

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 28, 2001

Commission File Number 1-7182

MERRILL LYNCH & CO., INC.

(Exact name of registrant as specified in its charter)

Delaware 13-2740599

(State of incorporation) (I.R.S. Employer Identification No.)

4 World Financial Center
New York, New York 10080

(Address of principal executive offices) (Zip Code)

(212) 449-1000

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

842,126,885 shares of Common Stock and 4,195,407 Exchangeable Shares as of the close of business on November 2, 2001. The Exchangeable Shares, which were issued by Merrill Lynch & Co., Canada Ltd. in connection with the merger with Midland Walwyn Inc., are exchangeable at any time into Common Stock on a one-for-one basis and entitle holders to dividend, voting, and other rights equivalent to Common Stock.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<TABLE>
<CAPTION>

(in millions, except per share amounts)	FOR THE THREE MONTHS ENDED		PERCENT INC. (DEC.)
	SEPT. 28, 2001	SEPT. 29, 2000	
<S>	<C>	<C>	<C>
NET REVENUES			
Commissions	\$ 1,204	\$ 1,624	(25.9)%
Principal transactions	759	1,160	(34.6)
Investment banking			
Underwriting	543	590	(8.0)
Strategic advisory	294	268	9.7
Asset management and portfolio service fees	1,337	1,414	(5.4)
Other	129	318	(59.4)
Subtotal	4,266	5,374	(20.6)
Interest and dividend revenues	4,663	5,474	(14.8)
Less interest expense	3,784	4,704	(19.6)
Net interest profit	879	770	14.2

TOTAL NET REVENUES	5,145	6,144	(16.3)
	-----	-----	
NON-INTEREST EXPENSES			
Compensation and benefits	2,757	3,146	(12.4)
Communications and technology	529	542	(2.4)
Occupancy and related depreciation	280	251	11.6
Advertising and market development	165	205	(19.5)
Brokerage, clearing, and exchange fees	219	206	6.3
Professional fees	115	147	(21.8)
Goodwill amortization	53	52	1.9
Other	253	284	(10.9)
September 11th - related	88	-	N/M
	-----	-----	
TOTAL NON-INTEREST EXPENSES	4,459	4,833	(7.7)
	-----	-----	
EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	686	1,311	(47.7)
Income tax expense	216	378	(42.9)
Dividends on preferred securities issued by subsidiaries	48	48	-
	-----	-----	
NET EARNINGS	\$ 422	\$ 885	(52.3)
	=====	=====	
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	\$ 412	\$ 875	(52.9)
	=====	=====	
EARNINGS PER COMMON SHARE			
Basic	\$ 0.49	\$ 1.09	
	=====	=====	
Diluted	\$ 0.44	\$ 0.94	
	=====	=====	
DIVIDEND PAID PER COMMON SHARE	\$ 0.16	\$ 0.16	
	=====	=====	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE			
Basic	845.8	805.9	
	=====	=====	
Diluted	934.5	929.0	
	=====	=====	

</TABLE>

See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<TABLE>
<CAPTION>

(in millions, except per share amounts)	FOR THE NINE MONTHS ENDED		
	SEPT. 28, 2001	SEPT. 29, 2000	PERCENT INC. (DEC.)
<S>	<C>	<C>	<C>
NET REVENUES			
Commissions	\$ 4,071	\$ 5,431	(25.0)%
Principal transactions	3,410	4,746	(28.2)
Investment banking			
Underwriting	1,834	1,994	(8.0)
Strategic advisory	891	947	(5.9)
Asset management and portfolio service fees	4,072	4,217	(3.4)
Other	446	849	(47.5)
	-----	-----	
Subtotal	14,724	18,184	(19.0)
	-----	-----	
Interest and dividend revenues	16,459	15,007	9.7
Less interest expense	14,055	12,690	10.8
	-----	-----	
Net interest profit	2,404	2,317	3.8

TOTAL NET REVENUES	17,128	20,501	(16.5)
NON-INTEREST EXPENSES			
Compensation and benefits	8,978	10,572	(15.1)
Communications and technology	1,695	1,710	(0.9)
Occupancy and related depreciation	820	762	7.6
Advertising and market development	575	713	(19.4)
Brokerage, clearing, and exchange fees	697	672	3.7
Professional fees	408	462	(11.7)
Goodwill amortization	156	162	(3.7)
Other	822	1,039	(20.9)
September 11th - related	88	-	N/M
TOTAL NON-INTEREST EXPENSES	14,239	16,092	(11.5)
EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES			
	2,889	4,409	(34.5)
Income tax expense	906	1,356	(33.2)
Dividends on preferred securities issued by subsidiaries	146	146	-
NET EARNINGS	\$ 1,837	\$ 2,907	(36.8)
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	\$ 1,808	\$ 2,878	(37.2)
EARNINGS PER COMMON SHARE			
Basic	\$ 2.15	\$ 3.63	
Diluted	\$ 1.93	\$ 3.18	
DIVIDEND PAID PER COMMON SHARE			
	\$ 0.48	\$ 0.45	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE			
Basic	839.8	793.7	
Diluted	938.8	905.0	

</TABLE>

See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

<TABLE>
<CAPTION>

DEC. 29, (dollars in millions) 2000	SEPT. 28, 2001	

<S>	<C>	
<C>		
ASSETS		
CASH AND CASH EQUIVALENTS 23,205	\$ 20,201	\$
CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS 6,092	4,382	
RECEIVABLES UNDER RESALE AGREEMENTS AND SECURITIES BORROWED TRANSACTIONS 114,581	133,705	

MARKETABLE INVESTMENT SECURITIES	72,856	
49,251		
TRADING ASSETS, AT FAIR VALUE		
Contractual agreements	25,527	
20,361		
Corporate debt and preferred stock	18,129	
17,377		
Equities and convertible debentures	16,030	
20,232		
U.S. Government and agencies	11,700	
17,519		
Mortgages, mortgage-backed, and asset-backed	9,899	
8,225		
Municipals and money markets	8,826	
2,791		
Non-U.S. governments and agencies	5,993	
5,009		
-----		-
	96,104	
91,514		
SECURITIES PLEDGED AS COLLATERAL	12,416	
9,097		
-----		-
SECURITIES RECEIVED AS COLLATERAL	2,730	
-		
-----		-
OTHER RECEIVABLES		
Customers (net of allowance for doubtful accounts of \$81 in 2001 and \$68 in 2000)	46,621	
41,613		
Brokers and dealers	11,568	
26,421		
Interest and other	9,491	
8,879		
-----		-
	67,680	
76,913		
-----		-
INVESTMENTS OF INSURANCE SUBSIDIARIES	4,083	
4,002		
LOANS, NOTES, AND MORTGAGES (net of allowance for loan losses of \$285 in 2001 and \$176 in 2000)	18,391	
17,472		
OTHER INVESTMENTS	5,329	
4,938		
EQUIPMENT AND FACILITIES (net of accumulated depreciation and amortization of \$5,002 in 2001 and \$4,658 in 2000)	3,472	
3,444		
GOODWILL (net of accumulated amortization of \$864 in 2001 and \$720 in 2000)	4,212	
4,407		
OTHER ASSETS	3,045	
2,284		
-----		-
TOTAL ASSETS	\$448,606	
\$407,200		
=====		

</TABLE>

DEC. 29,
(dollars in millions, except per share amount)
2000

2001

<S>	<C>
<C>	

LIABILITIES	
PAYABLES UNDER REPURCHASE AGREEMENTS AND SECURITIES LOANED TRANSACTIONS \$103,883	\$106,909
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS 15,183	5,096
DEPOSITS 67,648	83,667
TRADING LIABILITIES, AT FAIR VALUE	
Contractual agreements	23,050
21,587	
U.S. Government and agencies	19,964
14,466	
Equities and convertible debentures	19,957
18,535	
Non-U.S. governments and agencies	6,299
7,135	
Corporate debt, municipals and preferred stock	6,127
7,134	
-----	-----
	75,397
68,857	
-----	-----
OBLIGATION TO RETURN SECURITIES RECEIVED AS COLLATERAL	2,730
-	-----
-----	-----
OTHER PAYABLES	
Customers	35,328
24,762	
Brokers and dealers	13,597
9,514	
Interest and other	18,423
22,204	
-----	-----
	67,348
56,480	
-----	-----
LIABILITIES OF INSURANCE SUBSIDIARIES	3,809
3,908	
LONG-TERM BORROWINGS	79,849
70,223	
-----	-----
TOTAL LIABILITIES	424,805
386,182	
-----	-----
PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	2,711
2,714	
-----	-----
STOCKHOLDERS' EQUITY	
PREFERRED STOCKHOLDERS' EQUITY (42,500 shares issued, liquidation preference \$10,000 per share)	425
425	
-----	-----
COMMON STOCKHOLDERS' EQUITY	
Shares exchangeable into common stock	62

68	Common stock (par value \$1.33 1/3 per share; authorized: 2001 - 3,000,000,000 shares, 2000 - 1,000,000,000 shares; issued: 2001 and 2000 - 962,533,498 shares)	1,283	
1,283	Paid-in capital	4,256	
2,843	Accumulated other comprehensive loss (net of tax)	(506)	
(345)	Retained earnings	17,560	
16,156			

		22,655	
20,005	Less: Treasury stock, at cost: 2001 - 121,467,652 shares; 2000 - 154,578,945 shares	970	
1,273	Employee stock transactions	1,020	
853			

	TOTAL COMMON STOCKHOLDERS' EQUITY	20,665	
17,879			

	TOTAL STOCKHOLDERS' EQUITY	21,090	
18,304			

	TOTAL LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY	\$448,606	
\$407,200			
=====			

</TABLE>

See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>
<CAPTION>

	FOR THE NINE MONTHS ENDED	
	SEPT. 28, 2001	SEPT. 29, 2000
	-----	-----
	<C>	<C>
(dollars in millions)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 1,837	\$ 2,907
Noncash items included in earnings:		
Depreciation and amortization	668	615
Policyholder reserves	139	145
Goodwill amortization	156	162
Amortization of stock-based compensation	544	373
Other	497	287
Changes in operating assets and liabilities:		
Trading assets and securities pledged as collateral	(7,932)	(642)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations	1,710	315
Receivables under resale agreements and securities borrowed transactions	(19,124)	(6,755)
Customer receivables	(5,022)	(5,439)
Brokers and dealers receivables	14,853	(3,837)
Trading liabilities	6,540	(3,155)
Payables under repurchase agreements and securities loaned transactions	3,026	13,761
Customer payables	10,566	(303)
Brokers and dealers payables	4,083	720
Other, net	(3,291)	1,662
	-----	-----
Cash provided by operating activities	9,250	816
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities	25,618	11,484
Sales of available-for-sale securities	10,214	5,348

Purchases of available-for-sale securities	(59,005)	(47,029)
Maturities of held-to-maturity securities	511	584
Purchases of held-to-maturity securities	(517)	(439)
Loans, notes, and mortgages	(1,021)	(2,929)
Other investments and other assets	(1,480)	(1,133)
Equipment and facilities	(696)	(717)
	-----	-----
Cash used for investing activities	(26,376)	(34,831)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Commercial paper and other short-term borrowings	(10,087)	(10,871)
Deposits	16,019	32,399
Issuance and resale of long-term borrowings	28,022	26,025
Maturities and repurchases of long-term borrowings	(19,508)	(11,397)
Issuance of treasury stock	463	566
Other common stock transactions	(354)	20
Dividends	(433)	(376)
	-----	-----
Cash provided by financing activities	14,122	36,366
	-----	-----
(Decrease) Increase in cash and cash equivalents	(3,004)	2,351
Cash and cash equivalents, beginning of year	23,205	12,155
	-----	-----
Cash and cash equivalents, end of period	\$ 20,201	\$ 14,506
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Income taxes	\$ 545	\$ 525
Interest	14,671	12,011

</TABLE>

See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 28, 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Consolidated Financial Statements include the accounts of Merrill Lynch & Co., Inc. ("ML & Co.") and subsidiaries (collectively, "Merrill Lynch"). All material intercompany balances have been eliminated. The December 29, 2000 unaudited Consolidated Balance Sheet was derived from the audited financial statements. The interim consolidated financial statements for the three- and nine- month periods are unaudited; however, in the opinion of Merrill Lynch management, all adjustments necessary for a fair statement of the consolidated financial statements have been included.

These unaudited financial statements should be read in conjunction with the audited financial statements included in Merrill Lynch's Annual Report included as an exhibit to Form 10-K for the year ended December 29, 2000. The nature of Merrill Lynch's business is such that the results of any interim period are not necessarily indicative of results for a full year. Certain reclassifications have been made to prior period financial statements, where appropriate, to conform to the current period presentation.

New Accounting Pronouncements

On the first day of fiscal year 2001, Merrill Lynch adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133"). On adoption, all existing hedge relationships were designated anew. Merrill Lynch recorded a pre-tax loss of \$32 million (\$22 million after-tax) in interest expense upon adoption of SFAS No. 133.

SFAS No.133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts ("embedded derivatives"), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the Consolidated Balance Sheet and measure those instruments at fair value. The accounting for changes in fair value of a derivative instrument depends on its intended use and the resulting designation.

The portion of Merrill Lynch's derivatives which are entered into in a dealing capacity, are recognized at fair value as trading assets and liabilities. As part of its trading activities, Merrill Lynch uses derivatives to facilitate

customer transactions, to take proprietary positions and as a means of risk management. The Corporate Risk Management group monitors and manages these risks in accordance with established risk management policies and procedures that include risk tolerance levels. For further information on Merrill Lynch's risk management see the Annual Report on Form 10-K for the year ended December 29, 2000.

As part of its overall risk management strategy, Merrill Lynch uses derivatives to manage its risk exposures arising from non-trading assets and liabilities, some of which, depending on the nature of the derivative and the related hedged item, were not previously carried at fair value. These derivatives are typically designated as fair-value hedges, to manage the interest rate and non-U.S. dollar exposure on long-term borrowings and marketable investment securities. These derivatives generally include interest rate and currency swap agreements that are primarily used to convert fixed rate assets and liabilities into U.S. dollar-based floating rate instruments.

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Merrill Lynch also uses derivatives and foreign-currency-denominated debt to manage its exposure to foreign exchange rate movements related to investments in non-U.S. operations. These derivatives generally include forward exchange contracts and cross currency interest rate swaps.

For the three and nine month periods ended September 28, 2001, \$(137) million and \$173 million, respectively, of net losses and net gains related to non-U.S. dollar net investment hedges were included in "Accumulated other comprehensive loss" on the Consolidated Balance Sheet. These amounts were principally offset by net gains and losses, on these investments.

Merrill Lynch issues long-term obligations whose repayment terms are linked to the performance of equity or other indexes (e.g., S&P 500), baskets of securities, or individual securities. The contingent components of these indexed debt obligations may be embedded derivatives. If the contingent component is determined to be a derivative it is separated from the underlying obligation and carried at fair value. The separated embedded derivative is reported in long-term borrowings on the Consolidated Balance Sheet with the underlying obligation. The embedded derivatives are hedged with derivatives that are carried at fair value.

In addition, Merrill Lynch enters into cash flow hedges to hedge interest rate risk, which primarily arises from Merrill Lynch's marketable investment securities portfolio. All of these hedges qualify for the "short-cut method" as defined by SFAS No. 133. As such, no ineffectiveness related to these hedges is reported in earnings.

Derivative instruments are reported on a net-by-counterparty basis on the Consolidated Balance Sheet where management believes a legal right of setoff exists under an enforceable netting agreement. The fair value of derivative instruments is set forth below:

<TABLE>
<CAPTION>

(dollars in millions)

	SEPT. 28, 2001		DEC. 29, 2000	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
<S>	<C>	<C>	<C>	<C>
Swap agreements	\$23,596	\$21,241	\$17,283	\$18,819
Forwards and options	7,852	15,235	8,339	11,922

</TABLE>

In September 2000, the Financial Accounting Standards Board released SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, a replacement of SFAS No. 125, which revises the standards for accounting for securitizations and other transfers of financial assets and collateral. On April 1, 2001, Merrill Lynch adopted the provisions of this statement that were required to be adopted in the second quarter of 2001. These provisions changed the accounting for certain securities lending transactions. Under the new provisions, when Merrill Lynch acts as the lender in a securities lending agreement and receives securities as collateral that can be pledged or sold, it recognizes on the Consolidated Balance Sheet the securities received as well as an obligation to return the securities lent. Accordingly, Merrill Lynch's accompanying Consolidated Balance Sheet as of September 28, 2001 separately reflects these assets and liabilities.

In July 2001, the Financial Accounting Standards Board released SFAS No. 141, Business Combinations and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires all business combinations initiated after June 30, 2001,

to be accounted for using the purchase method. Merrill Lynch adopted the provisions of SFAS No. 141 on July 1, 2001. Under SFAS No. 142, intangible assets with indefinite lives and goodwill will no longer be amortized. Instead, these assets will be tested annually for impairment. Merrill Lynch will adopt the provisions of SFAS No. 142 at the beginning of fiscal year 2002. The full impact of adoption is yet to be determined; however, annual reported pre-tax amortization expense related to these assets approximates \$200 million.

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 NOTE 2. SHORT-TERM BORROWINGS

Short-term borrowings at September 28, 2001 and December 29, 2000 are presented below:

<TABLE>
 <CAPTION>

(dollars in millions)

	SEPT. 28, 2001	DEC. 29, 2000
	-----	-----
<S>	<C>	<C>
PAYABLES UNDER REPURCHASE AGREEMENTS AND SECURITIES LOANED TRANSACTIONS		
Repurchase agreements	\$101,180	\$ 89,901
Securities loaned transactions	5,729	13,982
	-----	-----
Total	\$106,909	\$103,883
	=====	=====
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS		
Commercial paper	\$ 4,487	\$ 14,022
Other	609	1,161
	-----	-----
Total	\$ 5,096	\$ 15,183
	=====	=====
DEPOSITS		
U.S.	\$ 70,354	\$ 54,887
Non-U.S.	13,313	12,761
	-----	-----
Total	\$ 83,667	\$ 67,648
	=====	=====

</TABLE>

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 NOTE 3. SEGMENT INFORMATION

In reporting to management, Merrill Lynch's operating results are categorized into three business segments: the Corporate and Institutional Client Group ("CICG"), the Private Client Group ("PCG") and Merrill Lynch Investment Managers ("MLIM"). Prior period amounts have been restated to conform to the current period presentation. For information on each segment's activities, see the portions of the 2000 Annual Report included as an exhibit to Form 10-K.

Operating results by business segment follow:

<TABLE>
 <CAPTION>

(dollars in millions)

	CICG	PCG	MLIM	CORPORATE ITEMS (1)	TOTAL
	-----	-----	-----	-----	-----
THREE MONTHS ENDED SEPTEMBER 28, 2001					
<S>	<C>	<C>	<C>	<C>	<C>
Non-interest revenues	\$ 1,866	\$ 1,952	\$ 500	\$ (52) (2)	\$ 4,266
Net interest revenue(3)	382	500	15	(18) (4)	879
	-----	-----	-----	-----	-----
Net revenues	2,248	2,452	515	(70)	5,145
Non-interest expenses	1,763	2,178	424	94 (5)	4,459

Earnings (loss) before income taxes and dividends on preferred securities issued by subsidiaries	\$ 485	\$ 274	\$ 91	\$ (164)	\$ 686
Quarter-end total assets	\$305,494	\$136,688	\$2,212	\$4,212	\$448,606

	CICG	PCG	MLIM	CORPORATE ITEMS (1)	TOTAL
THREE MONTHS ENDED SEPTEMBER 29, 2000					
Non-interest revenues	\$ 2,391	\$ 2,432	\$ 592	\$ (41) (2)	\$ 5,374
Net interest revenue(3)	352	413	23	(18) (4)	770
Net revenues	2,743	2,845	615	(59)	6,144
Non-interest expenses	1,896	2,457	465	15 (6)	4,833
Earnings (loss) before income taxes and dividends on preferred securities issued by subsidiaries	\$ 847	\$ 388	\$ 150	\$ (74)	\$ 1,311
Quarter-end total assets	\$255,228	\$ 99,837	\$2,235	\$ 4,391	\$361,691

</TABLE>

- (1) Including intersegment eliminations.
- (2) Primarily represents the elimination of intersegment revenues.
- (3) Management views interest income net of interest expense in evaluating results.
- (4) Represents Mercury financing costs.
- (5) Represents goodwill amortization of \$53 million and September 11th - related expenses of \$88 million, net of elimination of intersegment expenses of \$47 million.
- (6) Represents goodwill amortization of \$52 million, net of elimination of intersegment expenses of \$37 million.

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<TABLE>
<CAPTION>

(dollars in millions)

	CICG	PCG	MLIM	CORPORATE ITEMS (1)	TOTAL
NINE MONTHS ENDED SEPTEMBER 28, 2001					
<S>	<C>	<C>	<C>	<C>	<C>
Non-interest revenues	\$ 6,926	\$ 6,402	\$1,600	\$ (204) (2)	\$ 14,724
Net interest revenue(3)	1,064	1,335	45	(40) (4)	2,404
Net revenues	7,990	7,737	1,645	(244)	17,128
Non-interest expenses	6,015	6,800	1,344	80 (5)	14,239
Earnings (loss) before income taxes and dividends on preferred securities issued by subsidiaries	\$ 1,975	\$ 937	\$ 301	\$ (324)	\$ 2,889

	CICG	PCG	MLIM	CORPORATE ITEMS (1)	TOTAL
NINE MONTHS ENDED SEPTEMBER 29, 2000					
Non-interest revenues	\$ 8,504	\$ 8,064	\$1,790	\$ (174) (2)	\$ 18,184
Net interest revenue(3)	1,156	1,178	57	(74) (4)	2,317

Net revenues	9,660	9,242	1,847	(248)	20,501
Non-interest expenses	6,619	8,014	1,444	15 (6)	16,092
	-----	-----	-----	-----	-----
Earnings (loss) before income taxes and dividends on preferred securities issued by subsidiaries	\$ 3,041	\$ 1,228	\$ 403	\$ (263)	\$ 4,409
	=====	=====	=====	=====	=====

</TABLE>

- (1) Including intersegment eliminations.
(2) Primarily represents the elimination of intersegment revenues.
(3) Management views interest income net of interest expense in evaluating results.
(4) Represents Mercury financing costs.
(5) Represents goodwill amortization of \$156 million and September 11th - related expenses of \$88 million, net of elimination of intersegment expenses of \$164 million.
(6) Represents goodwill amortization of \$162 million, net of elimination of intersegment expenses of \$147 million.

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NOTE 4. COMPREHENSIVE INCOME

The components of comprehensive income are as follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPT. 28, 2001	SEPT. 29, 2000	SEPT. 28, 2001	SEPT. 29, 2000
<S>	<C>	<C>	<C>	<C>
Net earnings	\$ 422	\$ 885	\$ 1,837	\$ 2,907
Other comprehensive income (loss), net of tax:				
Currency translation adjustment	(36)	(22)	(47)	(89)
Net unrealized gain (loss) on investment securities available-for-sale	(202)	1	(209)	58
Deferred gain on cash flow hedges	56	-	95	-
Total other comprehensive loss, net of tax	(182)	(21)	(161)	(31)
Comprehensive income	\$ 240	\$ 864	1,676	\$ 2,876

</TABLE>

NOTE 5. EARNINGS PER COMMON SHARE

Information relating to earnings per common share computations follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPT. 28, 2001	SEPT. 29, 2000	SEPT. 28, 2001	SEPT. 29, 2000
<S>	<C>	<C>	<C>	<C>
Net earnings	\$ 422	\$ 885	\$ 1,837	\$ 2,907
Preferred stock dividends	10	10	29	29
Net earnings applicable to common stockholders	\$ 412	\$ 875	\$ 1,808	\$ 2,878

(shares in thousands)

Weighted-average shares outstanding	845,841	805,855	839,810	793,716
Effect of dilutive instruments (1) (2):				
Employee stock options	46,547	75,208	56,995	67,650
FCCAAP shares	26,947	30,602	27,435	29,384
Restricted Units	15,090	17,353	14,449	14,164
ESPP shares	44	30	64	79
Dilutive potential common shares	88,628	123,193	98,943	111,277
Total weighted-average diluted shares	934,469	929,048	938,753	904,993
Basic earnings per common share	\$ 0.49	\$ 1.09	\$ 2.15	\$ 3.63
Diluted earnings per common share	\$ 0.44	\$ 0.94	\$ 1.93	\$ 3.18

</TABLE>

- (1) During the 2001 and 2000 third quarter there were 52 million and 0 instruments, respectively, that were considered antidilutive and not included in the above computations.
- (2) See Note 11 to Consolidated Financial Statements in the 2000 Annual Report included as an exhibit to Form 10-K for a description of these instruments.

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NOTE 6. COMMITMENTS AND OTHER CONTINGENCIES

In the normal course of business, Merrill Lynch enters into underwriting commitments and commitments to extend credit. At September 28, 2001, Merrill Lynch had commitments to extend credit of \$32.0 billion, compared to \$31.1 billion at December 29, 2000. Included in these amounts are \$14.9 billion and \$11.1 billion, respectively of liquidity facilities related to certain structured products. The remainder is comprised of commercial paper back-up lines of credit, syndicated loans, mortgages and other institutional and retail commitments to extend credit.

As of September 28, 2001, Merrill Lynch has been named as parties in various actions, some of which involve claims for substantial amounts. Although the results of legal actions cannot be predicted with certainty, it is the opinion of management that the resolution of these actions will not have a material adverse effect on the financial condition of Merrill Lynch as set forth in the Consolidated Financial Statements, but may be material to Merrill Lynch's operating results for any particular period. Refer to Part II - Other Information for additional information on legal proceedings.

NOTE 7. REGULATORY REQUIREMENTS

Certain U.S. and non-U.S. subsidiaries are subject to various securities, banking and insurance regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. Merrill Lynch's principal regulated subsidiaries are discussed below.

Securities Regulation

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a U.S. registered broker-dealer, is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934. Under the alternative method permitted by this rule, the minimum required net capital, as defined, shall not be less than 2% of aggregate debit items arising from customer transactions. At September 28, 2001, MLPF&S's regulatory net capital of \$2,870 million was 15% of aggregate debit items, and its regulatory net capital in excess of the minimum required was \$2,489 million.

Merrill Lynch International ("MLI"), a U.K. registered broker-dealer, is subject to capital requirements of the Financial Services Authority ("FSA"). Financial resources, as defined, must exceed the total financial resources requirement of the FSA. At September 28, 2001, MLI's financial resources were \$4,780 million, exceeding the minimum requirement by \$1,057 million.

Merrill Lynch Government Securities Inc. ("MLGSI"), a primary dealer in U.S. Government securities, is subject to the capital adequacy requirements of the Government Securities Act of 1986. This rule requires dealers to maintain liquid capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At September 28, 2001, MLGSI's liquid capital of \$1,263 million was 207% of its total market and credit risk, and liquid capital in excess of the minimum required was \$530 million.

Banking Regulation

Two of the direct subsidiaries of ML & Co., Merrill Lynch Bank USA ("MLBUSA"), an FDIC-insured Utah chartered depository institution, and Merrill Lynch Bank & Trust Co. ("MLB&T"), an FDIC-insured New Jersey chartered depository institution, are each subject to certain minimum aggregate capital requirements under applicable federal banking laws. Among other things, Part 325 of the FDIC regulations establishes levels of Risk Based Capital ("RBC") each institution must maintain. RBC is defined as the ratio of (i) Tier 1 capital or Total capital to (ii) risk-weighted assets, as those terms are defined in the FDIC regulations. At September 28, 2001, MLBUSA had a Tier I

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RBC ratio of 11.12% and a Total RBC ratio of 11.84% and MLB&T had a Tier I RBC ratio of 12.67% and a Total RBC ratio of 12.68%. At September 28, 2001 MLBUSA had Tier I capital of \$3,553 million and MLB&T had Tier I capital of \$1,030 million.

MLBUSA and MLB&T have each entered into a synthetic securitization of specified reference portfolios of asset-backed securities ("ABS") owned by each institution totaling in aggregate up to \$20 billion. MLBUSA has also entered into a second synthetic securitization of a specified reference portfolio of ABS owned by the institution of up to \$20 billion. All the ABS in the reference portfolios are rated AAA and all are further insured as to principal and interest payments by an insurer rated AAA. The synthetic securitizations have allowed MLBUSA and MLB&T to reduce the credit risk on the respective reference portfolios by means of credit default swaps with bankruptcy-remote special purpose vehicles ("SPV"). In turn, each of the SPVs has issued a \$20 million credit linked note (\$40 million in total) to unaffiliated buyers. These transactions have resulted in reductions in each institution's risk-weighted assets. MLBUSA has retained a first risk of loss equity tranche of \$1 million in each of these transactions (\$2 million in total).

As a result of these transactions, MLBUSA has been able to reduce risk-weighted assets by \$20,186 million at September 28, 2001, thereby increasing its Tier I and Total RBC ratios by 431 basis points and 458 basis points, respectively. MLB&T has been able to reduce risk-weighted assets by \$2,091 million at September 28, 2001, thereby increasing its Tier I and Total RBC ratios by 259 basis points. These structures have not resulted in a material change in the distribution or concentration of risk in the retained portfolio.

NOTE 8. SEPTEMBER 11 - TERRORIST ATTACKS

On September 11th terrorists attacked the World Trade Center complex, which subsequently collapsed and damaged surrounding buildings, including some occupied by Merrill Lynch. These events precipitated the temporary relocation of approximately 9,000 employees from Merrill Lynch's global headquarters in the North Tower of the World Financial Center, and from offices at 222 Broadway and the South Tower of the World Financial Center.

Merrill Lynch is in the process of reoccupying and reestablishing business operations in the North Tower, has reoccupied 222 Broadway, and is restoring the South Tower. Although some of Merrill Lynch's businesses were temporarily disrupted, all its businesses are now functioning and serving clients worldwide. In certain instances, Merrill Lynch is utilizing temporary locations and backup infrastructures.

During the quarter ended September 28, 2001, Merrill Lynch recorded September 11th - related expenses of \$88 million (\$53 million after-tax), which are net of an insurance receivable of \$50 million. These expenses include costs related to the write-off of real estate leases and damaged assets; the purchase of some replacement equipment; and employee relocation, which required reconfiguring alternative office facilities, technology, and telecommunications and providing transportation. Merrill Lynch continues to incur additional September 11th - related expenses, including the purchase of additional equipment and the restoration of facilities. Therefore, the full financial impact to Merrill Lynch cannot be currently determined.

Merrill Lynch is insured for loss caused by physical damage to property. This includes repair or replacement of property and lost profits due to business interruption, including costs related to lack of access to facilities. During the fourth quarter, Merrill Lynch received its first insurance payment related to September 11th. Merrill Lynch expects to recognize additional insurance receivables in future periods. Insurance payments are based on cash expenditures, which will vary from expense recognition under generally accepted accounting principles.

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Merrill Lynch & Co., Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries ("Merrill Lynch") as of September 28, 2001, and the related condensed consolidated statements of earnings for the three-month and nine-month periods ended September 28, 2001 and September 29, 2000, and the condensed consolidated statements of cash flows for the nine-month periods ended September 28, 2001 and September 29, 2000. These financial statements are the responsibility of Merrill Lynch's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Merrill Lynch as of December 29, 2000, and the related consolidated statements of earnings, changes in stockholders' equity, comprehensive income and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2001, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 29, 2000 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

November 9, 2001

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Merrill Lynch & Co., Inc. ("ML & Co." and, together with its subsidiaries and affiliates, "Merrill Lynch") is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services worldwide. The financial services industry, in which Merrill Lynch is a leading participant, is highly competitive and highly regulated. This industry and the global financial markets are influenced by numerous uncontrollable factors. These factors include economic conditions, monetary and fiscal policies, the liquidity of global markets, international and regional political events, regulatory developments, the competitive environment, and investor sentiment. These conditions or events can significantly affect the volatility of financial markets and the order flow and revenues in businesses such as brokerage and trading.

The financial services industry continues to be affected by the intensifying competitive environment, as demonstrated by consolidation through mergers and acquisitions and competition from new entrants as well as established competitors using the Internet or other technology to establish or expand their businesses, and diminishing margins in many mature products and services. The Gramm-Leach-Bliley Act, passed in 1999, which repealed laws that separated commercial banking, investment banking and insurance activities, together with changes to the industry resulting from previous reforms, has increased the number of companies competing for a similar customer base.

In addition to providing historical information, Merrill Lynch may make or publish forward-looking statements about management expectations, strategic objectives, business prospects, anticipated financial performance, and other similar matters. A variety of factors, many of which are beyond its control, affect the operations, performance, business strategy, and results of Merrill Lynch and could cause actual results and experience to differ materially from the expectations and objectives expressed in these statements. These factors include, but are not limited to, the factors listed in the previous two paragraphs, as well as actions and initiatives taken by both current and

potential competitors, the effect of current, pending, and future legislation and regulation both in the United States and throughout the world, and the other risks detailed in Merrill Lynch's 2000 Form 10-K and in this Form 10-Q.

MERRILL LYNCH UNDERTAKES NO RESPONSIBILITY TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS.

 BUSINESS ENVIRONMENT

The weakness in global financial markets during the first half of 2001 worsened during the third quarter. Prior to September 11th the financial markets reflected the usual summer slowdown, a global economic downturn as well as decreased corporate profits. The September 11th attack on the World Trade Center resulted in the closure of the U.S. equity markets for four consecutive business days. In the immediate aftermath of the market close, trading volumes increased, but these volumes have not been sustained and the economic outlook has deteriorated as evidenced by a decrease in consumer confidence levels and declines in corporate earnings.

Long-term U.S. interest rates, as measured by the yield on the 10-year U.S. Treasury bond, slipped from 5.40% to 4.59% during the quarter. The yield on the longer-term 30-year Treasury bond fell to 5.43% during the quarter, from 5.75% at the end of the 2001 second quarter. The U.S. Federal Reserve Bank cut 75 basis points off both the federal funds rate and the discount rate during the 2001 third quarter, including a 50 basis point decrease following the events of September 11th. Credit spreads, which represent the risk premium over the risk-free rate paid by an issuer (based on the issuer's perceived creditworthiness), widened in the third quarter of 2001.

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U.S. equity indexes declined across the board, as the U.S. economy remained weak. The Nasdaq Composite Index declined 30.7% in the third quarter and 59.2% from the same period a year ago. The Dow Jones Industrial Average was down 15.8% in the third quarter, and 16.9% from the end of the third quarter 2000. The S&P 500 declined 15% in the third quarter, and dropped 27.5% from the end of the 2000 third quarter.

The Dow Jones World Index declined 15.6% in the third quarter of 2001, and 30.4% since the same period a year ago. The stock market in Japan, as measured by the Dow Jones Global Index, was down 21.5% in yen terms during the 2001 third quarter. Central banks in the United States, European Union, the United Kingdom and Switzerland cut interest rates during the quarter in an attempt to revive their economies.

Global stock and debt issuance volumes were virtually unchanged from the year-ago quarter, but were down 24.2% from the second quarter of 2001. Global debt underwriting volume was up 8.1% from the 2000 third quarter level, but was down 21.1% from the strong second quarter of 2001. Global equity underwriting volume declined approximately 49% from the 2000 third quarter and 2001 second quarter. Falling stock prices and lack of investor demand following September 11th contributed to the decline.

Merger and acquisition activity remained at low levels in the third quarter as a result of the global economic slowdown. In addition, the events of September 11th slowed deal-making to a near standstill. Both global and U.S. announced merger and acquisition volumes dropped approximately 46% from the third quarter of 2000, according to Thomson Financial Securities Data.

 RESULTS OF OPERATIONS

<TABLE>
 <CAPTION>

(dollars in millions, except per share amounts)	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	SEPT. 28, 2001	SEPT. 29, 2000	SEPT. 28, 2001	SEPT. 29, 2000
<S>	<C>	<C>	<C>	<C>
Total revenues	\$ 8,929	\$ 10,848	\$ 31,183	\$ 33,191
Net revenues	5,145	6,144	17,128	20,501
Pre-tax operating earnings(1)	774	1,311	2,977	4,409
Operating earnings, before September 11th- related expenses	475	885	1,890	2,907
Net earnings	422	885	1,837	2,907

Operating earnings per common share:(1)				
Basic	0.55	1.09	2.21	3.63
Diluted	0.50	0.94	1.99	3.18
Earnings per common share:				
Basic	0.49	1.09	2.15	3.63
Diluted	0.44	0.94	1.93	3.18
Annualized return on average common				
stockholders' equity - operating basis(1)	9.1 %	21.6 %	12.6 %	25.9 %
Operating pre-tax profit margin(1)	15.0	21.3	17.4	21.5

</TABLE>

(1) Excludes the impact of September 11th-related expenses.

Merrill Lynch's net earnings were \$422 million for the 2001 third quarter, 52% lower than the \$885 million reported in the third quarter of 2000. Earnings per common share were \$0.49 basic and \$0.44 diluted, compared with \$1.09 basic and \$0.94 diluted in the 2000 third quarter. Third quarter 2001 results include \$152 million of severance expenses, compared to \$70 million of such expenses in the 2000 third quarter. Third quarter 2001 earnings were reduced by six cents per diluted share as a result of \$88 million of pre-tax expenses (\$53 million after-tax) related to the September 11th attack on the World Trade Center. Details of these expenses are discussed in Non-Interest Expenses.

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Operating earnings, which are earnings excluding September 11th - related expenses, were \$475 million, or \$0.50 per diluted share, compared with \$885 million or \$0.94 per diluted share in last year's third quarter. The operating pre-tax profit margin for the quarter, on the same basis, was 15.0%, down from 21.3% in the third quarter of 2000.

Net revenues for the 2001 third quarter were \$5.1 billion, 16% below the third quarter of 2000. The decline in revenues was due primarily to lower commissions resulting from a decline in client transaction volumes as well as reduced equity trading revenues. Compensation and benefits expenses, which were 53.6% of net revenues in the third quarter of 2001, included severance costs of \$152 million. Excluding severance costs in 2001 and 2000, compensation and benefits expenses were 50.6% of net revenues in the 2001 third quarter, compared with 50.1% in last year's third quarter. Excluding September 11th-related expenses, non-compensation expenses were \$1.6 billion in the 2001 third quarter, down 4% from the comparable period a year ago.

For the first nine months of 2001, net earnings were \$1.8 billion, compared to \$2.9 billion for the corresponding period in 2000. Net revenues were \$17.1 billion, down 16% from the first nine months of 2000. Year-to-date operating earnings were \$1.9 billion, 35% lower than the first nine months of 2000. Included in these results are severance expenses of \$281 million and \$70 million, respectively, for the first nine months of 2001 and 2000. The effect of declining revenues on operating earnings was limited by a 12% reduction in year-to-date expenses, including a 6% reduction in non-compensation costs.

Year-to-date earnings per common share were \$2.15 basic and \$1.93 diluted, compared with \$3.63 basic and \$3.18 diluted for the first nine months of 2000. Excluding the impact of September 11th-related expenses, basic and diluted earnings per common share were \$2.21 and \$1.99, respectively and annualized year-to-date return on average common stockholder's equity was 12.6%.

As a result of current market conditions, management has announced its intention to accelerate actions throughout all businesses to respond to the current environment. Business reviews are underway to determine the appropriate sizing of each business and to identify opportunities to increase productivity and earnings through improved allocation of resources. These reviews are expected to be completed by the end of 2001 and may result in additional expenses.

BUSINESS SEGMENTS

Merrill Lynch reports its results in three business segments: Corporate and Institutional Client Group ("CICG"), Private Client Group ("PCG"), and Merrill Lynch Investment Managers ("MLIM"). CICG provides investment banking and capital market services to corporate, institutional, and governmental clients throughout the world. PCG provides wealth management services and products to individuals, small- to mid-size businesses and employee benefit plans for clients globally. MLIM provides investment management services to a wide variety of retail and institutional clients. For further information on services provided to clients within these segments, see the 2000 Form 10-K and the portions of the 2000 Annual Report included as an exhibit thereto.

Certain MLIM and CICG products are distributed by PCG distribution channels, and to a lesser extent, certain MLIM products are distributed through the

(dollars in millions) (DEC.)	2001	2000	(DEC.)	2001	2000
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Equities and equity derivatives (53)%	\$ 278	\$ 656	(58)%	\$ 1,459	\$ 3,099
Debt and debt derivatives	627	482	30	2,103	1,621
Total (25)	\$ 905	\$ 1,138	(20)	\$ 3,562	\$ 4,720

</TABLE>

Principal transactions and net interest profit includes realized and unrealized gains and losses from the purchase and sale of securities in which Merrill Lynch acts as principal. Changes in the composition of trading inventories and hedge positions can cause the recognition of principal transactions and net interest profit to fluctuate.

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Net interest profit is a function of the level and mix of total assets and liabilities, including financial instruments owned, reverse repurchase and repurchase agreements, trading strategies associated with CIG's institutional securities business, and the prevailing level, term structure and volatility of interest rates. Net interest profit is an integral component of trading activity. In assessing the profitability of its client facilitation and trading activities, Merrill Lynch views net interest profit and principal transactions in the aggregate.

Principal transactions and net interest profit were \$905 million in the third quarter of 2001, down 20% from \$1.1 billion in the third quarter of 2000. The decline in revenues was due primarily to reduced equity trading revenues, which was partially offset by an increase in debt trading revenues. Equity trading revenues declined as a result of lower transaction volumes, due in part to the closure of markets and business disruption in the aftermath of September 11th. Revenues were also impacted by reduced volatility before September 11th and the continued effect of lower stock prices on revenues from principal-traded markets. Debt trading revenues in the third quarter increased due primarily to derivatives and government bonds, as both businesses benefited from a steepening yield curve and declining interest rates. These increases were partially offset by markdowns in selected non-investment grade assets.

On a year-to-date basis, principal transactions and net interest profit were down 25% compared to the same period a year ago, as a significant decrease in equity and equity derivatives revenues more than offset the 30% increase in debt trading revenues. Debt trading revenues benefited from improved results in debt derivatives, investment grade and government debt trading, partially offset by reductions in emerging markets trading revenues. Results also reflect the positive impact of the first quarter 2001 sale of certain energy-trading assets.

Investment Banking

<TABLE>

<CAPTION>

(dollars in millions)	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED		
	SEPT. 28, 2001	SEPT. 29, 2000	% INC. (DEC.)	SEPT. 28, 2001	SEPT. 29, 2000	% INC. (DEC.)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Debt underwriting	\$ 136	\$ 131	4%	\$ 503	\$ 306	64%
Equity underwriting	318	359	(11)	1,022	1,166	(12)
Total underwriting	454	490	(7)	1,525	1,472	4
Strategic advisory services	294	268	10	891	945	(6)
Total	\$ 748	\$ 758	(1)	\$ 2,416	\$ 2,417	-

</TABLE>

Underwriting

Underwriting revenues represent fees earned from the underwriting of debt and equity securities as well as loan syndication and commitment fees.

Underwriting revenues in the third quarter of 2001 were \$454 million, down 7% from \$490 million in the third quarter of 2000. This decrease was due primarily

to a 11% decline in equity underwriting revenues, which resulted from an industry-wide slowdown in equity issuances. Despite lower revenues, Merrill Lynch continued to demonstrate leadership in debt and equity origination, ranking #1 in both global debt and global equity and equity-linked underwriting for the third quarter of 2001. In global equity underwriting, gains in market share during the third quarter were driven by leadership in equity-linked products, the global diversity of issuing clients and by Merrill Lynch's global distribution capability. Merrill Lynch also benefited from strong market shares in Europe and Asia.

Year-to-date underwriting revenues increased 4% from the comparable year-ago period to \$1.5 billion. Significant increases in debt underwriting revenues more than offset the decrease in equity underwriting revenues. Merrill Lynch had year-to-date market shares of 11.9% and 15.5% in global debt and equity and global equity and equity-linked underwriting, respectively. Merrill Lynch's underwriting market share information based on transaction value follows:

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<TABLE>
<CAPTION>

FOR THE THREE MONTHS ENDED				
	SEPT. 2001		SEPT. 2000	
	MARKET SHARE	RANK	MARKET SHARE	RANK
<S>	<C>	<C>	<C>	<C>
GLOBAL PROCEEDS				
Debt and equity	11.4%	1	13.3%	1
Debt	10.4	1	13.0	1
Equity and equity-linked	23.5	1	14.1	2
U.S. PROCEEDS				
Debt and equity	12.4%	1	15.2%	1
Debt	11.4	1	15.1	1
Equity and equity-linked	25.3	1	8.2	4

</TABLE>

Source: Thomson Financial Securities Data statistics based on full credit to book manager.

<TABLE>
<CAPTION>

FOR THE NINE MONTHS ENDED				
	SEPT. 2001		SEPT. 2000	
	MARKET SHARE	RANK	MARKET SHARE	RANK
<S>	<C>	<C>	<C>	<C>
GLOBAL PROCEEDS				
Debt and equity	11.9%	1	11.6%	1
Debt	11.5	1	11.9	1
Equity and equity-linked	15.5	1	9.2	4
U.S. PROCEEDS				
Debt and equity	14.0%	1	14.6%	1
Debt	13.4	1	14.4	1
Equity and equity-linked	19.2	1	9.8	5

</TABLE>

Source: Thomson Financial Securities Data statistics based on full credit to book manager.

Strategic Advisory Services

Strategic advisory services revenues, which include merger and acquisition and other advisory fees, were \$294 million in the third quarter of 2001, up 10% from the third quarter of 2000. On a year-to-date basis, Merrill Lynch ranked #2 with a market share of 26.5% in global announced transactions while advising on 12 of the top 25 transactions so far this year. Merrill Lynch improved its market share in U.S. completed transactions, with a 38.2% market share in the first nine months of 2001. Merrill Lynch's merger and acquisition market share information based on transaction value follows:

<TABLE>
<CAPTION>

FOR THE THREE MONTHS ENDED

	SEPT. 2001		SEPT. 2000	
	MARKET SHARE	RANK	MARKET SHARE	RANK
<S>	<C>	<C>	<C>	<C>
COMPLETED TRANSACTIONS				
Global	25.7%	3	26.1%	3
U.S.	28.9	3	19.3	4
ANNOUNCED TRANSACTIONS				
Global	38.8%	2	14.9%	6
U.S.	51.5	2	12.5	7

</TABLE>

Source: Thomson Financial Securities Data statistics based on full credit to both target and acquiring companies' advisors.

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<TABLE>
<CAPTION>

	FOR THE NINE MONTHS ENDED			
	SEPT. 2001		SEPT. 2000	
	MARKET SHARE	RANK	MARKET SHARE	RANK
<S>	<C>	<C>	<C>	<C>
COMPLETED TRANSACTIONS				
Global	29.9%	2	35.3%	3
U.S.	38.2	2	32.1	3
ANNOUNCED TRANSACTIONS				
Global	26.5%	2	22.2%	4
U.S.	33.2	3	27.9	3

</TABLE>

Source: Thomson Financial Securities Data statistics based on full credit to both target and acquiring companies' advisors.

Other Revenues

Other revenues, which include investment gains and losses and partnership distributions, declined 62% to \$99 million in the third quarter of 2001, compared with the 2000 third quarter. On a year-to-date basis, other revenues declined 39%, compared to the comparable period in 2000. These declines are due primarily to lower gains on investments.

PRIVATE CLIENT GROUP

PCG'S RESULTS OF OPERATIONS

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED		
	SEPT. 28, 2001	SEPT. 29, 2000	% INC. (DEC.)	SEPT. 28, 2001	SEPT. 29, 2000	%
INC. (dollars in millions) (DEC.)						
<S>	<C>	<C>	<C>	<C>	<C>	
Commissions (31)%	\$ 667	\$ 978	(32)%	\$ 2,301	\$ 3,348	
Principal transactions and new issue revenue (29)	328	458	(28)	1,199	1,685	
Asset management and portfolio service fees (2)	915	946	(3)	2,756	2,803	
Net interest profit	500	413	21	1,335	1,178	
Other revenues (36)	42	50	(16)	146	228	
Total net revenues (16)	\$ 2,452	\$ 2,845	(14)	\$ 7,737	\$ 9,242	

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Pre-tax earnings (24)	\$ 274	\$ 388	(29)	\$ 937	\$ 1,228
Pre-tax profit margin	11.2%	13.6%		12.1%	13.3%

</TABLE>

PCG continued to be impacted by reduced client transaction volumes for much of the third quarter due to the uncertain market environment and the usual summer slowdown. Third quarter 2001 net revenues for PCG were \$2.5 billion, 14% below the third quarter of last year and pre-tax earnings were \$274 million, 29% lower than the third quarter of 2000. PCG's pre-tax margin was 11.2%, compared to 13.6% in the year-ago quarter. PCG's results were stronger in the United States than outside. In the United States, PCG's pre-tax earnings for the 2001 third quarter were \$314 million, 17% below year-ago levels, on net revenues that were 11% below the 2000 third quarter. Outside the United States, PCG posted a pre-tax loss of \$40 million in the third quarter of 2001, compared with a pre-tax profit of \$11 million in the year-ago quarter. The decrease in non-U.S. quarterly earnings was due to the inclusion of Merrill Lynch's share of the loss on the Merrill Lynch HSBC joint venture in the 2001 third quarter as well as a decline in global trading volumes.

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PCG's year-to-date net revenues were \$7.7 billion, down 16% from the corresponding period in 2000 and pre-tax earnings were \$937 million, 24% lower than the first nine months of 2000. PCG's year-to-date pre-tax margin was 12.1%, compared with 13.3% in the same period a year ago. In the United States, PCG's pre-tax earnings for the first nine months of 2001 were \$988 million, 8% below year-ago levels, on net revenues that were 13% below the first nine months of 2000. Outside the United States, PCG posted a pre-tax loss of \$51 million in the first nine months of 2001, compared with a pre-tax profit of \$155 million in the year-ago period. The decline in non-U.S. pre-tax earnings in the 2001 period was the result of lower global trading volumes and the inclusion of Merrill Lynch's share of the loss on the Merrill Lynch HSBC joint venture.

PCG employed approximately 18,000 financial advisors at the end of the 2001 third quarter, down from 20,200 at the end of 2000. The reduction is the result of attrition, significantly reduced hiring and the consolidation of offices.

Commissions

Commissions revenue primarily arises from agency transactions in listed and over-the-counter equity securities, as well as sales of mutual funds, insurance products, and options.

Commissions revenue declined 32% to \$667 million in the third quarter of 2001 from \$978 million in the third quarter of 2000. Commissions revenue for the first nine months of 2001 were \$2.3 billion, 31% lower than the comparable period in 2000. These decreases were primarily due to a global decline in client transaction volumes, particularly in equities and mutual funds. In addition, as assets have moved from traditional transaction-priced accounts to asset-priced services, there has been a shift in revenue from commissions to portfolio service fees.

Principal transactions and new issue revenues

PCG's principal transactions and new issue revenues primarily represent bid-offer revenues in over-the-counter equity securities, government bonds and municipal securities as well as selling concessions on debt and equity products.

Principal transactions and new issue revenues declined 28% to \$328 million in the 2001 third quarter, as trading and equity new issue volume declined in a less favorable market environment, compared to the third quarter of 2000. Year-to-date revenues similarly decreased from \$1.7 billion in 2000 to \$1.2 billion in 2001.

Asset management and portfolio service fees

Asset management and portfolio service fees include asset management fees from taxable and tax-exempt money market funds as well as portfolio fees from fee-based accounts such as Unlimited Advantage (Service Mark) and Merrill Lynch Consults(Registered Trademark) and servicing fees related to such accounts.

Asset management and portfolio service fees declined 3% in the third quarter and 2% in the first nine months of 2001 compared to the year-ago periods. These declines are due primarily to a market-driven decline in assets in asset-priced accounts.

An analysis of changes in assets in Private Client accounts from September 29, 2000 to September 28, 2001 is detailed below:

<TABLE>
<CAPTION>

(dollars in billions)	NET CHANGES DUE TO			
	SEPT. 29, 2000	NEW MONEY	ASSET DEPRECIATION	SEPT. 28, 2001
<S>	<C>	<C>	<C>	<C>
Assets in Private Client accounts	\$ 1,565	\$ 84	\$ (351)	\$ 1,298

</TABLE>

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Total assets in U.S. Private Client accounts declined 17% from the end of the 2000 third quarter, to \$1.2 trillion, as a result of market-driven declines, partially offset by net new money inflows of \$67 billion. Outside the United States, client assets were \$127 billion, with \$3 billion of net new money in the 2001 third quarter and \$17 billion since the end of the 2000 third quarter. Total assets in asset-priced accounts were \$189 billion at the end of the 2001 third quarter, a decrease of 14% from the third quarter of 2000.

Net interest profit

Interest revenue for PCG is derived primarily from interest earned on the investment portfolio, primarily related to Merrill Lynch's U.S. banks, as well as interest earned on margin and other loans. Interest expense consists of interest paid on bank deposits and other borrowings.

Net interest profit was \$500 million in the 2001 third quarter, up 21% from \$413 million in the third quarter of 2000. Net interest profit for the first nine months of 2001 was \$1.3 billion, 13% higher than in the comparable period of 2000. The increases in net interest profit resulted from growth in deposits and the related investment portfolios at Merrill Lynch's U.S. banks as well as an increase in investment portfolio spreads, particularly following the rate cuts by the Federal Reserve.

Other revenues

Other revenues, which is primarily comprised of investment gains, decreased 16% from the 2000 third quarter to \$42 million in the third quarter of 2001. For the first nine months of 2001, other revenues were \$146 million, compared to \$228 million in the year-ago period.

MERRILL LYNCH INVESTMENT MANAGERS

MLIM'S RESULTS OF OPERATIONS

<TABLE>

<CAPTION>

(dollars in millions) (DEC.)	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	SEPT. 28, 2001	SEPT. 29, 2000	% (DEC.)	SEPT. 28, 2001	SEPT. 29, 2000
<S>	<C>	<C>	<C>	<C>	<C>
Commissions (30)%	\$ 68	\$ 102	(33)%	\$ 227	\$ 324
Asset management fees (7)	416	462	(10)	1,301	1,399
Other revenues (6)	31	51	(39)	117	124
Total net revenues (11)	\$ 515	\$ 615	(16)	\$ 1,645	\$ 1,847
Pre-tax earnings (25)	\$ 91	\$ 150	(39)	\$ 301	\$ 403
Pre-tax profit margin	17.7%	24.4%		18.3%	21.8%

</TABLE>

MLIM's financial results were affected by a market-driven decline in assets under management. Net revenues in the 2001 third quarter were \$515 million, 16% below the third quarter of last year. Pre-tax earnings were \$91 million in the third quarter of 2001, 39% lower than the 2000 third quarter. The pre-tax profit margin was 17.7%, compared with 24.4% in the third quarter of 2000.

Year-to-date, MLIM's net revenues were \$1.6 billion, down 11% from the year-ago period and pre-tax earnings were \$301 million, 25% lower than the first nine months of 2000. MLIM's year-to-date pre-tax margin was 18.3%, down from 21.8% for the same period last year.

Commissions

Commissions for MLIM predominately consist of distribution fees and redemption fees related to mutual funds. The distribution fees represent fees for promoting and distributing mutual funds ("12b-1 fees").

Commissions revenues declined 33% to \$68 million in the 2001 third quarter due to the impact of lower market values of mutual funds. Year-to-date 2001, commissions revenues decreased 30% from the same period a year ago.

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Asset management fees

Asset management fees primarily consist of fees earned from the management and administration of funds as well as performance fees earned by MLIM.

Asset management fees were \$416 million, a decline of 10% from the third quarter of 2000 due primarily to a market-driven decline in assets under management. Assets under management totaled \$507 billion at the end of the third quarter, down 11% from the third quarter of 2000. MLIM's assets under management include taxable and tax-exempt money market funds. Predominately all of the revenue for these funds is included in the results of PCG. These funds totaled \$81 billion at September 28, 2001. MLIM attracted \$4 billion and \$15 billion of net new money into assets under management during the third quarter and nine months of 2001, respectively. On a year-to-date basis, asset management fees decreased 7% to \$1.3 billion.

An analysis of changes in assets under management from September 29, 2000 to September 28, 2001 is as follows:

<TABLE>

<CAPTION>

(dollars in billions)	NET CHANGES DUE TO				SEPT. 28, 2001
	SEPT. 29, 2000	NEW MONEY	ASSET DEPRECIATION (1)	OTHER(2)	
<S>	<C>	<C>	<C>	<C>	<C>
Assets under management	\$ 571	\$ 27	\$ (80)	\$ (11)	\$ 507

</TABLE>

(1) Includes (\$2) billion impact of foreign exchange.

(2) Includes reinvested dividends of \$10 billion and net outflows of \$21 billion of retail money market funds which were transferred to bank deposits at Merrill Lynch's U.S. banks.

Other Revenues

Other revenues, which primarily include net interest profit and investment gains, decreased 39% from the third quarter of 2000 to \$31 million in the third quarter of 2001. On a year-to-date basis, other revenues decreased 6% to \$117 million.

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NON-INTEREST EXPENSES

Merrill Lynch's non-interest expenses are summarized below:

<TABLE>

<CAPTION>

(dollars in millions)	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	SEPT. 28, 2001	SEPT. 29, 2000	SEPT. 28, 2001	SEPT. 29, 2000
<S>	<C>	<C>	<C>	<C>
Compensation and benefits	\$ 2,757	\$ 3,146	\$ 8,978	\$ 10,572
Non-compensation expenses:				
Communications and technology	529	542	1,695	1,710
Occupancy and related depreciation	280	251	820	762
Advertising and market development	165	205	575	713
Brokerage, clearing, and exchange fees	219	206	697	672
Professional fees	115	147	408	462

<u><S></u>	<u><C></u>	<u><C></u>
<u>AVERAGE ASSETS</u>		
Marketable investment securities	\$37,068	149%
Receivables under resale agreements and securities borrowed transactions	15,139	14
Loans, notes and mortgages (net)	6,268	48
<u>AVERAGE LIABILITIES</u>		
Deposits	\$44,585	129%
Long-term borrowings	14,361	23
Commercial paper and other short-term borrowings	(12,669)	(53)
Payables under repurchase agreements and securities loaned transactions	15,198	16

</TABLE>

The significant growth in deposits in the first nine months of 2001 reflects the cash inflows from certain CMA(Registered Trademark) and other types of accounts from taxable money market funds, which are included in assets under management, to bank deposits at Merrill Lynch's U.S. banks. This increase in deposits was used by the U.S. banks to fund the growth in marketable investment securities. Additionally, receivables under resale agreements and securities borrowed transactions rose due to increased matched-book activity.

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CAPITAL ADEQUACY AND LIQUIDITY

The primary objectives of Merrill Lynch's capital structure and funding policies are to:

1. Ensure sufficient equity capital to absorb losses,
2. Support the business strategies, and
3. Assure liquidity at all times, across market cycles, and through periods of financial stress.

These objectives and Merrill Lynch's capital structure and funding policies are discussed more fully in the Annual Report on Form 10-K for the year ended December 29, 2000.

At September 28, 2001, Merrill Lynch's equity capital was comprised of \$20.7 billion in common equity, \$425 million in preferred stock, and \$2.7 billion of preferred securities issued by subsidiaries. Preferred securities issued by subsidiaries consist primarily of Trust Originated Preferred Securities (Service Mark) ("TOPrS"(Service Mark)). Based on various analyses and criteria, management believes that Merrill Lynch's equity capital base of \$23.8 billion is adequate.

Merrill Lynch's leverage ratios were as follows:

<u><S></u>	<u><C></u>	<u><C></u>
<u><TABLE></u>		
<u><CAPTION></u>		
	LEVERAGE RATIO (1)	ADJUSTED LEVERAGE RATIO (2)

<u>PERIOD-END</u>		
September 28, 2001	18.8x	13.1x
December 29, 2000	19.4x	13.9x
<u>AVERAGE (3)</u>		
Nine months ended September 28, 2001	18.8x	13.3x
Year ended December 29, 2000	19.0x	13.2x

</TABLE>

- (1) Total assets to total stockholders' equity and preferred securities issued by subsidiaries.
- (2) Total assets less (a) receivables under resale agreements and securities borrowed transactions and (b) securities received as collateral to total stockholders' equity and preferred securities issued by subsidiaries.
- (3) Computed using month-end balances.

An asset-to-equity leverage ratio does not reflect the risk profile of assets, hedging strategies, or off-balance sheet exposures. Thus, Merrill Lynch does not rely on overall leverage ratios to assess risk-based capital adequacy.

Commercial paper outstanding totaled \$4.5 billion at September 28, 2001 and \$14.0 billion at December 29, 2000, which was 1% and 3% of total assets at September 28, 2001 and year-end 2000, respectively. Deposits at Merrill Lynch's banking subsidiaries have increased from \$67.6 billion at year-end 2000 to \$83.7 billion at September 28, 2001, including \$70.4 billion at Merrill Lynch's U.S. banks. The U.S. bank deposits were primarily invested in high quality marketable

investment securities. Outstanding long-term borrowings increased to \$79.8 billion at September 28, 2001 from \$70.2 billion at December 29, 2000. In the second quarter of 2001, Merrill Lynch issued Liquid Yield Option(Trademark) Notes ("LYONs"(Registered Trademark)) due in 2031 totaling \$2.4 billion at September 28, 2001. LYONs are zero-coupon senior debt instruments convertible into Merrill Lynch common stock at a premium under certain defined terms and conditions. Major components of the change in long-term borrowings during the first nine months of 2001 follow:

<TABLE>

<CAPTION>

(dollars in billions)

<S>	<C>
Balance at December 29, 2000	\$70.2
Issuances	28.0
Maturities	(19.5)
Other, net	1.1

Balance at September 28, 2001 (1)	\$79.8
	=====

</TABLE>

(1) At September 28, 2001, \$54.0 billion of long-term borrowings had maturity dates beyond one year.

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In addition to equity capital sources, Merrill Lynch views long-term debt as a stable funding source for its core balance sheet assets. As a further enhancement to liquidity, the firm maintains a portfolio of unencumbered U.S. government and agency obligations, and asset-backed securities of high credit quality which was valued at \$8.0 billion at September 28, 2001, and \$7.5 billion at December 29, 2000. These assets may be sold or pledged to provide immediate liquidity even during periods of adverse market conditions and are in addition to other highly liquid securities that the firm holds for business purposes. Another source of liquidity is a committed, senior, unsecured bank credit facility which at September 28, 2001 totaled \$7 billion and was not drawn upon. Additionally, Merrill Lynch maintains access to significant uncommitted credit lines, both secured and unsecured, from a large group of banks.

The cost and availability of unsecured financing generally are dependent on credit ratings. Merrill Lynch's senior long-term debt, preferred stock, and TOPRS were rated by several recognized credit rating agencies at September 28, 2001 as indicated below. These ratings do not reflect outlooks that may be expressed by the rating agencies from time to time, some of which are currently negative.

<TABLE>

<CAPTION>

RATING AGENCY	SENIOR DEBT RATINGS	PREFERRED STOCK RATINGS	TOPRS RATINGS
	<C>	<C>	<C>
-----	-----	-----	-----
Dominion Bond Rating Service Ltd	AA (Low)	Not Rated	Not Rated
Fitch	AA	AA-	AA-
Moody's Investors Service, Inc.	Aa3	A2	A1
Rating and Investment Information, Inc.	AA	A+	A+
Standard & Poor's Rating Service	AA-	A	A

</TABLE>

RISK MANAGEMENT

Risk-taking is an integral part of Merrill Lynch's core business activities. In the course of conducting its business operations, Merrill Lynch is exposed to a variety of risks. These risks include market, credit, liquidity, process, and other risks that are material and require comprehensive controls and management. The responsibility and accountability for these risks remain primarily with the individual business units. For a full discussion of Merrill Lynch's risk management, see the Annual Report on Form 10-K for the year ended December 29, 2000.

Market Risk

Value-at-risk ("VaR") is an estimate of the amount that Merrill Lynch's present portfolios could lose with a specified degree of confidence over a given time interval. The VaR for Merrill Lynch's overall portfolios is less than the sum of the VaRs for individual risk categories because movements in different risk categories occur at different times and, historically, extreme movements have not occurred in all risk categories simultaneously. The difference between the

sum of the VaRs for individual risk categories and the VaR calculated for all risk categories is shown in the following tables and may be viewed as a measure of the diversification within Merrill Lynch's portfolios. Merrill Lynch believes that the tabulated risk measures provide some guidance as to the amount Merrill Lynch could lose in future periods and it works continuously to improve the methodology and measurement of its VaR. However, like all statistical measures, especially those that rely heavily on historical data, VaR needs to be interpreted with a clear understanding of its assumptions and limitations.

The Merrill Lynch VaR system uses a historical simulation approach to estimate value-at-risk using a 99% confidence level and a two-week holding period for trading and non-trading portfolios. Sensitivities to market risk factors are aggregated and combined with a database of historical biweekly changes in market factors to simulate a series of profits and losses. The level of loss that is exceeded in that series 1% of the time is used as the estimate for the 99% confidence level VaR. In

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addition to the overall VaR, which reflects diversification in the portfolio, VaR amounts are presented for major risk categories, including exposure to volatility risk found in certain products, e.g., options. The table that follows presents Merrill Lynch's VaR for its trading portfolios at September 28, 2001 and December 29, 2000 as well as daily average VaR for the three months ended September 28, 2001. Additionally, high and low VaR for the third quarter of 2001 is presented independently for each risk category and overall.

<TABLE>
<CAPTION>

(dollars in millions)	SEPT. 28, 2001	DEC. 29, 2000	DAILY AVERAGE 3Q01	HIGH 3Q01	LOW 3Q01
<S>	<C>	<C>	<C>	<C>	<C>
Trading value-at-risk(1)					
Interest rate and credit spread	\$ 56	\$ 81	\$ 78	\$ 121	\$ 52
Equity	67	77	61	83	48
Commodity	-	9	1	5	-
Currency	11	14	8	17	1
Volatility	27	34	28	39	22
	161	215	176		
Diversification benefit	(51)	(116)	(84)		
Overall(2)	\$ 110	\$ 99	\$ 92	\$ 122	\$ 76

</TABLE>

- (1) Based on a 99% confidence level and a two-week holding period.
(2) Overall VaR using a 95% confidence level and a one-day holding period was \$14 million at September 28, 2001 compared with \$20 million at December 29, 2000.

Due to systems limitations immediately following September 11th, certain data supporting the daily average VaR was unavailable or only partially available.

Overall VaR at September 28, 2001 was higher than the year-end level as a decrease in the diversification benefit more than offset decreases in all risk categories.

Merrill Lynch's energy trading business, for which VaR has severe limitations as a risk measure, has been excluded from the table above. During the first quarter of 2001, Merrill Lynch sold the majority of its energy-trading assets. Although Merrill Lynch entered into a thirty-month non-compete covenant in connection with this asset sale, some energy-trading positions remain.

The following table presents Merrill Lynch's VaR for its non-trading portfolios (excluding U.S. banks):

<TABLE>
<CAPTION>

(dollars in millions)	SEPT. 28, 2001	DEC. 29, 2000
<S>	<C>	<C>
Non-trading value-at-risk(1)		
Interest rate and credit spread	\$ 70	\$ 67
Currency	18	23
Equity	47	47
Volatility	8	3
	143	140
Diversification benefit	(49)	(44)

Overall	\$ 94	\$ 96
---------	-------	-------

</TABLE>

(1) Based on a 99% confidence level and a two-week holding period.

Non-trading VaR does not include risk related to Merrill Lynch's \$2.4 billion of outstanding LYONs since management expects that the LYONs will be converted to common stock and will not be replaced by fixed income securities. Non-trading VaR decreased slightly since year-end 2000.

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In addition to the amounts reported in the accompanying table, non-trading interest rate VaR associated with Merrill Lynch's TOPrS at September 28, 2001 and December 29, 2000 was \$88 million and \$138 million, respectively. TOPrS, which are fixed-rate perpetual preferred securities, are considered a component of Merrill Lynch's equity capital and, therefore, the associated interest rate sensitivity is not hedged.

Beginning in 2000, cash flows from client funds in certain CMA and other types of accounts were redirected from taxable money market funds to bank deposits at Merrill Lynch's U.S. banks. This increase in deposits was used to fund the growth in high credit quality marketable investment securities. The overall VaR for the U.S. banks, driven largely by these securities and based on a 99% confidence interval and a two-week holding period, was \$210 million and \$113 million at September 28, 2001 and December 29, 2000, respectively. The increase in the banks' VaR is primarily due to the growth in asset levels.

Credit Risk

Merrill Lynch enters into International Swaps and Derivatives Association, Inc. master agreements or their equivalent ("master netting agreements") with each of its derivative counterparties as soon as possible. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset on the Consolidated Balance Sheets, providing for a more meaningful balance sheet presentation of credit exposure.

In addition, to reduce default risk, Merrill Lynch requires collateral, principally U.S. Government and agency securities, on certain derivative transactions. From an economic standpoint, Merrill Lynch evaluates default risk exposures net of related collateral. The following is a summary of counterparty credit ratings for the replacement cost (net of \$6.9 billion of collateral) of trading derivatives in a gain position by maturity at September 28, 2001. (Please note that the following table is inclusive of credit exposure from derivative transactions only and does not include other credit exposures, which may be material).

<TABLE>

<CAPTION>

CREDIT RATING(1)	YEARS TO MATURITY				CROSS-MATURITY NETTING(2)	TOTAL
	0-3	3-5	5-7	OVER 7		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AAA	\$ 4,541	\$ 1,489	\$ 1,124	\$ 3,038	\$ (1,017)	\$ 9,175
AA	4,076	2,457	1,210	1,669	(3,107)	6,305
A	3,523	1,764	678	1,387	(1,479)	5,873
BBB	1,110	482	261	521	(361)	2,013
Other	656	513	200	263	(403)	1,229
Total	\$13,906	\$ 6,705	\$ 3,473	\$ 6,878	\$ (6,367)	\$24,595

</TABLE>

(1) Represents credit rating agency equivalent of internal credit ratings.

(2) Represents netting of payable balances with receivable balances for the same counterparty across maturity band categories. Receivable and payable balances with the same counterparty in the same maturity category, however, are net within the maturity category.

In addition to obtaining collateral, Merrill Lynch attempts to mitigate its default risk on derivatives whenever possible by entering into transactions with provisions that enable Merrill Lynch to terminate or reset the terms.

NON-INVESTMENT GRADE HOLDINGS

Non-investment grade holdings and highly leveraged transactions involve risks related to the creditworthiness of the issuers or counterparties and the

liquidity of the market for such investments. Merrill Lynch recognizes these risks and, whenever possible, employs strategies to mitigate exposures. The specific components and overall level of non-investment grade and highly-leveraged positions may vary significantly from period to period as a result of inventory turnover, investment sales, and asset redeployment.

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In the normal course of business, Merrill Lynch underwrites, trades, and holds non-investment grade cash instruments in connection with its investment banking, market-making, and derivative structuring activities. Non-investment grade holdings have been defined as debt and preferred equity securities rated as BB+ or lower, or equivalent ratings by recognized credit rating agencies, sovereign debt in emerging markets, amounts due under derivative contracts from non-investment grade counterparties, and other instruments that, in the opinion of management, are non-investment grade.

In addition to the amounts included in the following table, derivatives may also expose Merrill Lynch to credit risk related to the underlying security where a derivative contract either synthesizes ownership of the underlying security (e.g., long total return swaps) or can potentially force ownership of the underlying security (e.g., short put options). Derivatives may also subject Merrill Lynch to credit spread or issuer default risk, in that changes in credit spreads or in the credit quality of the underlying securities may adversely affect the derivatives' fair values. Merrill Lynch seeks to manage these risks by engaging in various hedging strategies to reduce its exposure associated with non-investment grade positions, such as purchasing an option to sell the related security or entering into other offsetting derivative contracts.

Merrill Lynch provides financing and advisory services to, and invests in, companies entering into leveraged transactions, which may include leveraged buyouts, recapitalizations, and mergers and acquisitions. Merrill Lynch provides extensions of credit to leveraged companies in the form of senior and subordinated debt, as well as bridge financing on a select basis. In addition, Merrill Lynch syndicates loans for non-investment grade companies or in connection with highly leveraged transactions and may retain a residual portion of these loans.

Merrill Lynch holds direct equity investments in leveraged companies and interests in partnerships that invest in leveraged transactions. Merrill Lynch has also committed to participate in limited partnerships that invest in leveraged transactions. Future commitments to participate in limited partnerships and other direct equity investments will be made on a select basis.

 TRADING EXPOSURES

The following table summarizes Merrill Lynch's trading exposure to non-investment grade or highly-leveraged issuers or counterparties:

<TABLE>
 <CAPTION>

(dollars in millions)	Sept. 28, 2001	Dec. 29, 2000
<S>	<C>	<C>
Trading assets:		
Cash instruments	\$ 4,100	\$ 5,227
Derivatives	3,793	3,982
Trading liabilities - cash instruments	(992)	(1,087)
Collateral on derivative assets	(2,564)	(1,796)
	-----	-----
Net trading asset exposure	\$ 4,337	\$ 6,326
	=====	=====

 </TABLE>

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Included in the preceding table are debt and equity securities and bank loans of companies in various stages of bankruptcy proceedings or in default. At September 28, 2001, the carrying value of such debt and equity securities totaled \$53 million, of which 67% resulted from Merrill Lynch's market-making activities in such securities. This compared with \$43 million at December 29, 2000, of which 64% related to market-making activities. Also included are distressed bank loans totaling \$255 million and \$122 million at September 28, 2001 and December 29, 2000, respectively.

NON-TRADING EXPOSURES

The following table summarizes Merrill Lynch's non-trading exposures to non-investment grade or highly leveraged corporate issuers or counterparties:

<TABLE>

<CAPTION>

(dollars in millions)	Sept. 28, 2001	Dec. 29, 2000
<S>	<C>	<C>
Marketable investment securities	\$ 237	\$ 199
Investments of insurance subsidiaries	119	136
Loans (net of allowance for loan losses):		
Bridge loans	195	524
Other loans(1)	2,639	2,741
Other investments:		
Partnership interests (2)	1,405	993
Other equity investments (3)	149	284

</TABLE>

(1) Represents outstanding loans to 140 and 135 companies at September 28, 2001 and December 29, 2000, respectively.

(2) Includes \$883 million and \$504 million in investments at September 28, 2001 and December 29, 2000, respectively, related to deferred compensation plans, for which the default risk of the investments generally rests with the participating employees.

(3) Includes investments in 78 and 98 enterprises at September 28, 2001 and December 29, 2000, respectively.

The following table summarizes Merrill Lynch's commitments with exposure to non-investment grade or highly-leveraged counterparties:

<TABLE>

<CAPTION>

(dollars in millions)	SEPT. 28, 2001	DEC. 29, 2000
<S>	<C>	<C>
Additional commitments to invest in partnerships	\$ 315	\$ 467
Unutilized revolving lines of credit and other lending commitments	2,743	3,664

</TABLE>

NEW ACCOUNTING PRONOUNCEMENTS

In September 2000, the Financial Accounting Standards Board released SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, a replacement of SFAS No. 125, which revises the standards for accounting for securitizations and other transfers of financial assets and collateral. On April 1, 2001, Merrill Lynch adopted the provisions of this statement that were required to be adopted in the second quarter of 2001. These provisions changed the accounting for certain securities lending transactions. Under the new provisions, when Merrill Lynch acts as the lender in a securities lending agreement and receives securities as collateral that can be pledged or sold, it recognizes on the Consolidated Balance Sheet, the securities received as well as an obligation to return the securities lent. Accordingly, Merrill Lynch's accompanying Consolidated Balance Sheet as of September 28, 2001 separately reflects these assets and liabilities.

In July 2001, the Financial Accounting Standards Board released Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations and No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires all business combinations initiated after June 30, 2001, to be accounted for using the purchase method. Merrill Lynch adopted the provisions of SFAS No. 141 on July 1, 2001. Under SFAS No. 142, intangible assets with indefinite lives and goodwill will no longer be amortized. Instead, these assets will be tested annually for impairment. Merrill Lynch will adopt the provisions of SFAS No. 142 at the beginning of fiscal year 2002. The full impact of adoption is yet to be determined, however, annual reported amortization expense related to these assets approximates \$200 million.

<TABLE>

<CAPTION>

 STATISTICAL DATA

QTR.	3RD QTR. 2000	4TH QTR. 2000	1ST QTR. 2001	2ND QTR. 2001	3RD
<S>	<C>	<C>	<C>	<C>	<C>
CLIENT ASSETS (dollars in billions):					
Private Client					
U.S.	\$ 1,417	\$ 1,337	\$ 1,254	\$ 1,318	\$
Non-U.S.	148	140	131	136	
Total Private Client Assets	1,565	1,477	1,385	1,454	
MLIM direct sales(1)	203	204	179	181	
Total Client Assets	\$ 1,768	\$ 1,681	\$ 1,564	\$ 1,635	\$
ASSETS IN ASSET-PRICED ACCOUNTS	\$ 220	\$ 209	\$ 193	\$ 208	\$
ASSETS UNDER MANAGEMENT:					
Retail	\$ 269	\$ 250	\$ 233	\$ 230	\$
Institutional	257	262	250	260	
Private Investors(2)	45	45	42	43	
Equity	337	321	282	286	
Fixed-income	101	108	118	118	
Money market	133	128	125	129	
U.S.	350	333	319	325	
Non-U.S.	221	224	206	208	
U.S. BANK DEPOSITS	\$ 38	\$ 55	\$ 66	\$ 67	\$
UNDERWRITING:					
Global Debt and Equity:					
Volume (dollars in billions)	\$ 109	\$ 79	\$ 134	\$ 125	\$
Market share	13.3%	11.6%	12.5%	11.5%	
U.S. debt and equity:					
Volume (dollars in billions)	\$ 77	\$ 55	\$ 113	\$ 102	\$
Market share	15.2%	13.0%	16.1%	13.5%	
FULL-TIME EMPLOYEES:					
U.S.	52,700	51,800	50,400	49,100	
Non-U.S.	20,000	20,200	19,900	19,100	
Total	72,700	72,000	70,300	68,200	

Private Client Financial Advisors 18,000	20,200	20,200	19,500	18,600	

INCOME STATEMENT - OPERATING BASIS: (3)					
Operating earnings (dollars in millions) 475	\$ 885	\$ 877	\$ 874	\$ 541	\$
Annualized return on average common stockholders' equity 9.1%	21.6%	20.0%	18.4%	10.7%	
Earnings per common share:					
Basic 0.55	\$ 1.09	\$ 1.07	\$ 1.04	\$ 0.63	\$
Diluted 0.50	0.94	0.93	0.92	0.56	

BALANCE SHEET (dollars in millions):					
Total assets \$448,606	\$361,691	\$407,200	\$431,604	\$423,071	
Total stockholders' equity 21,090	\$ 17,171	\$ 18,304	\$ 19,939	\$ 20,691	\$
Book value per common share 24.38	\$ 20.70	\$ 21.95	\$ 23.28	\$ 24.02	\$
SHARE INFORMATION (in thousands):					
Weighted-average shares outstanding:					
Basic 845,841	805,855	811,943	832,195	841,394	
Diluted 934,469	929,048	930,688	937,954	943,836	
Common shares outstanding 847,538	809,069	814,572	838,389	843,772	

</TABLE>

- (1) Reflects funds managed by MLIM not sold through Private Client channels.
(2) Represents segregated portfolios for individuals, small corporations and institutions.
(3) Excluding September 11th - related expenses.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

IPO Allocation Cases. On October 22, 2001, the parties entered into a Stipulation of Dismissal to dismiss without prejudice the purported shareholder derivative action described in ML & Co.'s Form 10-Q for the quarter ended June 29, 2001.

Research Cases. Merrill Lynch is one of numerous financial services firms that have been named as defendants in a number of purported class actions involving challenges to the independence of research recommendations issued by firms that both issue research and conduct investment banking. The complaints seek unspecified damages and other relief. Merrill Lynch intends to defend itself vigorously against these actions.

Unilever Case. On October 16, 2001, a trial began in the Commercial Division of the High Court in London, England involving a claim by Unilever Superannuation Trustees Limited as corporate trustee of the Unilever Superannuation Fund (the "Fund") alleging that Mercury Asset Management Ltd ("Mercury") invested assets of the Fund negligently between January 1997 and March 1998. Merrill Lynch acquired Mercury in December 1997 and Mercury's name was changed to Merrill Lynch Investment Managers Limited, which is the defendant in the action. The Fund is seeking (pound)130 million (approximately \$190 million at current exchange rates) in damages. The defendant is defending itself vigorously against this action.

Although the ultimate outcome of these actions cannot be predicted with certainty, it is the opinion of management that the resolution of these actions will not have a material adverse effect on the financial condition of Merrill Lynch, but may be material to Merrill Lynch's operating results for any particular period.

ITEM 5. OTHER INFORMATION

The 2002 Annual Meeting of Stockholders will be held at 10:00 a.m. on Friday, April 26, 2002 at the Merrill Lynch Conference and Training Center, 800 Scudders Mill Road, Plainsboro, New Jersey. Any stockholder of record entitled to vote generally for the election of directors may nominate one or more persons for election at the Annual Meeting only if proper written notice, as set forth in ML

& Co.'s Certificate of Incorporation, has been given to the Secretary of ML & Co., 222 Broadway, 17th Floor, New York, New York 10038, no earlier than February 8, 2002 and no later than March 7, 2002. In addition, any stockholder intending to bring any other business before the meeting must provide proper written notice, as set forth in ML & Co.'s By-Laws, to the Secretary of ML & Co. on or before March 7, 2002. In order to be included in ML & Co.'s proxy statement, stockholder proposals must be received by ML & Co. no later than November 16, 2001.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- (4) Instruments defining the rights of security holders, including indentures:

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, ML & Co. hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of the instruments defining the rights of holders of long-term debt securities of ML & Co. that authorize an amount of securities constituting 10% or less of the total assets of ML & Co. and its subsidiaries on a consolidated basis.

- (12) Statement re: computation of ratios

- (15) Letter re: unaudited interim financial information

(b) Reports on Form 8-K

The following Current Reports on Form 8-K were filed with or furnished to the Securities and Exchange Commission during the quarterly period covered by this report:

- (i) Current Report dated July 5, 2001 for the purpose of filing the form of ML & Co.'s Strategic Return Notes linked to the Institutional Holdings Index due June 28, 2006.
- (ii) Current Report dated July 11, 2001 for the purpose of furnishing notice of a webcast of a conference call scheduled for July 17, 2001 to review ML & Co.'s operating results.
- (iii) Current Report dated July 17, 2001 for the purpose of filing ML & Co.'s Preliminary Unaudited Earnings Summary for the three- and six-month periods ended June 29, 2001.
- (iv) Current Report dated July 24, 2001 for the purpose of announcing the election of E. Stanley O'Neal as president and chief operating officer of ML & Co.
- (v) Current Report dated August 1, 2001 for the purpose of filing ML & Co.'s Preliminary Unaudited Consolidated Balance Sheet as of June 29, 2001.
- (vi) Current Report dated August 3, 2001 for the purpose of filing the form of ML & Co.'s Strategic Return Notes linked to the Select Ten Index due July 31, 2006.

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- (vii) Current Report dated August 31, 2001 for the purpose of filing the form of ML & Co.'s S&P 500 Market Index Target-Term Securities due August 29, 2008.
- (viii) Current Report dated September 4, 2001 for the purpose of furnishing notice of a webcast of a presentation by ML & Co.'s chairman and chief executive officer scheduled for September 10, 2001.
- (ix) Current Report dated September 11, 2001 for the purpose of disclosing the temporary disruption of the securities markets and certain of Merrill Lynch's businesses.
- (x) Current Report dated September 28, 2001 for the purpose of filing the form of ML & Co.'s Market Index Target-Term Securities based upon the Dow Jones Industrial Average due September 29, 2008.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERRILL LYNCH & CO., INC.

(Registrant)

Date: November 9, 2001

By:

/s/ Thomas H. Patrick

Thomas H. Patrick
Executive Vice President and
Chief Financial Officer

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INDEX TO EXHIBITS

Exhibits

- 12 Statement re: computation of ratios
- 15 Letter re: unaudited interim financial information

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<TABLE>
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EXHIBIT 12

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND
COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(dollars in millions)

ENDED	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS	
	Sept. 28, 2001	Sept. 29, 2000	Sept. 28, 2001	
----- Sept. 29, 2000 ----- <S> <C>	<C>	<C>	<C>	
Pre-tax earnings 4,409	\$ 686	\$ 1,311	\$ 2,889	\$
Add: Fixed charges (excluding capitalized interest and preferred security dividend requirements of subsidiaries) 12,860	3,843	4,759	14,223	
----- Pre-tax earnings before fixed charges 17,269 ----- =====	4,529	6,070	17,112	
Fixed charges: Interest 12,668 Other (a) 350	3,777	4,697	14,028	
----- Total fixed charges 13,018 ----- =====	3,896	4,812	14,381	
Preferred stock dividend requirements 41	14	13	42	
Total combined fixed charges ----- and preferred stock dividends 13,059 ----- =====	\$ 3,910	\$ 4,825	\$ 14,423	\$
RATIO OF EARNINGS TO FIXED CHARGES 1.33	1.16	1.26	1.19	
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS 1.32	1.16	1.26	1.19	

(a) Other fixed charges consist of the interest factor in rentals, amortization of debt issuance costs, preferred security dividend requirements of subsidiaries, and capitalized interest.

</TABLE>

November 9, 2001

Merrill Lynch & Co., Inc.
4 World Financial Center
New York, NY 10080

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim condensed consolidated financial information of Merrill Lynch & Co., Inc. and subsidiaries ("Merrill Lynch") as of September 28, 2001 and for the three-month and nine-month periods ended September 28, 2001 and September 29, 2000, as indicated in our report dated November 9, 2001; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 28, 2001, is incorporated by reference in the following documents, as amended:

Filed on Form S-8:

Registration Statement No. 33-41942 (1986 Employee Stock Purchase Plan)

Registration Statement No. 33-17908 (Incentive Equity Purchase Plan)

Registration Statement No. 33-33336 (Long-Term Incentive Compensation Plan)

Registration Statement No. 33-51831 (Long-Term Incentive Compensation Plan)

Registration Statement No. 33-51829 (401(k) Savings and Investment Plan)

Registration Statement No. 33-54154 (Non-Employee Directors' Equity Plan)

Registration Statement No. 33-54572 (401(k) Savings and Investment Plan (Puerto Rico))

Registration Statement No. 33-56427 (Amended and Restated 1994 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-55155 (1995 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-60989 (1996 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-00863 (401(k) Savings & Investment Plan)

Registration Statement No. 333-09779 (1997 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-13367 (Restricted Stock Plan for Former Employees of Hotchkis and Wiley)

Registration Statement No. 333-15009 (1997 KECALP Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-17099 (Deferred Unit and Stock Unit Plan for Non-Employee Directors)

Registration Statement No. 333-18915 (Long-Term Incentive Compensation Plan for Managers and Producers)

Registration Statement No. 333-32209 (1998 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-33125 (Employee Stock Purchase Plan for Employees of Merrill Lynch Partnerships)

Registration Statement No. 333-41425 (401(k) Savings & Investment Plan)

Registration Statement No. 333-56291 (Long-Term Incentive Compensation Plan for Managers and Producers)

Registration Statement No. 333-60211 (1999 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-62311 (Replacement Options; Midland Walwyn Inc.)

Registration Statement No. 333-85421 (401(k) Savings and Investment Plan)

Registration Statement No. 333-85423 (2000 Deferred Compensation Plan
For a Select Group of Eligible Employees)

Registration Statement No. 333-92663 (Long-Term Incentive Compensation
Plan for Managers and Producers)

Registration Statement No. 333-44912 (2001 Deferred Compensation Plan for
a Select Group of Eligible Employees)

Registration Statement No. 333-64676 (1986 Employee Stock Purchase Plan)

Registration Statement No. 333-64674 (Long-Term Incentive Compensation
Plan for Managers and Producers)

Registration Statement No. 333-68330 (2002 Deferred Compensation Plan for
a Select Group of Eligible Employees)

Filed on Form S-3:

Debt Securities, Warrants, Common Stock, Preferred Securities, and/or
Depository Shares:

Registration Statement No. 33-54218

Registration Statement No. 2-78338

Registration Statement No. 2-89519

Registration Statement No. 2-83477

Registration Statement No. 33-03602

Registration Statement No. 33-17965

Registration Statement No. 33-27512

Registration Statement No. 33-33335

Registration Statement No. 33-35456

Registration Statement No. 33-42041

Registration Statement No. 33-45327

Registration Statement No. 33-45777

Registration Statement No. 33-49947

Registration Statement No. 33-51489

Registration Statement No. 33-52647

Registration Statement No. 33-55363

Registration Statement No. 33-60413

Registration Statement No. 33-61559

Registration Statement No. 33-65135

Registration Statement No. 333-13649

Registration Statement No. 333-16603

Registration Statement No. 333-20137

Registration Statement No. 333-25255

Registration Statement No. 333-28537

Registration Statement No. 333-42859

Registration Statement No. 333-44173

Registration Statement No. 333-59997

Registration Statement No. 333-68747

Registration Statement No. 333-38792

Registration Statement No. 333-52822

Medium Term Notes:

Registration Statement No. 2-96315

Registration Statement No. 33-03079

Registration Statement No. 33-05125

Registration Statement No. 33-09910

Registration Statement No. 33-16165

Registration Statement No. 33-19820

Registration Statement No. 33-23605

Registration Statement No. 33-27549

Registration Statement No. 33-38879

Other Securities:

Registration Statement No. 333-02275 (Long-Term Incentive Compensation Plan)

Registration Statement No. 333-24889 (Long-Term Incentive Compensation Plan, and Long-Term Incentive Compensation Plan for Managers and Producers)

Registration Statement No. 333-36651 (Hotchkis and Wiley Resale)

Registration Statement No. 333-59263 (Exchangeable Shares of Merrill Lynch & Co., Canada Ltd. re: Midland Walwyn Inc.)

Registration Statement No. 333-67903 (Howard Johnson & Company Resale)

Registration Statement No. 333-45880 (Herzog, Heine, Geduld, Inc. Resale)

We are also aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP