MERRILL LYNCH INTERNATIONAL & CO. C.V.

UNAUDITED

GENERAL PARTNER'S REPORT AND CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
30 JUNE 2010

CONTENTS

GENERAL PARTNER'S INTERIM REPORT
For the six months ended 30 June 2010

The General Partner presents its non-statutory report and the unaudited condensed financial statements of Merrill Lynch International & Co. C.V. (the "Partnership") for the six months ended 30 June 2010.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES

The General Partner is responsible for the preparation of Partnership condensed financial statements in accordance with applicable United Kingdom Accounting Standards.

The condensed financial statements are required to give a true and fair view of the state of affairs of the Partnership at 30 June 2010 and of the profit or loss of the Partnership for the period then ended. In preparing these condensed financial statements, the General Partner has to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the condensed financial statements on the going concern basis unless as it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and which enables it to prepare financial statements that comply with applicable United Kingdom Accounting Standards. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUSINESS REVIEW

The principal activities of the Partnership are;

- the issuance of warrants and related financial instruments. The market risks associated with these warrants and related financial instruments are hedged with an affiliate company, and
- the distribution of Merrill Lynch managed funds and other managed fund products to third parties on which the Partnership receives fee income.

The Partnership has its head office in Netherlands Antilles with branches in Dubai and Panama. There have been no changes in the principal activities of the Partnership during the period and the General Partner is satisfied with the Partnership's performance for the period and the financial position at 30 June 2010.

The profit for the period, after taxation, amounted to $2,748,000 (six months to 30 June 2009 – loss $740,000).

The turnover for the period amounted to $119,982,000 (six months to 30 June 2009 - $101,559,000).

The administrative expenses for the period amounted to $95,690,000 (six months to 30 June 2009 - $81,352,000).

RISK MANAGEMENT

The Partnership is exposed to market risk, credit risk, operational risk and liquidity risk.

However, as the Partnership economically hedges its market risk exposure to another affiliated company, it retains minimal residual risk. Any residual risk is managed at a Bank of America Corporation ("BAC") group level in accordance with established risk management policies and procedures.

GENERAL PARTNER'S INTERIM REPORT
For the six months ended 30 June 2010

PARTNERSHIP'S POLICY FOR PAYMENT OF CREDITORS

The current policy is to pay creditors and other suppliers in accordance with the terms of payment agreed at the time the contract is made.

This report was approved by the General Partner and authorised for issue on
and signed on its behalf.

Angel Alvarez 8/24/2010

Angel Alvarez
For and on behalf of ML Cayman Holdings Inc., as General Partner

PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2010

	Note	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
TURNOVER	3	**119,982**	101,559
Administrative expenses		**(95,690)**	(81,352)
OPERATING PROFIT	4	**24,292**	20,207
Interest receivable and similar income	5	**1,115**	940
Interest payable and similar charges	6	**(22,554)**	(21,870)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,853**	(723)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	8	**(105)**	(17)
PROFIT/(LOSS) FOR THE PERIOD BEFORE PARTNER'S PROFIT/(LOSS) ALLOCATION		**2,748**	(740)
GENERAL PARTNER'S PROFIT/(LOSS) ALLOCATION	16	**(2,748)**	740
PROFIT FOR THE PERIOD AFTER PARTNER'S PROFIT/(LOSS) ALLOCATION		**-**	-

Turnover and operating profit derive wholly from continuing operations.

There were no recognised gains and losses for the periods presented above other than those included in the profit and loss account.

The notes on pages 5 to 13 form part of these financial statements.

BALANCE SHEET
As at 30 June 2010 and 31 December 2009

	Note	30 June $000	30 June $000	31 December $000	31 December $000
FIXED ASSETS					
Tangible fixed assets	9		1,311		1,400
Investments	10		12,993		12,993
			14,304		14,393
CURRENT ASSETS					
Long inventory positions	11	7,570,276		12,311,342	
Trade debtors	12	1,351,412		4,892,320	
Other debtors and prepayments	13	2,019,567		1,810,312	
Cash at bank and in hand		1,458		1,199	
		10,942,713		19,015,173	
CREDITORS: amounts falling due within one year					
Short inventory positions	14	10,076,974		18,248,354	
Trade creditors	15	7,170		7,860	
Partners' capital and income accounts	16	788,914		763,616	
Other creditors including tax and social security	17	83,959		9,736	
		10,957,017		19,029,566	
NET CURRENT LIABILITIES			(14,304)		(14,393)
TOTAL ASSETS LESS CURRENT LIABILITIES			-		-
NET ASSETS			-		-

The financial statements were approved by the General Partner on and signed on its behalf.

Angel Alvarez 8/24/2010

Angel Alvarez

The notes on pages 5 to 13 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The condensed financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The going concern assumption has been used in the preparation of the financial statements.

1.2 Accounting period

The Partner's six month period consisted of a twenty-six week (2009: twenty-six) period ending on the last day in June (2009: 30 June).

1.3 Accounting convention

The financial statements have been prepared under the historical cost convention, as modified to include inventories at fair value. The Partnership does not maintain historical cost information on inventories or items designated at fair value as this is not relevant to the business.

1.4 Turnover

Turnover includes:

Fees
Mutual fund distribution fees are recognised on an accruals basis.

Service fee income
Charges made to affiliated undertakings to remunerate the Partnership for services provided or reimburse expenditure incurred by the Partnership are recognised on an accruals basis.

1.5 Segmental reporting

The Partnership's activities are the issuance of warrants and related financial instruments, and the distribution of Merrill Lynch managed funds and other managed fund products, which represents two separate classes of business. All turnover and expenditure relates to the managed funds business. The Partnership does not meet additional disclosure requirements of SSAP 25 Segmental Reporting and has therefore chosen not to present any additional segmental analysis.

1.6 Translation of foreign currencies

Revenues and expenses arising from transactions to be settled in foreign currencies are translated into U.S. Dollars at average monthly market rates of exchange. Monetary assets and liabilities are translated into U.S. Dollars at the market rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of foreign currencies are reflected in the profit and loss account.

The financial statements have been presented in US Dollars which is also the functional currency of the Partnership.

	2010	2009
June month end exchange rate (USD/GBP)	1.4946	1.6468

1. ACCOUNTING POLICIES (continued)

1.7 Financial assets

The Partnership classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

The Partnership classifies derivatives as long inventory positions which are classified as held for trading and measured at fair value through profit and loss. All remaining financial assets are classified as loans and receivables.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity upon initial recognition designates as at fair value through profit or loss; or (b) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are carried at amortised cost using the effective interest rate method less an allowance for any impairment. Interest calculated using the effective interest rate method is recognised through profit and loss.

1.8 Financial liabilities

The Partnership classifies issued warrants as short inventory positions which are classified as held for trading and are measured at fair value through profit and loss. Gains and losses are recognised through the profit and loss account as they arise. All remaining financial liabilities are carried at amortised cost.

1.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value through the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative, except for where the Partnership intends to settle on a net basis, see note 1.14.

1.10 Derecognition of financial assets

The Partnership derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Partnership neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Partnership recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Partnership retains substantially all the risks and rewards of ownership of a transferred financial asset, the Partnership continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.11 Investments

Investments in debt securities are classified as loans and receivables.

1. ACCOUNTING POLICIES (continued)

1.12 Impairment of financial assets held at amortised cost

The Partnership assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account.

1.13 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

1.14 Netting

Where the Partnership intends to settle (with any of its debtors or creditors) on a net basis, or intends to realise the asset and settle the liability simultaneously, and the Partnership has the legal right to do so, the balance included within the financial statements is the net balance due to or from the counterparty.

1.15 Depreciation

Tangible fixed assets are stated at cost and are written down to their estimated residual value on a straight line basis over their expected useful lives, as shown below

Short-term leasehold improvements are depreciated on a straight-line basis over the remaining period of the lease or ten years, whichever is the shorter.

Office equipment - Two to five years

1.16 Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

1.17 Interest receivable and similar income

Interest receivable and similar income comprise interest received on balances with affiliated companies and is recognised on an accruals basis using the effective interest rate method.

1.18 Interest payable and similar charges

Interest payable and similar charges comprise interest payable on balances with affiliated companies and is recognised on an accruals basis. It also includes appropriations payable to the Limited and Preferred Partner, which are recognised on an accruals basis using the effective interest rate method.

1.19 Partners' capital and income accounts

Partners' capital is credited to the relevant partner's account within Partners' capital and income accounts. Capital contributions that meet the definition of debt under Financial reporting Standard No. 25 – Financial instruments: Disclosure and Presentation ("FRS 25") are recorded as liabilities.

Where applicable interest on Partners' capital is treated as dividends or interest depending on the classification of the contributions as discussed above.

Partner's rights and entitlements are discussed in note 16.

2. PRINCIPAL ACTIVITIES

The principal activities of the Partnership are;

- the issuance of warrants and related financial instruments. The market risk associated with these warrants and related financial instruments are hedged with an affiliate company, and
- the distribution of Merrill Lynch managed funds and other managed fund products to third parties on which it receives fee income.

3. TURNOVER

	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
Service fee income		
Fees	**4,193**	3,845
	115,789	97,714
	119,982	101,559

4. OPERATING PROFIT

Operating profit is stated after (crediting)/charging the following:

	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
Depreciation of tangible fixed assets (see note 9)	**117**	27
Auditors' remuneration	**-**	7
Employee costs (see note 7)	**2,993**	1,993
Loss/(gain) on foreign exchange	**147**	(21)
Service fee expense	**91,370**	78,291
Charges under operating leases on land and buildings	**208**	402
Other operating expenses	**855**	653

Service fee expense includes $91,370,000 paid to Merrill Lynch Pierce Fenner & Smith Inc. primarily relating to distribution fees.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
From affiliated undertakings	**1,115**	940

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
- To Limited Partner (see note 16)	11	10
- To Preferred Partner (see note 16)	22,539	21,855
- To other affiliated undertakings	4	5
	22,554	21,870

Under FRS 25 the appropriations paid to the Limited and Preferred Partners are classified as liabilities and distributions accruing to them are classified as interest payable and similar charges.

7. EMPLOYEES

Employee costs were as follows:

	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
Salaries and benefits	2,846	1,781
Social security and other costs	147	212
	2,993	1,993

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
Current tax:		
Tax on profits/(loss) of the six months	85	-
Foreign tax	20	17
Total current tax	105	17

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for period

The tax assessed for the period is higher (2009: lower) than the standard rate of corporation tax in the Netherlands Antilles applicable to the Partnership (3%). The differences are explained below:

	Six months ended 30 June 2010 $000	Six months ended 30 June 2009 $000
Profit/(loss) on ordinary activities before tax	**2,853**	(723)
Profit/ (loss) on ordinary activities multiplied by the standard rate of corporation tax in the Netherlands Antilles of 3% (2009 - 3%)	**85**	(22)
Effects of:		
Impact of foreign taxes	**20**	(5)
Impact of Netherlands Antilles head office losses'	**-**	44
Current tax charge for six months	**105**	17

The Partnership is subject to taxes on income earned both within and outside the Netherlands Antilles. Branches of the Partnership operating outside the Netherlands Antilles are subject to income taxes at rates applicable in those countries. Tax expense represents management's calculation of taxes due on earnings and the effect of changes in estimates for the prior year.

9. TANGIBLE FIXED ASSETS

	Leasehold improvements $000	**Office equipment $000**	**Total $000**
Cost			
At 31 December 2009	**2,362**	**1,010**	**3,372**
Additions	**27**	**1**	**28**
Disposals	**-**	**(46)**	**(46)**
At 30 June 2010	**2,362**	**992**	**3,354**
Depreciation			
At 31 December 2009	**1,061**	**911**	**1,972**
Charge for the period	**102**	**15**	**117**
Disposals	**-**	**(46)**	**(46)**
At 30 June 2010	**1,163**	**880**	**2,043**
Net book value			
At 31 December 2009	1,301	99	1,400
At 30 June 2010	**1,199**	**112**	**1,311**

10. INVESTMENTS

	Unlisted investments $000
Cost	
At 31 December 2009 and 30 June 2010	12,993

11. LONG INVENTORY POSITIONS

	30 June 2010 $000	31 December 2009 $000
Contractual agreements:		
Options and swaps	7,570,276	12,311,342

Long inventory positions are "held for trading" and therefore measured at fair value through profit and loss.

The Partnership is only exposed to credit risk with other affiliated companies (see also trade debtors), which represents its maximum credit exposure.

12. TRADE DEBTORS

	30 June 2010 $000	31 December 2009 $000
Amounts owed by affiliated undertakings	1,351,412	4,892,320

13. OTHER DEBTORS AND PREPAYMENTS

	30 June 2010 $000	31 December 2009 $000
Amounts owed by affiliated undertakings	2,019,073	1,809,786
Other debtors and prepayments	494	526
	2,019,567	1,810,312

14. SHORT INVENTORY POSITIONS

	30 June 2010 $000	31 December 2009 $000
Issued warrants	10,076,974	18,248,354

Short inventory positions are "held for trading" and therefore measured at fair value through profit and loss.

15. TRADE CREDITORS

	30 June 2010 $000	31 December 2009 $000
Amounts owed to affiliated companies	7,170	7,860
	7,170	7,860

16. PARTNERS' CAPITAL AND INCOME ACCOUNTS

	General Partner $000	Preferred Partner $000	Limited Partner $000	Total $000
Balance at 31 December 2009	116,247	647,157	212	763,616
Partner's Interest	-	22,539	11	22,550
Profit for the period	2,748	-	-	2,748
Balance at 30 June 2010	118,995	669,696	223	788,914

The rights and entitlements of the Partners in relation to allocations of Earnings and Profits shall be divided into General Partner, the Limited Partner and Preferred Partner.

The General Partner's interest entitles the holder to voting rights in the Partnership and 100% of net profit / loss after the allocation of net profit / loss due to the Limited Partner and the Preferred Partner.

The Limited Partner's interest entitles the holder to no voting rights in the Partnership and net profits / losses up to the value of 10% of the average amount in their capital account.

The Preferred Partner's interest entitles the holder to no voting rights in the Partnership and net profits up to the value of 7% of the Preferred Partner's preferred partnership contribution.

Any Partner may withdraw from the Partnership at the end of any accounting period provided written notice is received by 1 November of any accounting period or on any other dated approved by the Directing Partner. The Preferred Partner's capital is also mandatorily redeemable on 1 November 2031.

Under FRS 25 the Limited, Preferred and General Partnership Interests meet the definition of debt. Accordingly, Partners' capital and Partners' income is recorded within liabilities.

17. OTHER CREDITORS INCLUDING TAX AND SOCIAL SECURITY

	30 June 2010 $000	31 December 2009 $000
Amounts owed to affiliated undertakings	80,377	1,998
Other creditors and accruals	3,463	2,308
Taxation	119	5,430
	83,959	9,736

18. RELATED PARTY TRANSACTIONS

The Partnership has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard 8 - Related Party Disclosures, as it is a wholly owned subsidiary undertaking and the consolidated financial statements of the ultimate parent company are publicly available as noted below.

There were no related party transactions other than those with affiliated undertakings covered by the exemption noted above.

19. PARENT UNDERTAKINGS

The General Partner of the Partnership is ML Cayman Holdings Inc., and the ultimate parent company and controlling party is BAC, a company incorporated in the State of Delaware in the United States of America ("U.S.A"). The parent company of the largest group that includes the Partnership and for which group financial statements are prepared is BAC. Copies of BAC's financial statements can be obtained from the Corporate Secretary's office, 101 South Tryon Street, Charlotte, North Carolina, 28255, U.S.A.