

[Redacted]

From: Calamaro, Raymond S. [Redacted]
Sent: Tuesday, March 04, 2008 3:51 PM
To: [Redacted]
Cc: [Redacted]
Subject: FW: Confirmation request
Attachments: StanONealOnePagerCompOnly.doc

[Redacted]

Attached is your chart, as revised by executives at Merrill. As you'll see from their message below, their goal--like yours--was to provide accurate facts that can be used for the hearing. I hope this will work for your purposes. If you have any questions on this, I'd be pleased to ask the Merrill executives who worked on this to participate in a conference call. We could do so before 4:30 PM this evening or between about 9 AM and 10 AM tomorrow, Wednesday, morning.

Regards,

Ray

Thank you for giving Merrill Lynch the opportunity to comment on the charts from the Committee staff. Subject to our suggested edits, the charts are accurate as independent standalone exhibits. For clarity, we would like to point out that the charts represent two separate analyses (1) the annual compensation received by Stan O'Neal during his tenure as CEO as determined by the Management Development and Compensation Committee plus the reported value of "other compensation" as disclosed in our annual proxy statements and (2) a summary of the value of compensation & benefits as of his retirement from ML on October 29, 2007 that matches ML's disclosure at the time.

The two charts presented together without that clarification may introduce the possibility of "double counting".

Hopefully our recommended edits are helpful points of clarification to the Committee staff. As always, if they would like to discuss any of the comments in detail we would make ourselves available to do so.

"EMF <HHLAW.COM>" made the following annotations.

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STAN O'NEAL: ESTIMATED VALUE OF PREVIOUSLY EARNED COMPENSATION & BENEFITS AS OF SEPARATION OF EMPLOYMENT ON OCTOBER 29, 2007

Type of benefit	Value (as of October 29, 2007 retirement date)
Cash severance	\$0
Actuarial present value of future payments under the Executive Annuity contract and balances under broad-based retirement plans (such as 401(k))	\$24,651,474
Deferred compensation from cash bonuses awarded prior to 2007.	\$5,437,236
Unvested portion of restricted stock and in-the-money value of unexercised stock option grants awarded from 1999 to 2006.†	\$131,497,720
Office space and assistant (3 years)	Unknown
TOTAL‡	\$161,586,430

† The value of stock awards and option awards is based on the market value (using stock price of \$67.42) at the time of his separation (October 29, 2007) and include the value of stock and options granted in prior years in the exhibit entitled “Stan O’Neal: Compensation as CEO” plus in-the-money value of stock options granted prior to his appointment as CEO in December 2002. Stock awards would be worth less today given the decline in stock price. Some unexercised options are currently underwater.

‡ Merrill Lynch estimates that the amount shown for Mr. O’Neal is now worth about \$107.7 million, as of March 3, 2008, as a drop in the company’s stock price has lowered the value of his equity.

MERRILL LYNCH: OVERVIEW OF CEO COMPENSATION

STAN O'NEAL: COMPENSATION AS CEO

Year	Base Salary	Cash Bonus	Other Compensation	Restricted Stock*	Stock Options*	Total Compensation
2002	\$500,000	\$7,150,000	\$77,553 (Includes \$64,257 in company required personal aircraft use)	\$5,355,000	\$2,295,000	\$15,377,553
2003	\$500,000	\$13,500,000	\$312,299 (Includes \$114,158 in company required personal aircraft use and \$167,838 for car use)	\$11,200,000	\$2,800,000	\$28,312,299
2004	\$700,000	\$0	\$334,517 (Includes \$119,395 in company required personal aircraft use and \$185,033 for car use)	\$31,300,000	0	\$32,334,517
2005	\$700,000	\$14,100,000	\$500,294 (Includes \$163,685 in company required personal aircraft use and \$198,394 in car use.)	\$22,200,000	0	\$37,500,294
2006	\$700,000	\$18,500,000	\$375,298 (Includes \$149,133 in company required personal aircraft use and \$212,505 in car use.)	\$28,800,000	0	\$48,375,298
2007	\$584,000	\$0	\$593,691 (Details will be disclosed in 2008 proxy.)	\$0	0	\$1,177,691
TOTAL	\$3,684,000	\$53,250,000	\$2,193,652	\$98,855,000	\$5,095,000	\$163,077,652

* The value of stock awards and option awards is based on the grant date fair value. The aggregate value of the stock awards would be worth less today given the decline in stock price. Some unexercised options are currently underwater.