

At the Ex Parte Motion Support Office of the
Supreme Court of the State of New York, held
in and for the County of New York, at the
Courthouse, 60 Centre Street, New York, New
York on the 8th day of April, 2002

P R E S E N T:

Hon. *Martin Schoentfeld*

Justice

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IN THE MATTER OF

An Inquiry by ELIOT SPITZER,
Attorney General of the State of New York,

Index No. *02 / 4015 22*

Petitioner,

Pursuant to Article 23-A of the General Business
Law of the State of New York with regard to the
acts and practices of

**ORDER PURSUANT TO
GENERAL BUSINESS LAW
SECTION 354**

Merrill Lynch & Co., Inc., Henry Blodget,
Justin Baldauf, Kirsten Campbell, Virginia
Syer Genereux, Sofia Ghachem, Thomas Mazzucco,
Edward McCabe and Deepak Raj,

Respondents,

In the offer, sale, issuance, promotion, advertisement,
exchange, marketing, distribution and transfer of,
or investment advice for, securities in and from
the State of New York.

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Upon the annexed affidavit of Eric R. Dinallo, Assistant Attorney General of the
State of New York, on behalf of Eliot Spitzer, Attorney General of the State of New York, sworn
to on the 8th day of April, 2002, and the exhibits annexed thereto, from which it appears to the

satisfaction of the Court that the Attorney General of the State of New York has determined to commence an action pursuant to General Business Law, Article 23-A, against the above-named respondents; that the testimony of such respondents and other witnesses and the production by them of certain papers, documents, records, correspondence and books is material and necessary to an investigation being conducted by the Attorney General; that it is expedient and proper to restrain and enjoin the above-named respondent Merrill Lynch & Co., Inc. and all its subsidiaries and the individual respondents pending the completion of such examinations, and until further order of this Court, from:

(a) engaging or attempting to engage in any and all acts that violate General Business Law, Article 23-A;

(b) issuing or participating in the preparation of any public research report or rating regarding the equity securities of a company (the "Subject Company") unless such report or rating includes specific disclosure of (i) any investment banking relationship between the entity issuing the report or rating (the "Rating Entity") and the Subject Company that existed any time during the three-year period preceding the issuance of the report or rating, and (ii) whether the Rating Entity currently has or is attempting to obtain any investment banking relationship with the Subject Company when the report or rating is issued;

(c) issuing or publishing any such report or rating unless said report or rating includes specific disclosure on a percentage basis, of the aggregate distribution, across the various rating categories used by the Rating Entity, for all stocks in the sector or industry group applicable to the Subject Company; and due deliberation having been had,

NOW, upon the motion of Eliot Spitzer, Attorney General of the State of New

York, by Eric R. Dinallo, Chief of the Investment Protection Bureau, it is

ORDERED that, pursuant to Section 354 of the General Business Law, respondents Merrill Lynch & Co., Inc. and its subsidiaries ("Merrill Lynch"), Henry Blodget, Justin Baldauf, Kirsten Campbell, Virginia Syer Genereux, Sofia Ghachem, Thomas Mazzucco, Edward McCabe and Deepak Raj (hereinafter "respondents"), and any other employees of Merrill Lynch & Co., Inc. or its subsidiaries as may be requested by the Attorney General during the course of the proceeding, appear before a Justice of this Court or a designated Referee of this Court, in Room 330, Supreme Court Building, 60 Centre Street, New York, New York, or at any other place to which the Court may direct, on the 9th day of ~~April~~^{May}, 2002 at 10:00 o'clock in the forenoon, for the purpose of scheduling testimony and production of documents, and on any adjourned date and time, to be examined under oath, and answer such questions as may be put to them by the Attorney General concerning the practices of respondents relating to the offer, sale, issuance, advertisement, promotion, exchange, marketing, investment advice, distribution and transfer of securities in and from the State of New York, and produce copies of documents, in their respective possession, custody or control, which are listed on the Schedule (4 pages) attached to this Order; and it is further

ORDERED, that to the extent possible, copies of the documents listed on the attached Schedule and those previously produced by respondents to the Attorney General's Office, be also produced on searchable compact disks (CDs); and it is further

ORDERED, that in the meantime and pending the examinations provided for

herein and until further order of this Court, the above-named respondent Merrill Lynch, the individual respondents, and the employees, principals, agents and assignees of the foregoing and all other persons acting in aid or assistance of the same, be and they are, hereby enjoined and restrained from violating Article 23-A of the General Business Law (the "Martin Act"); and it is further

ORDERED, that in the meantime and pending the examinations provided for herein and until further order of this Court, the above-named respondent Merrill Lynch, the individual respondents and the employees, principals, agents and assignees of the foregoing, and all other persons acting in aid or furtherance of the same, be and they are, hereby restrained and enjoined from issuing or participating in the preparation of any public research report or rating regarding the equity securities of a Subject Company, unless such report or rating includes specific disclosure of (i) any investment banking relationship between the Rating Entity and the Subject Company that existed any time during the three-year period preceding the issuance of the report or rating, and (ii) whether the Rating Entity currently has or is attempting to obtain any investment banking relationship with the Subject Company when the report or rating is issued; and it is further

ORDERED, that in the meantime and pending the examinations provided for herein and until further order of this Court, the above-named respondent Merrill Lynch, the individual respondents, and the employees, principals, agents and assignees of the foregoing, and all other persons acting in aid or furtherance of the same, be and they are, hereby restrained and enjoined from issuing or publishing any such report or rating unless said report or rating includes

specific disclosure on a percentage basis, of the aggregate distribution, across the various rating categories used by the Rating Entity, for all stocks in the sector or industry group applicable to the Subject Company; and it is further

ORDERED, that service of a copy of this order, and the papers upon which it is made, personally upon the above-named respondents on or before the 17th day of April, 2002, be deemed good and sufficient service.

ENTER

/s/ Martin Schoente Id
Justice of the Supreme Court

Schedule Of Documents To Be Produced
Pursuant To Order Under Section 354

A. Definitions

1. "Document" means any form of communication (whether words, numbers, symbols or graphics), including without limitation, printed, recorded, electronic, mechanical, magnetic or computerized information, tape, voice mail, web site, email, archived information and backups of information. A draft or non-identical copy is a separate document within the meaning of this term.
2. "Merrill Lynch" means Merrill Lynch & Co., Inc., and any of its present or former parents, subsidiaries, directors, officers, partners, employees, agents, representatives, attorneys or other persons acting on behalf of Merrill Lynch & Co., Inc. and the respective predecessors or successors or any of the affiliates of the foregoing.
3. "Research Analyst" means any person in the research department of Merrill Lynch who did securities research or reviewed, evaluated or participated in the preparation of such research.
4. "Internet Research Analyst" means any Research Analyst in the research group or team which covered internet companies, including without limitation the group headed or supervised by Henry Blodget.
5. "Subject Company" means any company covered for research purposes by a Research Analyst.
6. "Investment Banking Department" means the investment banking group or department at Merrill Lynch, including without limitation the investment bankers therein.
7. "Research Report" means any research recommendation, rating, report, analysis and other similar communication regarding securities (including without limitation drafts thereof) which any Research Analyst directly or indirectly prepared, made, communicated, reviewed, evaluated or participated therein.
8. "Concerning" or "relating to" means referring to, relating to, concerning, describing, evidencing or constituting.
9. Unless otherwise specified, this applies to all documents in effect, created, recorded or compiled during the period January 1, 1999 to date.
10. Documents need not be produced to the extent they have been previously been produced to the Attorney General's Office as part of the private investigation respecting research analysts.

B. Documents To Be Produced

1. For each Subject Company covered by an Internet Research Analyst:
 - (a) the Research Reports initiating research coverage;
 - (b) the Research Reports changing the investment stock rating of the Subject Company.
2. All Research Reports referring to, mentioning or showing a "sell" or "reduce" rating.
3. All documents concerning: (i) any discontinuance or dropping of research coverage of a Subject Company; (ii) a Subject Company being placed under review or other similar designation; (iii) any of the reasons or basis therefor; (iv) the Research Report preceding such discontinuance, "under review" or other similar designation; (v) any review by Merrill Lynch research compliance or research management relating to any of the foregoing.
4. All agreements or contracts concerning fees or other compensation (including without limitation compensation for investment banking services) earned or received, or to be earned or received by Merrill Lynch relating to a Subject Company covered by an Internet Research Analyst
5. Documents sufficient to show: (a) all fees or other compensation (including without limitation compensation for investment banking services) earned or received, or to be earned or received by Merrill Lynch relating to any Subject Company; (b) the basis for and the services rendered by Merrill Lynch therefor; (c) the first date which Merrill Lynch sought or pitched for the business which generated such compensation and the date Merrill Lynch was formally or informally retained by such Subject Company respecting such business.
6. All documents which refer to, mention or show the contribution or assistance to the Investment Banking Department by any Research Analyst, any group of Research Analysts or the Research Department of Merrill Lynch, including any document similar to the Blodget e-mail, dated November 2, 2000, entitled "IBK Contributions: Internet Team" (ML 09544-09551)
7. All documents showing, referring to or mentioning any assessment, appraisal, evaluation or review of the performance of any Research Analyst by any Merrill Lynch investment banker.
8. All documents concerning any request or suggestion relating to compensation for: (a) any

Research Analyst; (b) any group or team of Research Analysts; or (c) the Research Department of Merrill Lynch.

9. All agreements (including without limitation drafts thereof) to which Merrill Lynch and a Research Analyst were a party concerning: (a) compensation of a Research Analyst; and (b) severance of the employment of a Research Analyst at Merrill Lynch.
10. All documents concerning negotiation of and the basis for, the agreements referenced in paragraph 9 above.
11. Documents sufficient to show: (a) the amount of any compensation earned by or paid to each Research Analyst and the components thereof (including without limitation, the base salary, bonus, securities and any other compensation); (b) the methodology for calculating such compensation and components; and (c) the calculation of the compensation and components.
12. All documents concerning the determining of bonus pool(s) from which any Research Analyst's compensation, in whole or in part, directly or indirectly, came and the allocation of such bonus pool(s).
13. All documents of Jerome Kenney concerning compensation, directly or indirectly, for any Research Analyst, group of Research Analysts or the Merrill Lynch Research Department.
14. In connection with compensation earned or received by Merrill Lynch from providing investment banking services, all documents that show, refer to or mention the payment distribution or credit, in whole or in part, to a Research Analyst, a group or team of Research Analysts or the Research Department of Merrill Lynch.
15. All documents sufficient to show how compensation was determined and allocated for Merrill Lynch employees in each division and group therein.
16. A copy of the greyscan and the grey list.
17. All transcripts, videos and/or recordings of television, radio, Internet or other public appearances made by Henry Blodget, Edward McCabe or other Research Analysts.
18. All documents concerning: (a) ratings impact on present or future investment banking business of Merrill Lynch or income therefrom; (b) influence of any Merrill Lynch investment banker on ratings or Research Reports; and (c) reliability, objectivity or independence of present or future ratings or Research Reports.
19. All electronic mail (e-mail) communications of Andrew Melnick, Deepak Raj, Stephen Balog, Raymond Abbott, Edward McCabe, Virginia Syer Genereux, Sofia Ghachem, Kirsten Campbell, Margo Vignola, Stanly Rubin and Christopher Burns.

20. All documents concerning the influence of a client or prospective client of Merrill Lynch on:
 - (a) a research recommendation, rating, financial model or price target;
 - (b) initiation of research coverage of a Subject Company or the possibility thereof.

21. All documents concerning any criticism, questioning, or suggestion by anyone not a Research Analyst relating to:
 - (a) a research recommendation, rating, financial model or price target;
 - (b) initiation of research coverage of a Subject Company or the possibility thereof.

22. Any other documents as may be requested by the Attorney General during the course of this investigation which may be relevant or lead to matters relevant to the actions or conduct concerning Research Analysts or Research Reports.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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Index No.

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**NOTICE PURSUANT TO
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SECTION 355**

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Justin Baldauf, Kirsten Campbell, Virginia
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Edward McCabe, and Deepak Raj,

Respondents,

In the offer, sale, issuance, promotion, advertisement,
exchange, marketing, distribution and transfer of,
or investment advice for, securities in and from
the State of New York.

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TO THE RESPONDENTS ABOVE-NAMED

YOU ARE HEREBY NOTIFIED that the above-named respondents are required to appear before a Justice of this Court, or any designated Referee appointed by a Justice of this Court, at the Courthouse, 60 Centre Street, Room 330, New York, New York on the _____th day of April, 2000, at 10:00 a.m. for the purposes of scheduling testimony and production of documents and on any adjourned date and time, to be examined under oath, and answer such questions as may be put to them by the Attorney General concerning the alleged fraudulent

practices of respondents relating to the offer, sale, issuance, promotion, advertisement, exchange, marketing, distribution and transfer of, or investment advice for, securities within or from the State of New York, and to produce: (a) copies of the documents listed in the Schedule attached hereto; and (b) to the extent possible, copies of such documents and those previously produced by respondents to the Attorney General's Office, on searchable compact disks (CDs).

I certify that annexed hereto is a true copy of the order issued on the 8th day of April, 2002 by the Honorable Martin Schoenthal, Justice of the Supreme Court of the State of New York, New York County.

Dated: New York, New York
April 8, 2002

Eliot Spitzer
Attorney General of the
State of New York
By:

/s/
Eric R. Dinallo
Assistant Attorney General
120 Broadway - 23rd floor
New York, New York 10271
Tel: (212) 416-8165

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