



Insight beyond the rating.

Wilshire Credit Corporation – Issuer Profile

ANALYSTS

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EXECUTIVE SUMMARY

Wilshire Credit Corporation (WCC) is a wholly owned subsidiary of Merrill Lynch & Co., Inc. (Merrill Lynch). Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies, with offices in 40 countries 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.

Merrill Lynch offers a broad range of services to private clients, small businesses and corporations, organizing its activities into two interrelated business segments, Global Markets and Investment Banking and Global Wealth Management, which are composed of Global Private Client and Global Investment Management. The firm's 64,000 employees serve clients worldwide, including corporations, governments, institutions and individuals.

With servicing facilities in Beaverton and Salem, Oregon, WCC is Merrill Lynch's servicing arm, specializing in scratch-and-dent, sub-performing, non-performing and subprime products that require concentrated default expertise. WCC has special-serviced distressed portfolios for 15 years.

This report provides an overview of WCC's servicing operations, its sourcing and deal performance as well as the financial highlights of its parent, Merrill Lynch.

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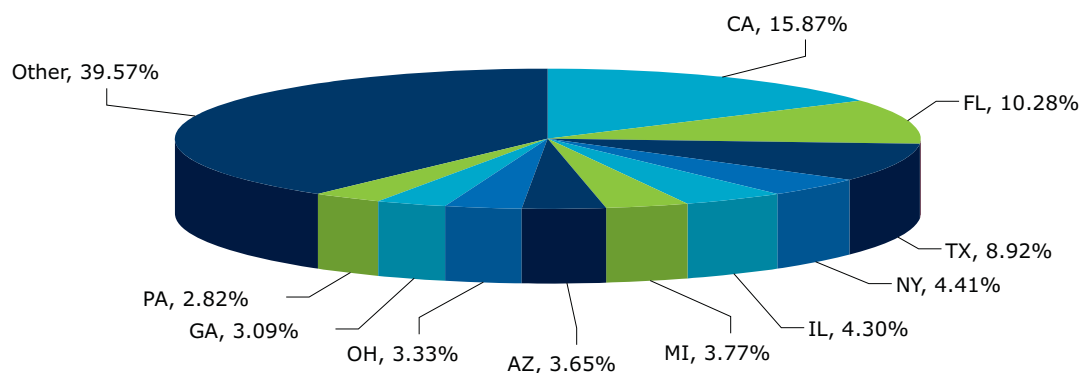
COMPANY OVERVIEW

WCC began mortgage loan servicing in 1993 as an affiliate of the Wilshire Financial Services Group (WFSG), a financial services company offering banking and investment services. Specialty mortgage loan servicing was offered through WCC for a variety of clients and investors. In 2004, Merrill Lynch acquired WCC from WFSG. After its acquisition by Merrill Lynch, WCC began servicing newly originated subprime mortgages acquired through Merrill Lynch's whole loan trading desk and SURF shelf. While the company continues to service Merrill Lynch loans, it has shifted its focus to scratch-and-dent, sub-performing and non-performing portfolios to reflect changing market conditions. WCC has entered into several agreements with different investors to source additional products and grow its servicing business.

In June 2006, WCC opened a redundant call center operation in Salem, Oregon. In August 2007, it consolidated all of its call center operations into the Salem site, providing the company with additional capacity and space for functional staff growth in customer service and collections. The additional site also provides WCC with an operating disaster recovery site. As of March 31, 2008, WCC serviced 207,404 mortgage loans, totaling \$29.3 billion, of which \$19.6 billion were subprime, \$3.2 billion were closed-end seconds and \$1.0 billion were Alt-A loans. Additionally, \$2.8 billion were scratch-and-dent and subprime or non-performing products.

Loans serviced by WCC are subject to a wide array of data integrity checks, compliance reviews and property valuations. In addition, the company has in place a variety of controls to facilitate loan-board-ing, investor reporting and loan accounting of portfolios from third-party clients.

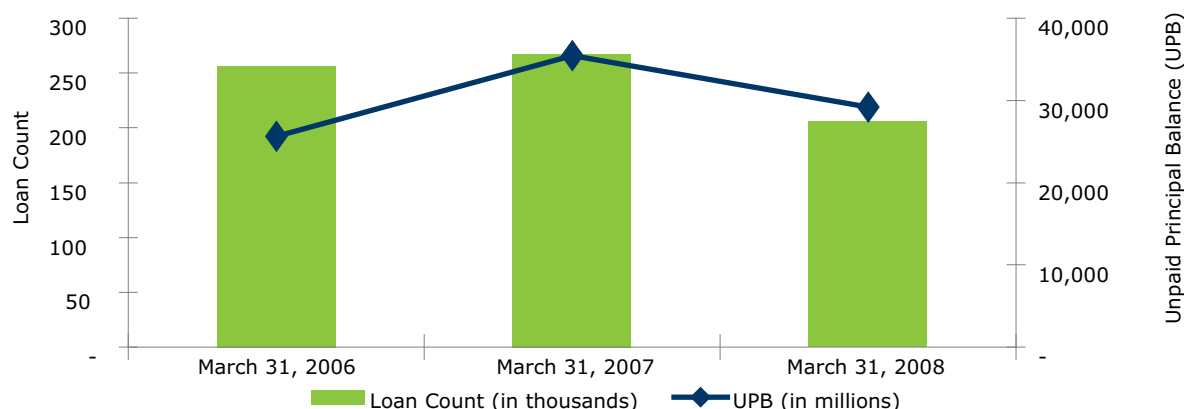
Geographic Concentration



Source: Wilshire Credit Corporation.



Volume and Number – Last Three Years



Source: Wilshire Credit Corporation.

SERVICING

Located in Beaverton and Salem, WCC performs special loan servicing for Merrill Lynch. The product types serviced by WCC include but are not limited to subprime, sub-performing, non-performing and second-lien residential mortgages. WCC has serviced residential mortgage loans since its inception 15 years ago and has a long history of default management expertise. The company began servicing as a subsidiary of Wilshire Financial Services Group and operated as a full-service loan servicing firm specializing in scratch-and-dent portfolios, with concentrations in sub-performing, re-performing and non-reperforming products that typically require more labor-intensive servicing practices. The company leverages its special servicing platform through active default strategies designed to minimize losses and augment homeownership and retention.

Merrill Lynch acquired WCC in 2004 and since the acquisition, WCC has diversified its portfolio to include newly originated subprime products. However, Merrill Lynch's SURF platform and subprime desk were closed in 2007 due to market conditions. As a result, WCC shifted its focus to its core competencies in special servicing by entering into several joint-venture programs with strategic partners whereby loans are purchased by Merrill Lynch and sold to the joint-venture partners' participation transactions.

Jay Memmott, president of WCC, oversees the servicing operations, which as of March 2008 serviced a portfolio of 207,404 loans totaling \$29.3 billion. The company has a highly experienced management team averaging more than 30 years of industry experience. Over the past few years, WCC has added highly experience managers to its senior team.

In 2006, WCC established an early-referral loss mitigation department to handle loss mitigation for current loans. The unit performs daily contact attempts and educates and works with borrowers in loss mitigation alternatives. This unit works with homeownership groups and counseling agencies to devise additional loss mitigation options. The company has also developed a risk score model that identifies the probability of default. The model includes various risk attributes that are proven indicators of default.

WCC is currently monitoring a virtual call center pilot staffed by eight remote employees. The pilot includes a provision for employees to work at home and, if the pilot is successful, anticipates it will be able to expand its hiring beyond the Salem area, reducing overhead, expenses and turnover. The pilot enables staff to take customer service and collection calls up to 90 days past due.



Loan Boarding and Administration

WCC has a dedicated operations team that facilitates portfolio transfers. The group works with prior servicers to obtain and map preliminary data, establish transfer dates and board third-party loans. Broad data integrity controls are utilized when converting portfolios to WCC's proprietary servicing system, recognizing that accurate loan servicing information is crucial when servicing non-performing and subprime products. Data integrity checks are performed at multiple process points. In addition to pre-conversion data checks, WCC compares the investor data with loan documents to identify and correct any inaccurate information that may have been loaded into the servicing platform. Typical conversion processes take less than three days from transfer date to release to the servicing system.

Transaction Processing Percentages by Type As of March 2008

Payment Processing Type	Percent of Total Payments
Lockbox	49.65%
Mail	6.04%
Speedpay – Extranet	10.34%
Speedpay – Voice Response Unit (VRU)	14.48%
Speedpay – Internet	11.08%
Quick Collect	2.56%
Automated Clearing House (ACH)	4.52%
Wire	1.33%
Total	100.00%

Source: Wilshire Credit Corporation.

The operations group initiates and sends a welcome package to mortgage customers that provides a payment amount and coupon, privacy information and a request for senior lien holder information. The process serves to identify any loan or borrower inaccuracies and reduces delinquencies resulting from the servicing transfer process. Welcome packages are sent as close to the transfer date as possible. The operations unit also images all documents, performs Mortgage Electronic Registration System (MERS) maintenance and orders monthly credit score updates on all serviced loans. Credit scores are refreshed every six months and in advance of any pending securitization. The unit also performs adjustable-rate mortgage (ARM) administration processes that include quality reviews and daily index updates sending rate and payment change notices to borrowers.

The transaction-processing unit processes customer payments according to established protocols resident in the PULSE servicing system. The company offers multiple payment venues, including payments through the Internet, by telephone or using the company's interactive voice response (IVR) system. Payments are reconciled daily and applied to borrower accounts within 24 hours of receipt. The unit also performs self-testing to ensure compliance with internal controls.

Collections and Delinquencies

Universal agents handle both inbound customer service and inbound and outbound collection calls using the Noble dialer system in a blended call management environment. The call center has dedicated teams for early payment defaults and other special calling campaigns that conduct welcome calls and grace period courtesy calls. Calling campaigns are developed using a proprietary loss severity model, FICO scores, average days to pay and other differences from normal payment patterns.



WCC's delinquency management strategy encompasses FICO scores and product types as the primary drivers in its collection efforts. Calls generally begin on the third day of delinquency for subprime, second-lien and Alt-A loans with FICO scores of less than 640. Prime and Alt-A loans with FICO scores greater than 640 are called once the grace period has expired. Calls to "no contact" loans are rescheduled for the next business day and alternate-number dialing is used when "no answer" is identified.

WCC utilizes an estimated severity calculation to help minimize losses and determine the best servicing strategy. Estimated losses can determine collection strategy and foreclosure bid amounts or aid in the determination of acceptance of loss mitigation transactions. At key points in the servicing process, such as foreclosure referral or short sale transactions, WCC utilizes an asset review committee to approve transactions to encourage creative and prudent decisions.

Delinquency management and collection efforts are separated into the following five divisions:

- **Early-Stage Collections:** Collection activity for loans up to 59 days delinquent is performed in a predictive dialing mode. Agents negotiate short-term payment plans of up to three months. Early-stage agents are trained to identify potential loss mitigation opportunities and forward those loans to the loan workout department.
- **First or Early Payment Defaults:** This unit handles loans where borrowers fail to make the first loan payment or the loan goes into a delinquent status within the first three months. The first call attempt is typically on the third day of delinquency. The first or early payment default group refers loans to its charge-back group if fraud is identified or suspected.
- **Call Center Administration:** The unit works with borrowers to find solutions to financial hardship. If all attempts to resolve the default fail, the loan is prepared for the foreclosure committee, which reviews each file to ensure that all collection efforts have been exhausted, lien position and collateral values have been updated, the demand notice is valid and all disputes or research issues have been resolved.
- **Skip Tracing:** "No contact" accounts are referred to the skip tracing unit at 15 days delinquent. At 60 days delinquent, vendor field visits are ordered in an attempt to make contact with the borrower.
- **Early Resolution Team:** This team makes outbound call attempts to customers who are more than 60 days past due to identify loss mitigation opportunities for referral to the loan workout unit.

Call Center Statistics

Average for March 2008	
Inbound Call Volume	60,307
Outbound Call Volume	457,596
Outbound Penetration Rate	160.85%
Promise Rate	3.85%
Promises Kept Rate	90.80%
Right Party Contact Rate	26.23%
Abandonment Rate	1.00%
Average Speed of Answer	0:00:27

Source: Wilshire Credit Corporation.

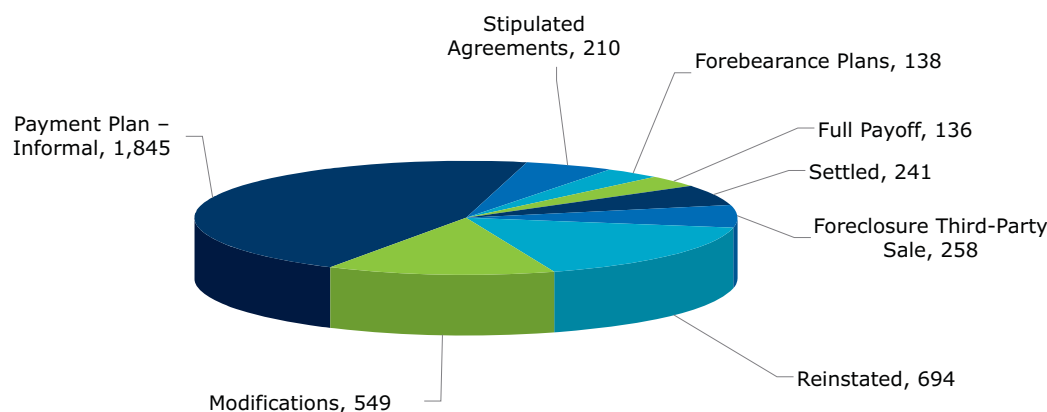


Loss Mitigation Techniques

WCC's loan workout staff is charged with maximizing recoveries and minimizing losses. The loan workout staff contacts borrowers to determine optimal resolution and analyze borrower financial information and loan status to determine the best workout for the borrower and the investor. The loss mitigation group attempts to resolve delinquency through a number of channels, including the following:

- **Forbearance Plans and Stipulated Agreements:** Approximately 23% of delinquent accounts are typically resolved through repayment plans where borrowers are expected to become current within 12 months to 24 months. Repayment plans are the most common method used to resolve delinquencies and are used for loans where either the foreclosure action has or has not been initiated. Forbearance plans are usually 12 months in duration and require a full financial review of the borrower.
- **Modification:** About 27% of WCC's collection efforts result in modifications. Options include rate reduction, capitalization of interest, stipulated repayment to modification plans and debt forgiveness. Borrowers are fully qualified through a financial analysis, and trial modifications or stipulated agreements are often used in an effort to facilitate ongoing resolution.
- **Short Sale or Payoff:** WCC's workout staff can authorize a short sale or short payoff, which entails acceptance of less than the total payment in full either through the sale of the property or refinancing. Further, in the event of a short sale, WCC holds the Internal Revenue Service (IRS) Form 1099-A for two years in an effort to negotiate a settlement when the borrower requests new credit. The short sale workout option accounts for about 13% of resolutions.
- **Deed in Lieu of Foreclosure:** This resolution type is used when the borrower voluntarily deeds title ownership of the property to the lender in exchange for a release from the obligation under the security agreement. Deeds in lieu of foreclosure comprise only 11% of resolutions.

Resolution Types as of March 2008



Source: Wilshire Credit Corporation.

Loan workout officers administer the company's loss mitigation efforts. Depending on asset type, mass mailings are sent to accounts that are 45 days delinquent. The loan workout officers are primarily responsible for identifying and soliciting viable workout opportunities through telephone and special letter campaigns. Policies and procedures for loss mitigation efforts are documented with clearly defined approval levels and step-by-step procedures for pre-qualifying borrowers for workout packages. Loss mitigation efforts currently include the following:

- Periodic contact attempts every five days, with a 30-day "door knock."
- Updated broker price opinions (BPOs) every six months.
- Proprietary foreclosure disposition model, which performs calculations for best exit strategy to minimize loss severity.



In addition, reasons for default are reviewed to identify legitimate hardship situations that qualify for workouts. A foreclosure committee, consisting of at least two corporate officers, is required to review and approve loans meeting certain criteria before referral to foreclosure.

Foreclosures As of March 2008

Current Foreclosures	13,814
New Foreclosure Cases	2,609
Completed Foreclosure Sales	1,077

Source: Wilshire Credit Corporation.

Top Five Foreclosure States

State	Count
California	2,984
Florida	2,894
New York	972
Illinois	883
Ohio	576
Fannie Mae Timeline Adherence	-24.91

Source: Wilshire Credit Corporation.

WCC currently outsources its foreclosure functions to Fidelity National Foreclosure Solutions. The foreclosure unit maintains numerous models, including loss severity and assumption models, to enhance bidding strategies and mitigate charge-offs. WCC currently has more than 10,000 foreclosures in its pipeline that are expected to go to real estate owned (REO). Foreclosure bids are developed through a bid model that uses a discounted net present value (NPV).

WCC also has a deficiency unit that contacts customers to establish recovery plans on low-equity assets. Agents analyze financial information to determine the appropriate recovery approach, preparing an equity analysis and recommendation for resolution. WCC has indicated plans to implement enhanced dialer campaigns using an internally developed risk score and loss severity or collectability ratings from Dyke O'Neal, Inc., a deficiency recovery vendor.

Real Estate Owned

WCC's REO unit liquidates portfolios of foreclosed loans using traditional and alternative marketing techniques. The company has a department of almost 40 employees to maintain, market, list and close on REO properties using the REOTrans System. The REOTrans System is a web-based servicing system offering real-time fee control, timeline management, portfolio segmentation and communications networks with brokers and vendors. The company obtains two independent BPOs to establish marketing plans and listing prices. Marketing strategies are market specific, with reviews occurring twice a month for possible list price reductions. While marketing plans are valid for 120 days, WCC re-evaluates the listing after 90 days on the market to determine if other marketing techniques, such as an auction, would be appropriate to liquidate the property more quickly. The company also performs on-site market inspections in the ten worst markets to develop strategies for liquidation.



In addition, a separate valuations unit of 29 staff monitors national economic and market trends and the company's broker and vendor networks. Valuation specialists perform value reviews and reconciliations for WCC internal departments and scratch-and-dent acquisitions. Pre-foreclosure broker drive-by BPOs are ordered on all foreclosure sales 30 to 45 days prior to the sale. The value and comparable sales are reviewed, reconciled and stored in the company's database.

REO Statistics

Year Ending 2007		Month of March 2008	
Active REO	7,704	Active REO	8,476
Total Closed	5,299	Total Closed	986
Active Portfolio Concentration		Active Portfolio Concentration	
California	2,167	California	2,569
Michigan	822	Florida	782
Florida	536	Michigan	712
Texas	416	MN	418
Illinois	367	Illinois	417
Other	3,396	Other	3,578
Average Days in REO*	195	Average Days in REO*	144
Average Marketing Days*	155	Average Marketing Days*	111

* Includes both active REO and assets sold during reporting period.
Source: Wilshire Credit Corporation.

Internal Controls

The company has a multi-level control environment that encompasses risk management, corporate audit and compliance as well as an extensive self-assessment program that monitors more than 200 risk and performance variables.

WCC has active audit and compliance programs that check operational processes, internal controls and risk management. An independent unit reporting to Merrill Lynch's corporate audit department performs the majority of internal audits, which are scheduled and performed based on prior audit results and risk levels. As such, audits of default management, finance (advancing practices), technology and investor reporting were performed in 2007. All servicing functions are audited every four years.

Technology

WCC's primary system of record is PULSE, an internally developed proprietary platform. The system is supplemented with add-on applications that enhance its functionality. The company's call center, located in Salem, Oregon, receives about 88,000 calls per month and uses the Noble system, which contains a predictive dialer, a fully functional automated call distributor and skills-based routing to direct calls to more than 140 customer service agents throughout the facility. Because WCC's customer service and collections units are combined in a single call center, the company is able to leverage staff processes using a blended call environment and workforce management applications and tools. The IVR unit allows borrowers to complete routine requests without having to speak to an agent. Calling campaigns are developed using internal models that include a variety of high-risk factors such as loan amount, loan-to-value (LTV) ratios and credit scores as well as payment history.

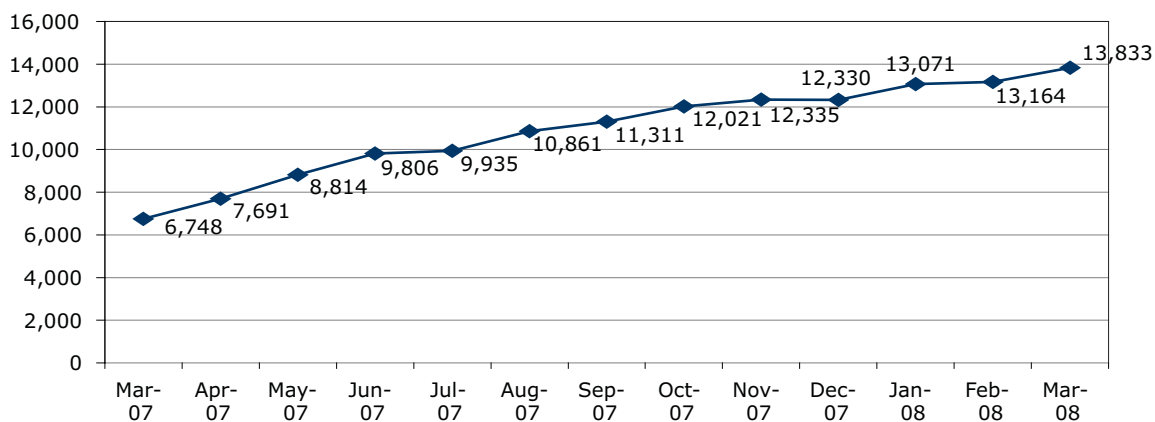


WCC's systems configurations are supported by Merrill Lynch's global business technology unit, which provides software implementation and production support in addition to extensive data warehousing and web-based applications. The company maintains redundant systems between its Beaverton and Salem sites. The company has fully documented disaster recovery and business resumption plans in place that are aligned with Merrill Lynch systems requirements. The last test was completed in September 2007 with no significant issues identified.

DEAL PERFORMANCE HIGHLIGHTS

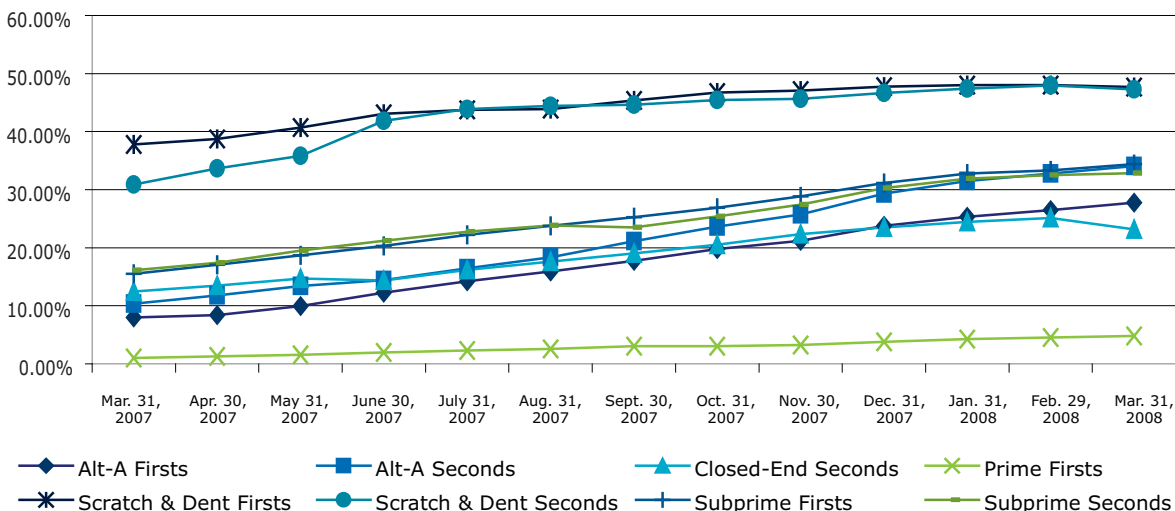
Merrill Lynch securitizes loans under numerous shelves based on product type and credit profile. This segmentation is done to provide greater consistency in collateral profiles and product performance. Generally, WCC services the subprime assets that are purchased and securitized, as well as the scratch-and-dent, sub-performing and non-performing assets. The delinquency and cumulative loss performance of WCC's transactions by vintage from 2005 through 2008 can be found below. For additional deal performance, including loan-level modification information by securitization, please contact WCC's client relations department at InvestorRelations@wcc.ml.com.

Foreclosure Inventory by Month



Source: Wilshire Credit Corporation.

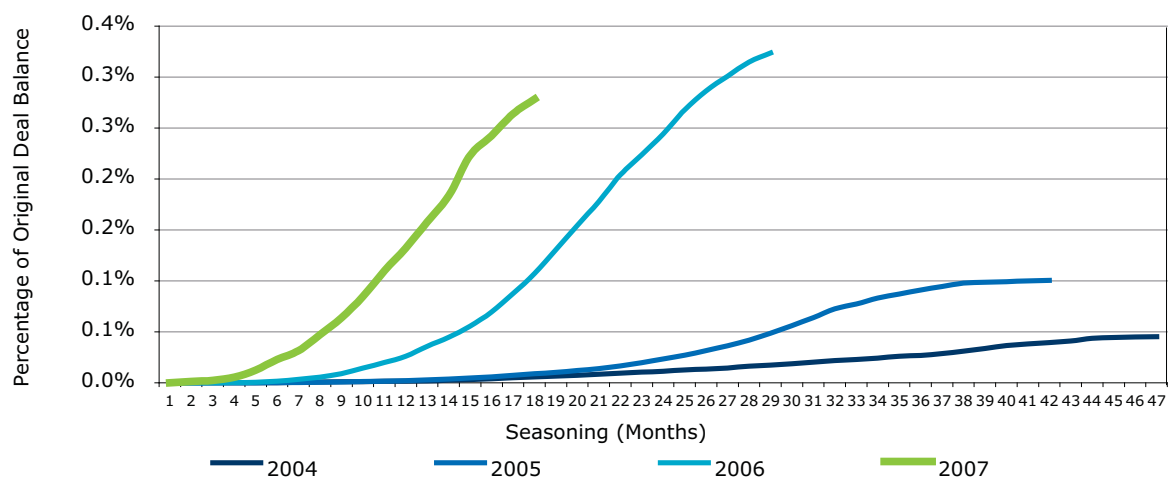
60+ Delinquency by Product



Source: Wilshire Credit Corporation.

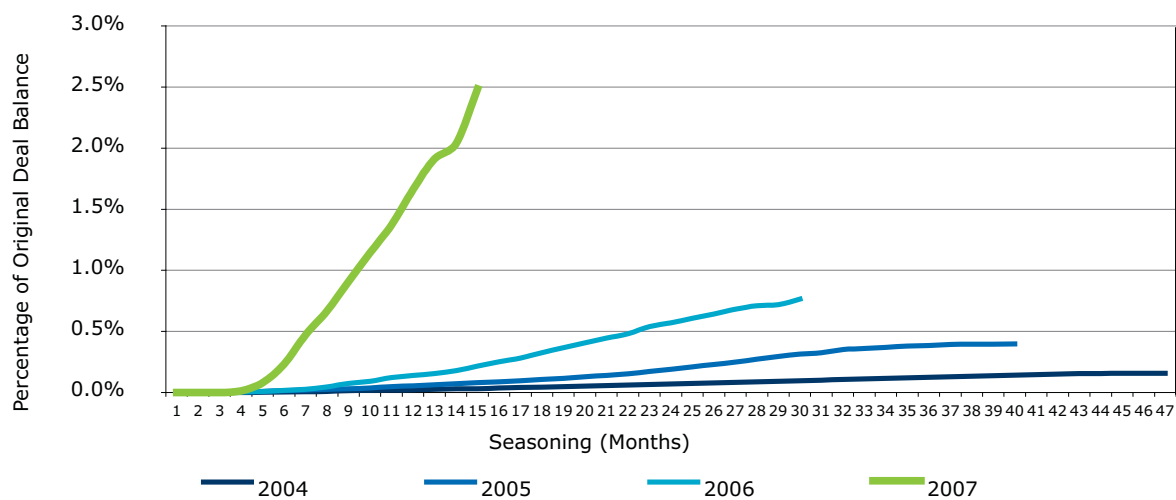


Cumulative Loss Percentage by Vintage – First Lien



Source: Wilshire Credit Corporation.

Cumulative Loss Percentage by Vintage – Second Lien



Source: Wilshire Credit Corporation.



FINANCIAL OVERVIEW OF MERRILL LYNCH

On July 29, 2008, DBRS downgraded the ratings for Merrill Lynch & Co., Inc. (Merrill Lynch) and its related entities, including Merrill Lynch's Issuer & Senior Debt to A (high) from AA (low). Concurrently, all short-term ratings were confirmed at R-1 (middle). The trend on all ratings is Negative.

The rating action follows Merrill Lynch's announcement on July 28, 2008, of another sizable writedown associated with its problematic asset-backed securities (ABS) CDO (collateralized debt obligation) portfolio and its proposed sale of a substantial portion of this portfolio. At the same time, Merrill Lynch announced a public offering of common stock totaling \$9.8 billion in equity to cover the expected \$5.7 billion pre-tax loss related to CDO exposure and bolster its capital position given additional reductions in exposure to hedge counterparties. This writedown exceeded DBRS's expectations and quickly follows second-quarter results, which were published on July 17, 2008. After a sequence of quarterly losses that have needed to be offset by various capital-raising actions, asset reductions and asset sales, DBRS views Merrill Lynch's financial flexibility as considerably reduced. While successful in lowering its risk profile, this combination of actions continues to draw down Merrill Lynch's potential resources.

Merrill Lynch agreed to sell \$30.6 billion gross notional amount of ABS CDOs to a Lone Star Funds affiliate for \$6.7 billion. However, it retains some indirect exposure through the 75% financing it provided for the transaction. This portfolio was previously marked down to \$11.1 billion at the end of the second quarter and the sale is expected to result in a large pre-tax loss of \$4.4 billion. Positively, the sale of the ABS CDOs brings down Merrill Lynch's net exposure to only \$1.6 billion and reduces risk-weighted assets by \$29 billion. Additionally, Merrill Lynch is expected to take up to \$1.3 billion in losses related to the termination of contracts with the monolines on its ABS CDO exposure.

At the same time, Merrill Lynch announced a \$9.8 billion capital raise through a public common stock offering. Temasek Holdings, Merrill's largest equity holder, agreed to invest \$3.4 billion in the new offering. Related to reset provisions with the previous Temasek Holdings investment, Merrill Lynch expects to record an expense of \$2.5 billion, so its net equity capital is expected to increase by \$7 billion once the Temasek Holdings investment receives regulatory approval. In another transaction, Merrill Lynch announced that \$4.9 billion of the \$6.6 billion of outstanding mandatory preferred holders have agreed to exchange their preferred stock for common equity. The remaining \$1.7 billion will continue to be mandatory convertible stock. Price reset provisions were eliminated in each of the capital transactions. DBRS notes that Merrill Lynch's ongoing equity issuance to cover losses is becoming increasingly difficult and has considerably reduced its financial flexibility. Given this situation, any future sizable losses will likely result in a ratings downgrade.

Even with the significant reduction in ABS CDOs, Merrill Lynch still has \$8.8 billion in gross exposure to these assets and other large exposures to other problematic assets classes. As a result, the potential for more future writedowns exists as the general operating environment remains very difficult. As DBRS previously noted, any sale of BlackRock, Inc. would be viewed negatively and could result in a ratings downgrade. BlackRock, Inc. is a core business and any sale or partial sale would be a signal that Merrill Lynch is running out of capital-raising options. Additional rating pressure could arise from deteriorating operating performance of its core businesses, a weakening capital position and/or from a deteriorating liquidity profile.

Conversely, if Merrill Lynch continues to generate solid underlying earnings, while mitigating the risk exposures in various asset classes and returns to profitability by the end of the year, the ratings trend could revert to Stable.

Merrill Lynch's ratings are underpinned by a strong global franchise that is diversified across regions and business lines. Excluding writedowns, credit value adjustments and the net benefit related to credit spread widening on its long-term debt liabilities, core franchise revenues were \$7.5 billion in the second quarter, which speaks well to franchise strength in a difficult operating environment.

Merrill Lynch, based in New York City, reported total assets of \$966 billion as of June 27, 2008.



Merrill Lynch Income Statement

(\$ millions)	2007	2006	For the fiscal year				2007 vs. 2006		2007 vs. 2002	
			2005	2004	2003	2002	\$ millions	%	\$ millions	%
Net interest income	5,549	4,219	4,752	4,429	3,633	3,194	1,330	31.5	2,355	73.7
Principal transactions & inv. inc.	(12,067)	7,248	3,545	2,197	2,984	2,265	(19,315)	NM	(14,332)	NM
Commissions	7,284	5,985	5,277	4,720	4,167	4,373	1,299	21.7	2,911	66.6
Advisory fees	1,727	n.a.	884	683	551	703	n.a.	n.a.	1,024	145.7
Underwriting fees	3,855	n.a.	2,913	2,790	2,305	1,956	n.a.	n.a.	1,899	97.1
Investment Banking Fees	5,582	4,648	3,798	3,473	2,856	2,659	934	20.1	2,923	109.9
Managed accounts & other fee-based revenues	5,465	6,273	6,031	5,440	4,698	4,911	0	0.0	1,628	33.2
Other revenue	(563)	5,408	2,306	1,800	1,562	969	(6,779)	NM	(2,606)	NM
Total Net Revenue	11,250	33,781	25,709	22,059	19,900	18,371	(22,531)	(66.7)	(7,121)	NM
Compensation expenses	15,903	16,867	12,398	10,663	9,886	10,802	795	5.3	5,101	NM
Non-comp expenses excl one-time items	0	7,104	6,350	5,560	4,794	5,257	(7,230)	NM	(5,257)	NM
Total Non-Interest Expenses	24,081	23,971	18,626	16,223	14,680	16,059	110	0.5	8,022	50.0
Pre-tax earnings	(12,831)	9,810	7,083	5,836	5,220	2,312	(22,641)	NM	(15,143)	NM
Net income	(7,777)	7,499	5,116	4,436	3,836	1,708	(15,276)	NM	(9,485)	NM
Franchise Revenue Mix (%)							% points	%	% points	%
Net interest income/net revenue	49.3	12.5	18.5	20.1	18.3	17.4	36.8	294.9	31.9	183.7
Principal transactions & inv. inc./net rev.	(107.3)	21.5	13.8	10.0	15.0	12.3	(128.7)	(599.9)	(119.6)	NM
Commissions/net revenue	64.7	17.7	20.5	21.4	20.9	23.8	47.0	265.4	40.9	172.0
Investment banking fees/net rev.	49.6	13.8	14.8	15.7	14.4	14.5	35.9	260.6	35.1	242.8
Managed accounts & other fee-based rev./net rev.	48.6	18.6	23.5	24.7	23.6	26.7	38.8	200.3	31.4	117.4
Profitability (%)										
Compensation expense/net rev.	141.4	49.9	48.2	48.3	49.7	58.8	96.6	216.1	82.6	140.4
Non-comp expense excl one-time items/net rev	0.0	21.0	24.7	25.2	24.1	28.6	(21.4)	NM	(28.6)	(100.0)
Total Expense Ratio	214.1	71.0	72.4	73.5	73.8	87.4	143.1	201.7	126.6	144.9
Pre-tax profit margin	(114.1)	29.0	27.6	26.5	26.2	12.6	(143.1)	NM	(126.6)	NM
Effective tax rate	32.7	27.7	29.2	24.0	26.5	26.1	5.0	18.2	6.6	25.1
Return on average common equity	NM	21.3	15.9	14.9	14.8	7.5	(44.2)	NM	(30.5)	NM
Return on average equity	NM	20.0	15.3	14.9	14.6	7.6	(39.7)	NM	(27.4)	NM
Return on average assets	n.a.	0.9	0.7	0.8	0.8	0.3	n.a.	n.a.	n.a.	n.a.

n.a. - not available. NM - not meaningful.

** Total broker capital = total tangible equity + long-term debt (less current portion).

*** Gross leverage (x) = total assets/total stockholders capital.



Merrill Lynch Balance Sheet

(\$ billions) 2006 Data Prior to Restatement

Assets	2007	2006	2005	2004	2003	2002	\$ billions	%	\$ billions	%
Cash	n.a.	32.1	14.6	20.8	9.7	10.2	n.a.	n.a.	n.a.	n.a.
Segregated cash + securities received as collateral	n.a.	38.4	28.8	29.7	21.2	9.6	n.a.	n.a.	n.a.	n.a.
Collateralized agrmts (rev. repos + secs borrowed)	n.a.	297.0	255.5	173.4	117.1	116.9	n.a.	n.a.	n.a.	n.a.
Total securities (incl. pledged)	n.a.	210.4	154.4	186.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables	n.a.	89.4	68.2	64.3	49.7	50.7	n.a.	n.a.	n.a.	n.a.
Other	n.a.	171.6	153.6	147.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Intangibles	n.a.	2.5	6.0	6.2	4.8	4.4	n.a.	n.a.	n.a.	n.a.
Total Assets	n.a.	841.3	681.0	628.1	480.2	440.3	n.a.	n.a.	n.a.	n.a.
Memo: net adjusted assets*	n.a.	503.5	390.7	418.9	337.2	309.3	n.a.	n.a.	n.a.	n.a.
Liabilities										
Payables and accrued expenses	n.a.	153.3	103.0	98.1	68.6	65.3	n.a.	n.a.	n.a.	n.a.
Deposits	104.0	84.1	80.0	79.7	79.5	81.8	19.9	23.6	22.2	27.1
Senior debt (short-t & long-t borrowings, repos)	n.a.	415.7	334.5	282.5	192.0	173.9	n.a.	n.a.	n.a.	n.a.
Securities sold, not yet purchased	n.a.	98.9	88.9	99.6	78.5	71.6	n.a.	n.a.	n.a.	n.a.
Obligation to return securities pledged	n.a.	24.9	16.8	11.9	9.2	3.7	n.a.	n.a.	n.a.	n.a.
Other liabilities, incl minority interest	n.a.	15.1	19.1	21.8	20.4	16.6	n.a.	n.a.	n.a.	n.a.
Total Liabilities	n.a.	802.3	645.4	596.7	451.3	416.2	n.a.	n.a.	n.a.	n.a.
Memo: long-term debt	n.a.	181.4	132.4	119.5	85.2	79.8	n.a.	n.a.	n.a.	n.a.
Equity										
Preferred equity	4.4	3.1	2.7	0.6	0.4	0.4	1.3	39.9	4.0	935.3
Common equity	27.6	35.9	32.9	30.7	28.5	23.7	(8.3)	(23.1)	3.9	16.7
Total Stockholders' Equity	32.0	39.0	35.6	31.4	28.9	24.1	(7.0)	(18.0)	7.9	32.9
Tangible common equity	n.a.	33.4	26.9	24.6	23.6	19.2	n.a.	n.a.	n.a.	n.a.
Memo: total tangible capital	n.a.	36.6	29.6	25.2	24.1	22.8	n.a.	n.a.	n.a.	n.a.
Memo: total broker capital**	n.a.	214.8	159.3	144.1	108.8	99.0	n.a.	n.a.	n.a.	n.a.
Capital Ratios							Delta	%	Delta	%
Net adjusted assets/total assets (%)	n.a.	59.8	57.4	66.7	70.2	70.3	n.a.	n.a.	n.a.	n.a.
Gross leverage (x)***	n.a.	21.6	19.1	20.0	16.6	18.3	n.a.	n.a.	n.a.	n.a.
Net leverage (x)****	n.a.	13.8	13.2	16.6	14.0	13.6	n.a.	n.a.	n.a.	n.a.
Net adjusted assets/total broker capital (x)	n.a.	2.3	2.5	2.9	3.1	3.1	n.a.	n.a.	n.a.	n.a.
Total tangible capital/tangible assets (%)	n.a.	4.4	4.4	4.1	5.1	5.2	n.a.	n.a.	n.a.	n.a.
Total tangible capital/net adjusted assets (%)	n.a.	7.3	7.6	6.0	7.1	7.4	n.a.	n.a.	n.a.	n.a.
Stockholders' equity/total assets (%)	n.a.	4.6	5.2	5.0	6.0	5.5	n.a.	n.a.	n.a.	n.a.
Liquidity Ratios (%)							Delta	%	Delta	%
Long-term debt/total liabilities	n.a.	22.6	20.5	20.0	18.9	19.2	n.a.	n.a.	n.a.	n.a.
Net adjusted assets/long-term debt (x)	n.a.	2.8	3.0	3.5	4.0	3.9	n.a.	n.a.	n.a.	n.a.

n.a. - not available. NM - not meaningful.

** Total broker capital = total tangible equity + long-term debt (less current portion).

*** Gross leverage (x) = total assets/total stockholders capital.

**** Net leverage (x) = net adjusted assets/total tangible capital.



Note: All figures are in U.S. dollars unless otherwise noted.

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