

Merrill Lynch is always concentrated on the so-called Bric economies (a group including Brazil, Russia, India and China) and we are currently seeing a resurgence of interest from investors worldwide in emerging markets. Within this context, Brazil is one of the most profitable markets and where we see some of the biggest opportunities. Brazilian demographics are very positive: A large percentage of the population is well educated, there is a young and growing consumer sector; the country has stable financial markets at a highly respected central bank with a well supervised monetary policy. Brazil has stable political institutions and an increasingly diversified economy. And, one of the most enthusiastic areas in Brazil, is the incredible private sector. Not only does it encompass very successful and well-managed conglomerates in leading industries but it also includes a very agile sector with small and mid range capitalization. All of this guarantees that, year after year, Brazil will see growing direct foreign investment in every industry.

Gazeta Mercantil - What about Latin America?

We are optimistic about the region as a whole, and contrary to some of our competitors from the investment banking area, we have specifically committed to a business plan which is a strategy for the whole of Latin America and does not focus solely on Brazil. We believe that the strength and sustainability of our Latin American businesses will depend to a great extent on pursuing a business model which is increasingly diversified through all types of assets and industries, all financial markets and a wide range of Latin American countries. We have been present in other parts of the region for several decades, and although Brazil has always been the country making the greatest contribution to our Latin American revenues, we also see excellent growth potential in other countries. It is important to recognize that in order to provide the best possible services to Brazilian investors and companies, an investment bank cannot simply establish itself in Brazil and ignore other regional countries. Businesses are becoming increasingly global in every sector, and Brazilian clients -- investors and companies -- are increasingly looking to opportunities that transcend borders, in other Latin American countries, for investments as well as expansion opportunities. Merrill Lynch strategy is to be a global bank which is also an important player on the main local markets. This strategy means that Merrill Lynch can offer Brazilian clients the greatest possible access, which no other bank can, to all business investment possibilities -- in Brazil, in Latin America and worldwide. We cannot do this if we are centralized solely in Brazil, as many of our main competitors are.

Gazeta Mercantil - Has Brazil's investment-grade rating had any impact on Merrill Lynch expansion plans in Brazil?

No. Our Brazilian and regional expansion plans have not changed at all since the new rating was issued. The change in rating only confirmed what we have believed for many years, that Brazil will become an investment-grade country and continue to present healthy growth. This is why Merrill Lynch committed to Brazil for the long-term many years before Standard & Poor's raised the country's rating to investment-grade.