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**HIGH NET WORTH INDIVIDUALS RANK ‘LUXURY COLLECTIBLES’
AS TOP ON LIST OF “INVESTMENTS OF PASSION”**

***Merrill Lynch and Capgemini World Wealth Report Finds Items
Such as Automobiles, Boats, and Aircraft Account for More than
26 Percent of all Investments of Passion Allocations***

New York, July 11 – As the world’s 9.5 million High Net Worth Individuals (HNWIs) develop an increasingly more global outlook with diversified interests, “investments of passion” have become an important portfolio allocation, according to the 2007 World Wealth Report, issued recently by Merrill Lynch (NYSE: MER) and Capgemini. These investments of passion include: luxury collectibles (automobiles, boats, aircraft), jewelry, art, sports-related investments (professional teams, sailing, race horses) and other collectables categories (wines, antiques, coins, etc.).

The Report revealed that luxury collectibles ranked first, accounting for more than 26% of all HNWI investments of passion in 2006. As wealth continued to concentrate in the hands of the Ultra-HNWIs, luxury collectables became a top seller over the last year, with collectors buying classic automobiles and private aircraft.

2 – Investments of Passion

“As HNWIs have become citizens of the world they have parlayed a deep knowledge of many cultures into a diverse set of interests and hobbies,” said Bertrand Lavayssière, Group Director, Capgemini Financial Services. “Now, in addition to overall portfolio returns, socially responsible investing, global diversification, and an increased focus on philanthropy, investments of passion have become yet another objective that HNWIs incorporate when assessing their overall goals and are developing wealth management strategies.”

The Report notes that the art market was rated second in the category of investments of passion, with 20% of HNWIs allocations. Art has become a very popular commodity and many wealthy investors - even those without a particular passion for collecting - now see paintings, drawings and sculpture as viable vehicles for diversifying their portfolios given the low correlation between art prices and the market cyclicity of stocks, bonds and real estate.

Jewelry followed with 16% allocated to this luxury market. Jewelry showed greater geographic variations than other investments of passion. In 2006, this category was most popular with Middle Easterners, who directed 32% of their investments of passion into jewelry. Europeans, Latin Americans and North Americans, by contrast, each allocated less than 20%.

As investments of passion continue to be of great interest to HNWIs, the cost of luxury goods and services rose nearly twice as fast as the cost of everyday consumer products in 2006. The Report compares the consumption of luxury goods versus everyday consumer products. The cost of the luxury items tracked by the *Forbes*' Cost of Living Extremely Well Index (CLEWI)¹ rose 7.0% while the cost of consumer goods and services, monitored by the Consumer Price Index (CPI), rose 4.0%. This represents a significant increase in relative inflation of luxury goods over 2005, when the CLEWI rose 4.0% and the CPI by 3.6%.

The Report concludes that the growing buying power of emerging market HNWIs will continue to drive demand for lifestyle and luxury brands. However, this upturn carries with it the risk that as the number of HNWIs interested in investments of passion primarily for purposes of financial gain increases, so does the possibility that these items will become overvalued. Financial service firms will have to delicately balance the financial and collectible interests of these investors.

1. *Forbes Magazine*, “The Cost of Living Extremely Well Index” (New York: Forbes, October 9, 2006) p.54

About Merrill Lynch

Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies with offices in 37 countries and territories and total client assets of approximately \$1.6 trillion. As an investment bank, it is a leading global trader and underwriter of securities and derivatives across a broad range of asset classes and serves as a strategic advisor to corporations, governments, institutions and individuals worldwide. Merrill Lynch owns approximately half of BlackRock, one of the world's largest publicly traded investment management companies with more than \$1 trillion in assets under management. For more information on Merrill Lynch, please visit www.ml.com.

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Note to Editors/Reporters: A copy of the 2007 World Wealth Report is available online at www.us.capgemini.com/worldwealthreport or www.ml.com.

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