Merrill Lynch International & Co. C.V.
Kaya W.F.G. (Jombi) Mensing 36
Curaçao

MERRILL LYNCH INTERNATIONAL & CO. C.V. FILES ANNUAL FINANCIAL REPORT

Curaçao, May 21, 2012 – Merrill Lynch International & Co. C.V. today informs its security holders that its Annual Financial Report for the year ended December 31, 2011 has been filed with the Luxembourg Stock Exchange, the Officially Appointed Mechanism of Luxembourg, Merrill Lynch International & Co. C.V.'s home Member State. A copy of this Annual Financial Report is attached to this release.

Merrill Lynch International & Co. C.V. makes available free of charge on the website referred to below its Annual and Half-Yearly Financial Reports filed with the Luxembourg Stock Exchange as soon as reasonably practicable after Merrill Lynch International & Co. C.V. electronically files these documents with the Luxembourg Stock Exchange. These documents are posted on Bank of America Corporation's website at http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=merrill_lynch under "Subsidiary Financials".

The Luxembourg Stock Exchange maintains a website that contains reports and other information that issuers are required to file with it. These materials may be obtained electronically by accessing the Luxembourg Stock Exchange's home page at http://www.bourse.lu/Accueil.jsp

Copies of the above referenced information will also be made available, free of charge, by calling +1 904.987.1360 or upon written request to:

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Contact: Eric R. Billings, Bank of America Merrill Lynch, +1 904.987.1360

To the best of my knowledge, the financial statements of Merrill Lynch International & Co. C.V. (the "Partnership") for the year ended 31 December 2011 have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Partnership.

The General Partner's Annual Report includes a fair review of the development and performance of the business and the position of the Partnership, together with a description of the principal risks and uncertainties that it faces.

Michael S. Chomicki

Michael S. Chomicki

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

21 May 2012

Registered number 11705 (0)

MERRILL LYNCH INTERNATIONAL & CO. C.V.

GENERAL PARTNER'S ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

CONTENTS

GENERAL PARTNER'S ANNUAL REPORT
For the year ended 31 December 2011

The General Partner presents its non-statutory annual report and the audited financial statements of Merrill Lynch International & Co. C.V. ("the Partnership") for the year ended 31 December 2011.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES

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

The financial statements are required to give a true and fair view of the state of affairs of the Partnership at 31 December 2011 and of the profit or loss of the Partnership for the year then ended. In preparing these financial statements, the General Partner is required 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 financial statements on the going concern basis unless 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.

PRINCIPAL ACTIVITIES AND 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 head office of the Partnership is in Curacao with branches in Dubai and Panama. There have been no changes in the principal activities of the Partnership during the year and the General Partner is satisfied with the Partnership's level of business for the year and the financial position at year end.

The loss for the year, after taxation, amounted to $15,445,000 (2010 – profit $8,443,000). The loss principally arose as a result of increased service fees as described in note 3.
The turnover for the year amounted to $247,217,000 (2010 - $245,250,000).
The administrative expenses for the year amounted to $217,155,000 (2010 - $196,776,000).

RISK MANAGEMENT

The Partnership's risk management objectives and policies, as well as exposures in relation to the principal risks of market risk, credit risk, operational risk and liquidity risk are more fully described in note 18.

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

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.

GENERAL PARTNER'S ANNUAL REPORT
For the year ended 31 December 2011

GOING CONCERN

The Partnership currently has sufficient capital to maintain its operations. Based on the above, the Partnership continues to adopt the going concern basis in preparing the financial statements.

PARTNERS

The Partners who served during the year and up to the date of signing this report were as follows:

ML Cayman Holdings Inc. (General and Preferred Partner)

Merrill Lynch International Services Limited (Limited Partner)

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

The General Partner at the date of approval of this report confirms that:

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership's independent auditors are unaware; and
- the General Partner has taken all the steps that it ought to have taken as General Partner in order to make itself aware of any relevant audit information and to establish that the Partnership's independent auditors are aware of that information.

This report was approved by the General Partner and authorised for issue on 21 May 2012 and signed on its behalf by:

Michael Chomicki

Michael Chomicki
For and on behalf of ML Cayman Holdings Inc., as General Partner

INDEPENDENT AUDITORS' REPORT TO THE GENERAL PARTNER'S OF MERRILL LYNCH INTERNATIONAL & CO. C.V.

We have audited the non-statutory financial statements of Merrill Lynch International & Co. C.V. for the year ended 31 December 2011 which comprise the Balance Sheet, the Profit and Loss Account, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of General Partner and auditors
As explained more fully in the General Partner's Responsibilities Statement set out on page 1, the General Partner is responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the non-statutory financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Partners as a body in accordance with the Limited Partnership Agreement and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the non-statutory financial statements
An audit involves obtaining evidence about the amounts and disclosures in the non-statutory financial statements sufficient to give reasonable assurance that the non-statutory financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the General Partner; and the overall presentation of the non-statutory financial statements. In addition, we read all the financial and non-financial information in the General Partner's annual report and non-statutory financial statements to identify material inconsistencies with the audited non-statutory financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory financial statements
In our opinion the non-statutory financial statements:

- give a true and fair view of the state of the limited partnership's affairs as at 31 December 2011 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the provisions of the Limited Partnership Agreement.

PricewaterhouseCoopers LLP
Chartered Accountants
7 More London Riverside, London, SE1 2RT
21 May 2012

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Note	2011 $000	2010 $000
TURNOVER	2	**247,217**	245,250
Administrative expenses		**(217,155)**	(196,776)
OPERATING PROFIT	3	**30,062**	48,474
Profit on disposal of fixed assets		**-**	1,156
Gain on sale of investments		**-**	3,173
Interest receivable and similar income	4	**3,117**	1,449
Interest payable and similar charges	5	**(48,509)**	(45,561)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(15,330)**	8,691
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	7	**(115)**	(248)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR BEFORE PARTNER'S PROFIT ALLOCATION		**(15,445)**	8,443
GENERAL PARTNER'S LOSS/(PROFIT) ALLOCATION	15	**15,445**	(8,443)
PROFIT FOR THE FINANCIAL YEAR AFTER PARTNER'S LOSS/(PROFIT) ALLOCATION		-	-

Turnover and operating profit derived wholly from continuing operations.

There were no recognised gains and losses for the current or preceding financial year other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been prepared.

Excluding the effects of fair value accounting under FRS 26, 'Financial instruments: Recognition and measurement', which are not required to be included in this reconciliation, there is no material difference between the results for the year stated above and their historical cost equivalents.

The notes on pages 7 to 22 form part of these financial statements.

BALANCE SHEET
As at 31 December 2011

Registered number 11705 (0)

	Note	2011 $000	2011 $000	2010 $000	2010 $000
FIXED ASSETS					
Tangible fixed assets	8		**969**		1,198
			969		1,198
CURRENT ASSETS					
Long inventory positions	9	**2,199,421**		8,683,067	
Trade debtors	10	**1,878,249**		1,988,105	
Other debtors and prepayments	11	**1,326,693**		2,421,171	
Cash at bank and in hand		**1,522**		1,880	
		5,405,885		13,094,223	
CREDITORS: amounts falling due within one year					
Short inventory positions	12	**4,010,240**		11,744,139	
Trade creditors	13	**34,254**		21,653	
Other creditors including taxation and social security	14	**11,874**		12,205	
Partners' capital and income accounts	15	**1,350,486**		1,317,424	
		5,406,854		13,095,421	
NET CURRENT LIABILITIES			**(969)**		(1,198)
TOTAL ASSETS LESS CURRENT LIABILITIES			**-**		-
NET ASSETS			**-**		-

The financial statements were approved and authorised for issue by the General Partner on 21 May 2012. They were signed on its behalf by:

Michael Chomicki

Michael Chomicki
For and on behalf of ML Cayman Holdings Inc., as General Partner

The notes on pages 7 to 22 form part of these financial statements

CASH FLOW STATEMENT
For the year ended 31 December 2011

	Note	2011 $000	2010 $000
Reconciliation of operating profit to net cash inflow from operating cash flows			
Operating profit		**30,062**	48,474
Depreciation	8	**229**	239
Decrease in long inventory		**6,483,646**	3,628,275
Decrease in trade debtors		**109,856**	2,904,215
Decrease/(increase) in other debtors and prepayments	17	**1,097,592**	(609,410)
Decrease in short inventory		**(7,733,899)**	(6,504,215)
Increase in trade creditors		**12,601**	13,793
Increase in Partners' capital and income accounts	17	**-**	499,804
(Decrease)/increase in other creditors		**(91)**	7,639
Net cash outflow from operating activities		**(4)**	(11,186)
Capital receipts/(expenditure)	17	**-**	1,119
Disposals of investments	17	**-**	16,166
Taxation	17	**(354)**	(5,418)
(Decrease)/increase in cash	17	**(358)**	681
Cash and cash equivalent at beginning of year		**1,880**	1,199
Cash and cash equivalent at year end		**1,522**	1,880

The notes on pages 7 to 22 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of accounting

These non statutory financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The going concern assumption has been used in the preparation of the financial statements as detailed in the General Partner's Report. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

1.2 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 at fair value as this is not relevant to the operation of the business. Certain prior year amounts have been amended to be consistent with current year presentation.

1.3 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.

Principal trading

Realised and unrealised profits and losses on financial instruments held for trading, including dividend income on cash equities, are recognised within turnover. As positions held in financial instruments are fully hedged, using derivatives with an affiliated company, there is a net zero impact on the profit and loss account.

1.4 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 the additional disclosure requirements of SSAP 25, 'Segmental Reporting' and has therefore chosen not to present any additional segmental analysis.

1.5 Translation of foreign currencies

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

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 (refer to note 3).

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less provisions for impairment, 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 shorter of the remaining period of the lease or ten years.

The office equipment is depreciated between two and five years.

1. ACCOUNTING POLICIES (continued)

1.7 Financial assets

The Partnership recognises financial assets in the balance sheet when it becomes a party to the contractual provisions of the instrument. 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 long inventory 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 in the profit and loss account.

1.8 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured 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 has the legal right, and intends to settle on a net basis (see note 1.12).

1.9 Financial liabilities

The Partnership recognises financial liabilities in the balance sheet when it becomes a party to the contractual provisions of the instrument. 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 classified as loans and payables and are carried at amortised cost using the effective interest rate method.

1.10 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 impairment 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. ACCOUNTING POLICIES (continued)

1.11 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.

Deferred tax is recognised as a liability or an asset if, prior to the balance sheet date, the Company has entered into transactions or events have occurred that give rise to timing differences giving the Company an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

1.12 Offsetting

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.

1.13 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 secured borrowing for the proceeds received.

1.14 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.

1.15 Interest payable and similar charges

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

1.16 Leases

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

1.17 Partners' capital and income accounts

Partner 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 25, 'Financial instruments: Presentation' ("FRS 25") and are recorded as liabilities due to a finite life and contractual payment provisions to each of the partners within the Partnership.

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

Partner's rights and entitlements are described in note 15.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

2. TURNOVER

	2011 $'000	2010 $'000
Service fee income	**9,296**	9,353
Fees	**237,921**	235,897
	247,217	245,250

3. OPERATING PROFIT

Operating profit is stated after charging the following:

	2011 $000	2010 $000
Charges under operating leases on land and buildings	**510**	479
Depreciation of tangible fixed assets (see note 8)	**229**	239
Employee costs (see note 6)	**7,534**	6,532
Loss on foreign exchange	**89**	50
Service fee expense	**206,522**	187,990
Auditors' remuneration (see below)	**40**	46
Other operating expenses	**2,231**	1,440

Service fee expense of $206,522,000 (2010 - $187,990,000) primarily relates to distribution fees paid to Merrill Lynch Pierce Fenner & Smith Inc and service fees recharged by affiliated companies.

Analysis of auditors' remuneration is as follows:

	2011 $000	2010 $000
Total audit fees: Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements	**40**	46

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 $000	2010 $000
Interest receivable and similar income:		
- From affiliated companies	**3,117**	1,449

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 $000	2010 $000
Interest payable and similar charges:		
- To Preferred Partner	**48,484**	45,344
- To Limited Partner	**23**	21
- To other affiliated companies	**2**	196
	48,509	45,561

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.

6. EMPLOYEES

Employee costs were as follows:

	2011 $000	2010 $000
Salaries and benefits	7,034	6,186
Social security and other costs	500	346
	7,534	6,532

The average number of persons employed by the Partnership during the year was:

	2011 No.	2010 No.
By activity:		
Trading, sales and advisory	15	19
Support, operations and technology	28	24
	43	43

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

	2011 $000	2010 $000
The tax for the period is made up as follows:		
Current tax:		
Tax on profits of the year	-	208
Foreign tax	38	40
Adjustments in respect of prior periods	77	-
Total current tax	115	248

Factors affecting tax charge for year

The tax assessed for the year is higher (2010: lower) than the standard rate of corporation tax in the Curacao applicable to the Partnership 3% (2010: 3%). The differences are explained below:

	2011 $000	2010 $000
(Loss)/profit on ordinary activities before tax	(15,330)	8,691
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the Cucacao of 3% (2010: 3%)	(460)	261
Effects of:		
Impact of foreign taxes	38	(13)
Impact of losses	460	-
Adjustments in respect of prior periods	77	-
Current tax charge for year	115	248

The Partnership is subject to taxes on income earned both within and outside Curacao. Branches of the Partnership operating outside Curacao 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.

Management is of the opinion that it is uncertain that the Company will be able to generate sufficient future taxable income within the period of reliable forecasting to recover the deferred tax asset. The Company has unrecognised deferred tax assets totalling $460,000 (2010: $nil),

8. TANGIBLE FIXED ASSETS

	Leasehold improvements $000	Office equipment $000	Total $000
Cost			
At 1 January 2011	2,344	978	3,322
At 31 December 2011	2,344	978	3,322
Depreciation			
At 1 January 2011	1,220	904	2,124
Charge for the year	199	30	229
At 31 December 2011	1,419	934	2,353
Net book value			
At 31 December 2011	925	44	969
At 31 December 2010	1,124	74	1,198

9. LONG INVENTORY POSITIONS

	2011 $000	2010 $000
Contractual agreements:		
Options and swaps	**2,199,421**	8,683,067

Long inventory positions are classified as "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.

On 13 December 2011, the Partnership effected an amendment to its ISDA with an affiliated company, which resulted in additional netting amounting to $1,598,590,000.

10. TRADE DEBTORS

	2011 $000	2010 $000
Amounts owed by affiliated companies	**1,878,249**	1,988,105

Amounts owed by affiliated companies comprise both interest-bearing and non interest-bearing amounts arising on principal activities and are due on demand.

11. OTHER DEBTORS AND PREPAYMENTS

	2011 $000	2010 $000
Amounts owed by affiliated companies	**1,326,408**	2,420,690
Other debtors and prepayments	**285**	481
	1,326,693	2,421,171

Amounts owed by affiliated companies comprise both interest-bearing and non interest-bearing amounts and are due on demand.

12. SHORT INVENTORY POSITIONS

	2011 $000	2010 $000
Issued warrants	**4,010,240**	11,744,139

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

On 13 December 2011, the Partnership effected an amendment to its ISDA with an affiliated company, which resulted in additional netting amounting to $1,598,590,000.

13. TRADE CREDITORS

	2011 $000	2010 $000
Amounts owed to affiliated companies	**34,254**	21,653

Amounts owed to affiliated companies comprise both interest-bearing and non interest-bearing amounts arising on principal activities and are due on demand.

14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2011 $000	2010 $000
Amounts owed to affiliated companies	**9,485**	9,219
Other creditors and accruals	**2,321**	2,626
Social security	**48**	100
Taxation	**20**	260
	11,874	12,205

Amounts owed to affiliated companies comprise both interest-bearing and non interest-bearing amounts and are due on demand.

15. PARTNERS' CAPITAL AND INCOME ACCOUNTS

	General Partner $000	Preferred Partner $000	Limited Partner $000	Total $000
At beginning of year	624,690	692,501	233	1,317,424
Interest on partner's capital (note5)	-	48,484	23	48,507
Loss for the year	(15,445)	-	-	(15,445)
At end of year	609,245	740,985	256	1,350,486

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 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.

15. PARTNERS' CAPITAL AND INCOME ACCOUNTS (continued)

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.

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 General Partner. The Preferred Partner's capital is also mandatorily redeemable on 1 November 2031.

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

16. OPERATING LEASE COMMITMENTS

At 31 December 2011 the Partnership had annual commitments in respect of leases of land and buildings as follows:

	2011 $000	2010 $000
Expiry date:		
Within 1 year	**168**	149
After five years	**163**	154
	331	303

17. CASH FLOW

Gross cash flows	**2011 $000**	2010 $000
Capital receipts/(expenditure)		
Disposal of tangible fixed assets	-	1,156
Purchase of tangible fixed assets	-	(37)
	-	1,119
Disposal of investments		
Disposal of Enhanced Trust Series 2005 - A	-	16,166
Taxation		
Taxation paid	**(354)**	(5,418)

Analysis and reconciliation of net funds	**As at 1 January 2011 $000**	**Cash flows $000**	**Other changes $000**	**As at 31 December 2011 $000**
Cash at bank and in hand	1,880	(358)	-	1,522
Debt due within one year	(1,351,282)	-	(45,332)	(1,396,614)
Liquid resources	2,421,171	-	(1,094,478)	1,326,693
Net funds	**1,071,769**	**(358)**	**(1,139,810)**	**(68,399)**

17. CASH FLOW (continued)

Reconciliation of net cash flow to movement in net funds

	2011 $000
Decrease in cash during the year	(358)
Decrease in amounts owed by affiliated companies	(1,094,478)
Increase in liquid resources	(45,332)
Change in net funds	(1,140,168)
Net funds as at 31 December 2010	1,071,769
Net funds as at 31 December 2011	(68,399)

Adjustment to Partners' capital and income account

	2011 $000	2010 $000
Increase in Partners' capital and income account	33,062	553,808
Loss/(profit) for the year transferred to Partners' capital	15,445	(8,443)
Unsettled interest payable to Partners	(48,507)	(45,561)
Increase to Partners' capital	-	499,804
Decrease/(increase) in other debtors and prepayments	1,094,475	(610,859)
Net unsettled interest receivable from affiliated companies	3,117	1,449
Decrease/(increase) in other debtors and prepayments	1,097,592	(609,410)

18. RISK MANAGEMENT

Bank of America Corporation ("BAC") takes a comprehensive approach to risk management, fully integrating risk management with strategic, financial and customer / client planning so that goals and responsibilities align across the BAC group. The BAC group ensures that risk appetite and risk are commensurate with capital.

The BAC group focuses on the following five elements:

- Risk culture;
- Risk philosophy and appetite;
- Risk governance and organisation;
- Risk transparency and reporting; and,
- Risk management process, including the Identify, Mitigate, Monitor and report ("IMMR") process

In order to effectively manage risks across all businesses and the seven key risk types identified by the Risk Framework: Market, credit, operational, liquidity, strategic, compliance and reputational.

Market risk

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity prices or credit spreads. The level of market risk is influenced by the volatility and liquidity in the markets in which financial instruments are traded.

The Partnership seeks to mitigate market risk associated with trading inventories by employing hedging strategies that correlate rate, price, and spread movements of trading inventories and related financing and hedging activities. The Partnership uses derivatives entered into with an affiliate company to hedge its market risk exposures. The following discussion describes the types of market risk faced by the Partnership.

18. RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Interest rate swap agreements, securities and futures are common interest rate risk management tools used by the Partnership. The decision to manage interest rate risk using for example, futures or swap contracts, as opposed to buying or selling short securities, depends on current market conditions and funding considerations.

Currency risk
Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact the value of financial instruments. The Partnership's trading assets and liabilities include both cash instruments denominated in and derivatives linked to multiple currencies, including United States Dollars, Sterling, Euros and Australian Dollars. Currency forwards and options are commonly used by the Partnership to manage the currency risk associated with financial instruments.

Equity price risk
Equity price risk arises from the possibility that equity security prices will fluctuate, affecting the value of equity securities and other instruments that derive their value from a particular stock, a defined basket of stocks, or a stock index. Instruments typically used by the Partnership to manage equity price risk include equity futures, equity options, equity warrants and baskets of equity securities.

Credit spread risk
Credit spread risk arises from the possibility that changes in credit spreads will affect the value of financial instruments. Credit spreads represent the credit risk premiums required by market participants for a given credit quality. Certain instruments are used by the Partnership to manage this type of risk. Credit default swaps and options, for example, can be designed to mitigate losses due to changes in credit spreads, as well as the credit downgrade or default of the issuer.

To evaluate risk in the Partnership's trading activities, the focus is on the actual and potential volatility of individual positions as well as portfolios. Value at risk ('VAR') is a key statistic used to measure market risk. In order to manage day-to-day risks, VAR is subject to trading limits both for the Partnership's overall trading portfolio and within individual businesses. All limit excesses are communicated to management for review.

A VAR model simulates the value of a portfolio under a range of scenarios in order to generate a distribution of potential gains and losses. The VAR represents the worst loss the portfolio is expected to experience based on historical trends with a given level of confidence. VAR depends on the volatility of the positions in the portfolio and on how strongly their risks are correlated. Within any VAR model, there are significant and numerous assumptions that will differ from company to company. In addition, the accuracy of a VAR model depends on the availability and quality of historical data for each of the positions in the portfolio. A VAR model may require additional modelling assumptions for new products which do not have extensive historical price data, or for illiquid positions for which accurate daily prices are not consistently available. For management purposes, the Partnership's VAR model uses a historical simulation approach based on three years of historical data, a one day holding period and an expected shortfall methodology equivalent to a 99 percent confidence level (average of worst 19 days in the three year's P&L simulation). Statistically, this means that losses will exceed VAR, on average, one out of 100 trading days, or two to three times each year.

A VAR model is an effective tool in estimating ranges of potential gains and losses on the Partnership's trading portfolios. There are however many limitations inherent in a VAR model as it utilises historical results over a defined time period to estimate future performance. Historical results may not always be indicative of future results and changes in market conditions or in the composition of the underlying portfolio could have a material impact on the accuracy of the VAR model. To ensure that the VAR model reflects current market conditions, the historical data underlying the Partnership's VAR model is updated on a bi-weekly basis, and the assumptions underlying the model are regularly reviewed.

18. RISK MANAGEMENT (continued)

Market risk (continued)

Market Risk including Equity Specific Price and Equity Specific Volatility Surface Risk

99% Daily VAR	Year end 2011 $000's	High 2011 $000's	Daily average 2011 $000's	Low 2011 $000's
Total	**194**	**1,523**	**469**	**124**
Interest rate risk	162	770	364	36
Currency risk	119	539	150	109
Equity price risk	17	1,162	151	17

In addition to VAR measures, Market Risk utilise a range of other risk measures including sensitivity analysis and stress testing to monitor exposures and manage them using a robust set of limits.

Credit Risk

The Partnership is exposed to risk of loss if an issuer, counterparty or country fails to perform its obligations under contractual terms ("default risk"). Derivatives expose the Partnership to default risk. Credit risk arising from changes in credit spreads is discussed in the market risk section. The Partnership's trading positions are only exposed to credit risk with other affiliated companies and their credit rating would be A- which is equal to that of the ultimate holding company, BAC. Residual credit risk remains on other debtor balances with third parties, which are settled in accordance with standard settlement terms, normally within 90 days. There were no credit exposures that were past due but not impaired at 31 December 2011 (2010: $nil).

Operational risk

The Partnership defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Under the Basel II requirement, an operational loss event is an event that results in undesired or unintended financial consequences and is associated with the following seven operational loss event categories: internal fraud; external fraud; employment practices; clients, products & business practices; damage to physical assets; business disruption and systems failures; and execution, delivery and process management. The potential for reputational risk can stem from operational risk. As a result, the Partnership evaluates potential impacts to its reputation within all of the risk categories and throughout the risk management process.

Operational risk governance

Governance of the Partnerships' Operation Risk Management Program is accomplished through the EMEA Risk Oversight Committee ("EMEA ROC"). The EMEA ROC is a committee of the Partners and assists the Partners in fulfilling their responsibility for reviewing all of the Partnership's risk creating activities to ensure that they are restricted to those activities that can be prudently managed, and manage the Partnership's operational risk exposure.

Operational risk program

Operational risk is managed through independent functions consisting of: Corporate Operational Risk; Independent Line of Business ("LOB") Risk; Enterprise Control Functions ("ECF"); and the LOB. Each has distinct roles and responsibilities, and together they form the foundation for the business environment internal control factors used to manage operational risk.

The operational risk management program is executed through a suite of policies supporting a variety of tools that align to the Enterprise Identify, Mitigate, Monitor, Report ("IMMR") model.

18. RISK MANAGEMENT (continued)

Operational risk (continued)

Enterprise Operational Risk policies applicable to the Partnership:

- Business Environment and Internal Control Factors ("BEICF") Policy governing:
  - Operational Risk Appetite
  - Risk and Control Self Assessment
  - Key Risk Indicators
- Operational Loss Event Data Policy
- Scenario Analysis Policy
- Issues and Emerging Risk Management Policy
- Reputational Risk Policy

Liquidity risk

The Partnership defines liquidity risk as the potential inability to meet financial obligations, on- or off-balance sheet, as they fall due. Liquidity risk relates to the ability of a company to repay short-term borrowings with new borrowings or assets that can be quickly converted into cash while meeting other obligations and continuing to operate as a going concern.

Liquidity risk also includes both the potential inability to raise funding with appropriate maturity, currency and interest rate characteristics and the inability to liquidate assets in a timely manner at a reasonable price. The Partnership actively manages the liquidity risks in its business that can arise from asset-liability mismatches, credit sensitive funding, commitments or contingencies.

The Partnership's liquidity objectives are to ensure liquidity through market cycles and periods of financial stress. The Partnership manages liquidity risk by holding cash and unencumbered assets which can be readily realised for cash, by maintaining committed credit facilities, and by appropriately matching the liquidity profile of its assets and liabilities. All financial liabilities are payable on demand.

Risk management structure

BAC manages its operations on a divisional basis. Risk management is managed across the BAC group in the following manner:

Board members have access to senior management and are provided frequent and periodic management updates, including, but not limited to, reports from Global Risk Management, Finance and Corporate Audit and are given reports setting forth the group's risk appetite and the group's performance against that risk appetite. The Board approves the group's Risk Appetite Statement as needed but at least annually.

Management committees have broad authority to manage and monitor the risks assigned to them, including the approval of policies and limits.

Risk governance committees

Executive Management develops for Board approval the group's risk appetite and the group's strategic and financial operating plans. Management through the Board's Credit, Enterprise Risk, and Audit Committees, monitors financial performance, execution of the strategic and financial operating plans, compliance with the risk appetite, and the adequacy of internal controls.

18. RISK MANAGEMENT (continued)

Risk management structure (continued)

Risk limits

Risk limits are established with defined escalation processes:

- By the Asset and Liability Market Risk Committee for capital, liquidity, balance sheet, market risk, and other related risks
- By the Credit Risk Committee for credit risk limits
- By the Operational Risk Committee for operational, reputational and compliance risk limits and standards

Each Line of Business and Enterprise Control Function then defines sub-risk limits as appropriate through its own governance committees and with the approval of its risk management and other control functions.

The Partnership ensures suitable management and controls through the EMEA Risk Oversight Committee ("EMEA ROC"). The EMEA ROC is responsible for: the review and approval of risk policies; review and approval of limits and utilisation against those limits (including stress); reporting significant risk issues; and overseeing compliance with group risk requirements and regulatory prudential requirements.

The Regional Audit and Controls Committee ("RACC"), commenced in March 2012, has responsibility for reviewing control issues arising in the Region to ensure they are appropriately resolved, monitored and/ or escalated. The RACC will also discuss and assess the impact of planned or projected changes in business strategy on the controls infrastructure or resources. These functions will be performed on behalf of, and report to, the respective Regional Executive Committees.

Reputational Risk

Reputational risk is the potential that negative publicity regarding an organisation's conduct or business practices will adversely affect its profitability, operations or customer base or require costly litigation or other measures. The entities manage reputational risk through established policies and controls in business and risk management processes, programs and approaches.

The entities expect employees to protect the Company's reputation by always acting ethically, legally and in compliance with policies and standards, including those governing conflicts of interest, as outlined in the Company's Code of Ethics. Furthermore, employees may not engage in activities that will harm the Company's franchise value.

The entities have an appropriate organizational and governance structure in place to ensure strong oversight at both the enterprise and business levels. At the enterprise level, reputational risk is reviewed by the Enterprise Risk Committee and the Compliance and Operational Risk Committee, which provide primary oversight of reputational risk. Additionally, the CRO Emerging and Reputational Risk Forum meets to discuss emerging and reputational risks that the businesses, Risk, ECFs and Compliance have escalated for discussion. Each business and ECF has a committee whose charter includes consideration of reputational risk issues and providing guidance and approvals for activities that present reputational risks that are not addressed by the current control framework. Public disclosures of information, transactions, products, services, business initiatives, business practices, customer segments and clients that present elevated levels of reputational risk are escalated to the business-level committees for review and approval.

19. FAIR VALUE INFORMATION

Fair value hierarchy

In accordance with FRS 29, 'Financial Instruments: Disclosures', the Partnership has categorised its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial assets and liabilities recorded on the balance sheet are categorised based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Partnership has the ability to access (an example of which is certain Government securities).
Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets (examples include Corporate bonds);
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate bonds, which can trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter ("OTC") derivatives, including interest rate and currency swaps); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include OTC derivatives).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs, principally correlation in respect of the level 3 inventory held by the Partnership, that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's view about the assumptions a market participant would use in pricing the asset or liability (examples include long-dated or complex derivatives).

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorised is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 2) and unobservable (Level 3). Therefore, gains and losses for such assets and liabilities categorised within the Level 3 reconciliations below may include changes in fair value that are attributable to both observable inputs and unobservable inputs.

Valuation techniques

The following outlines the valuation methodologies for the Partnership's material categories of assets and liabilities:

Listed derivative contracts

Listed derivatives that are not actively traded are valued using the same approaches as those applied to OTC derivative. They are generally classified as Level 2 in the fair value hierarchy.

19. FAIR VALUE INFORMATION (continued)

OTC derivative contracts

OTC derivative contracts include swaps and options related to equity underlyings. The majority of OTC derivative contracts are classified as Level 2 in the fair value hierarchy. OTC derivative contracts that do not have readily observable marked based pricing parameters are classified as Level 3 in the fair value hierarchy.

Fair value

The following tables present the Partnership's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of 31 December 2011.

	Level 2 $'000	Level 3 $'000	Total $'000
Long inventory positions			
Contractual agreements:			
- Options and swaps	1,547,500	651,921	2,199,421
Short inventory positions			
Issued warrants	3,358,319	651,921	4,010,240

The following tables provide a summary of the changes in fair value of the Partnership's Level 3 financial assets and liabilities for the year ended 31 December 2011:

	Long inventory positions Options and swaps **$'000**	**Short inventory positions** Issued warrants **$'000**
At 1 January 2011	433,985	(433,985)
ISDA netting*	(286,422)	286,422
Total gains/(losses) recognised in the profit and loss account	212,585	(212,585)
Purchases	(36,386)	36,386
New issuances	223,824	(223,824)
Sales	(17,917)	17,917
Settlements	(138,897)	138,897
Transfers out	(94,192)	94,192
Transfers in	355,341	(355,341)
At 31 December 2011	651,921	(651,921)

* On 13 December 2011, the Partnership effected an amendment to its ISDA with an affiliated company, which resulted in additional netting.

20. 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.

21. 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, 214 North Tryon Street, Charlotte, North Carolina, 28255, U.S.A. The parent undertaking of the smallest group, including the Company, which prepares group financial statements is ML & Co., a company incorporated in the State of Delaware in the United States of America. Copies of the group financial statements of ML & Co. are available from the Company Secretary, 222 Broadway, 17th Floor, New York, NY 10038, USA.