ml.com
Business & Company Resource Center of iCONN (the Connecticut Digital Library)- iconn.org
Karmali, Abyd. "Mining the Opportunities in the Global Carbon Market." Carbon Finance Speaker Series. Yale University, New Haven, CT. 31 Oct. 2007.