



October 22nd 2007

Capgemini Contact:

Karen Cohen

karen.cohen@capgemini.com

516 607 9652

Merrill Lynch Contact:

Mark Tsang

mark_tsang@ml.com

852 2536 3366

**MERRILL LYNCH AND CAPGEMINI RELEASE
SECOND ANNUAL ASIA-PACIFIC WEALTH REPORT**

Assets of High Net Worth Individuals in Asia-Pacific Rise to US\$8.4 Trillion

China and Japan Account for More Than 60% of Region's High Net Worth wealth; Singapore, India and Indonesia are fastest-growing HNWI populations

[Asian City], [Date] – Spurred by strong GDP and market capitalization growth, Asia-Pacific's High Net Worth Individual (HNWI¹) population grew to 2.6 million last year, an increase of 8.6%, according to the second annual Asia-Pacific Wealth Report, released today by Merrill Lynch and Capgemini. Asia-Pacific accounts for 27.1% of the global HNWI population.

The wealth of Asia-Pacific HNWIs totaled US\$8.4 trillion in 2006, an increase of 10.5% over 2005. HNWI wealth was concentrated in Japan and China, which accounted for 43.7% and 20.6%, respectively, of the region's total wealth.

Asia-Pacific was home to five of the 10 fastest growing markets for HNWIs, including Singapore, India and Indonesia, where the HNWI populations grew by 21.2%, 20.5% and 16.0%, respectively, compared with the global HNWI expansion of 8.3%. Korea and Hong Kong were also in the top 10 fastest growing markets globally.

The latest Asia-Pacific Wealth Report takes an in-depth look at the high net worth population and behavior in nine regional markets – Australia, China, Hong Kong, India, Indonesia, Japan, Singapore, South Korea and Taiwan. These markets account for almost 94% of the region's 2.6 million HNWIs.

“Although the vast majority of Asia-Pacific's HNWIs hold between US\$1 million and US\$5 million in net financial assets, we are seeing a sharp rise in the number of Ultra-HNWIs² – people with more than US\$30 million in assets,” says Gregory Smith, Vice President Wealth Management, Capgemini Australia. “This is particularly evident in China, where that country's phenomenal economic growth is reflected in a high concentration of Ultra-HNWIs. According to our findings,

¹ Individuals with net assets of at least US\$1 million, excluding their primary residence and consumables

² Individuals with net assets of at least US\$30 million, excluding their primary residence and consumables

more than 28% of the 17,500 Ultra-HNWIs in the region are in China”, says Dirk Chanmueller, Vice President, Capgemini China.

“Overall, it’s a story of growth, growth and more growth for the HNWI marketplaces throughout the region,” says Rahul Malhotra, Managing Director, Head of Asia Pacific, Merrill Lynch Global Wealth Management. *“While HNWI investment behaviors differ from market to market, the underlying drivers of wealth remain strong overall and we expect the region will continue to outpace the global rate of growth in HNWI wealth.”*

Drivers of Wealth

The key drivers of wealth in Asia-Pacific in 2006 were strong growth in real GDP and stock market capitalizations.

The Asia-Pacific region showed among the highest GDP growth rates in the world. China and India drove the region with 10.5% and 8.8% real GDP growth, respectively. Additionally, savings rates, as a percentage of GDP, were higher in Asia-Pacific than most developed markets. China, Singapore and Hong Kong all had domestic savings rates in excess of 40%.

China, Indonesia, India and Hong Kong benchmark stock indices outperformed most mature capital markets, as well as their peer markets in the region with returns over 30%.

Non-traditional investment products are gaining in popularity as Asian investors seek better domestic returns and foreign institutions seek involvement in the high-growth region. For example, real estate investment in Asia-Pacific has grown due to the strong performance of commercial property and REITs (real estate investment trusts).

Asia-Pacific HNWI Investments

Within the region, asset allocation differed significantly from market to market. Australian HNWIs, for example, allocated 37% of their assets to equities, the highest level in the region. Investors in China and Indonesia also had relatively high equity allocations. Investors in South Korea, on the other hand, allocated the largest percentage of their portfolios to real estate.

Asia-Pacific HNWIs are increasingly looking at internationalizing their investment portfolios and, over the longer term, re-balancing their asset allocations in favor of alternative investments, equities and fixed income. In addition, Asia-Pacific HNWIs are increasing their international exposure although still maintain a very regional portfolio focus. Slightly more than half of Asia-Pacific HNWIs’ assets were invested within the region and slightly more than a quarter of their holdings were allocated to North America.

Spotlight on Asia-Pacific Distinctive Local Market Opportunities

HNWI investment behaviors differ from market to market in key attributes such as sources of wealth, demographics, concentration of Ultra-HNWIs and the level of portfolio internationalization.

The primary sources of wealth for China and Australia, for example, are business and stock options, whereas inheritance and income are the main wealth sources for Japan’s HNWIs.

The majority of HNWI's in all markets are male; however, the proportions of male HNWI's are highest in India, Australia and South Korea at more than 80%. On the other hand, females represent 43% of Taiwan's HNWI population, and more than 30% in China and Hong Kong, the report found.

“The intensifying competition for HNWI clients, the strong growth in HNWI wealth and numbers and the varying individual product maturity across HNWI markets, pose significant challenges and complexities to the financial advisory firms servicing these markets,” says Gregory Smith. “Already we are seeing sharper pricing, product commoditization and a shortage of qualified advisers across the region.”

About Merrill Lynch

Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies with offices in 38 countries and territories and total client assets of approximately \$1.7 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.

About Capgemini

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, which it calls the Collaborative Business Experience. Capgemini reported 2006 global revenues of EUR 7.7 billion and employs more than 80,000 people worldwide. More information is available at www.capgemini.com

Capgemini is positioned with deep industry experience, enhanced service offerings and next generation global delivery to serve the financial services industry. With a network of 15,000 professionals serving over 900 clients worldwide, we move businesses forward with leading solutions and best practices in Banking, Insurance, Capital Markets and Investments. For more information, please visit www.capgemini.com/financialservices.

Note to Editors/Reporters: To download the 2007 Asia-Pacific Wealth Report, please visit www.capgemini.com/wealth

#