

NYSE Chief Thain to Replace O'Neal as Merrill CEO

By Edgar Ortega and Bradley Keoun

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John Thain, the chief executive officer of NYSE Euronext and former Goldman Sachs Group Inc. president, plans to take the top post at Merrill Lynch & Co., a person with knowledge of his plans said.

Thain's departure may be announced as soon as today, said the person, who declined to be identified.

Thain, 52, would take over the world's largest brokerage less than a month after the firm ousted Chief Executive Officer Stan O'Neal. Investors and directors lost confidence in O'Neal, 56, after he delivered a \$2.24 billion third-quarter loss, six times what the firm forecast just three weeks earlier. Merrill has declined 35 percent this year, the worst performance among the five largest U.S. securities firms.

"John has an enormous range of skills and demonstrated them both at Goldman and the NYSE, and he will bring a breadth of experience that will benefit wherever he chooses to hang his hat next," Richard Grasso, who headed the New York Stock Exchange from 1995 to 2003, said in an interview today.

Richard Adamonis, a spokesman for NYSE Euronext, declined to comment. Merrill Lynch spokesman Michael O'Looney also declined to comment.

Merrill rose \$3.11, or 5.5 percent, to \$60.06 at 1:27 p.m. in New York Stock Exchange composite trading. NYSE Euronext, which has fallen 11 percent this year, rose 22 cents to \$87.19.

Transforming the NYSE

NYSE Euronext co-Chief Operating Officer Duncan Niederauer may assume the role of CEO, the New York Post reported on its Web site today, citing unidentified people familiar with the matter. Niederauer joined NYSE Euronext in February after 22 years at Goldman Sachs.

During his almost four-year tenure at the NYSE, Thain orchestrated one of the biggest transformations of the New York Stock Exchange in its 215-year history.

He took over amid controversy in January 2004 after Grasso was ousted when the exchange disclosed his pay package. In his first year, Thain unveiled plans for one of the most sweeping overhauls of the Big Board's trading-system in three decades.

By April 2005, he had hammered out an agreement to purchase Archipelago Holdings Inc., transforming the exchange into a for-profit company. A year later he was negotiating the \$14.4 billion purchase of Paris-based Euronext NV, a deal that created the first trans-Atlantic stock exchange.



'Future Strategy'

“Given he has implemented a good future strategy for the NYSE, it wouldn't be a bad time for him to leave,” said Philip Panaro, president of New York-based IM2 Inc., a financial-services consultant who has advised the exchange, Deutsche Bank AG and JPMorgan Chase & Co. “He has turned around the NYSE and put it on the right course going forward. What they need now is an operator to implement his vision.”

Thain joined the NYSE after a 25-year career at Goldman Sachs. He climbed the ranks as a mortgage bond trader to ultimately become president of the biggest U.S. securities firm by market value.

“People hope that he would be a good position to get his arms around the risk,” said Adam Compton, an analyst who helps manage \$150 billion at RCM Capital Management in San Francisco, which owned about 700,000 Merrill shares at the end of September. “He comes from Goldman, a shop where they sort of invented the business model of proprietary risk-taking within an investment bank.”

Thain grew up the son of a family doctor and a housewife in the small town of Antioch, Illinois. After graduating from Antioch Community High School, he went to the Massachusetts Institute of Technology in Cambridge, Massachusetts, where he earned a degree in electrical engineering in 1977. He then went to Harvard Business School in Boston, graduating in 1979.