

**AVVISO n.15002****14 Agosto 2008****SeDeX – INV.
CERTIFICATES**

Mittente del comunicato : Borsa Italiana
Societa' oggetto : MERRILL LYNCH & CO.
dell'Avviso
Oggetto : Inizio delle Negoziazioni Investment
Certificates – classe B "Merrill Lynch S.A."
emessi nell'ambito di un programma

Testo del comunicato

Si veda allegato.

Disposizioni della Borsa

Strumenti Finanziari: **“150.000 certificates linked to the Dow Jones Eurostoxx 50 Index”**

Emittente: Merrill Lynch S.A.
Garante: Merrill Lynch & Co. Inc

Rating Garante:	Società di Rating	Long Term	Data Report
	Moody's	A2	17/07/2008
	Standard & Poor's	A	02/06/2008
	Fitch	A+	24/10/2007

Oggetto: **INIZIO NEGOZIAZIONI IN BORSA**

Data di inizio negoziazioni: **19 agosto 2008**

Mercato di quotazione: Borsa - Comparto SeDeX “segmento *Investment Certificates – classe B*”

Orari e modalità di negoziazione: Negoziazione continua e l'orario stabilito dall'art. IA.5.1.6 delle Istruzioni

Operatore incaricato ad
assolvere l'impegno di quotazione: Merrill Lynch International
Codice specialist: 2279

CARATTERISTICHE SALIENTI DEI TITOLI OGGETTO DI QUOTAZIONE

“150.000 certificates linked to the Dow Jones Eurostoxx 50 Index”

Serie in negoziazione: vedasi scheda riepilogativa delle caratteristiche dei securitised derivatives

Quantitativo minimo di
negoziazione di ciascuna serie: vedasi scheda riepilogativa delle caratteristiche dei securitised derivatives (colonna “Lotto Neg.”)

Impegno giornaliero ad esporre
prezzi denaro e lettera
per ciascuna serie: vedasi scheda riepilogativa delle caratteristiche dei securitised derivatives (colonna “N.Lotti M.M.”)

Tipo di liquidazione: monetaria

Modalità di esercizio: europeo

DISPOSIZIONI DELLA BORSA ITALIANA

Dal giorno 19 agosto 2008 gli Strumenti Finanziari, verranno inseriti nel Listino Ufficiale, sezione Securitised Derivatives.

Allegati:

- Scheda riepilogativa delle caratteristiche dei securitised derivatives;
- Fattori di rischio;
- Final Terms dei securitised derivatives;
- Terms & Conditions dei securitised derivatives;
- Traduzione della Nota di Sintesi.

<i>Serie</i>	<i>Isin</i>	<i>Sigla</i>	<i>SIA</i>	<i>Descrizione</i>	<i>Sottostante</i>	<i>Strike</i>	<i>Scad.</i>	<i>Val.Nom.</i>	<i>Ammontare</i>	<i>Lotto Neg.</i>	<i>NLottiMM</i>	<i>Barriera</i>
1	XS0345146400	M14640	51576	MLDJES50TWAP3M,58C12	Dow Jones Eurostoxx 50	3426,58	13/03/2012	1000	150000	1	3	1884,619

RISK FACTORS

Each of the Issuer and ML&Co. believes that the following factors may affect its ability to fulfil its obligations in respect of Certificates issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor ML&Co. is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.

Each of the Issuer and ML&Co. believes that the factors described below represent the principal risks inherent in investing in Certificates issued under the Programme, but the inability of the Issuer or ML&Co. to pay Cash Settlement Amounts in respect of Cash Settled Certificates or deliver the Entitlement in respect of Physical Delivery Certificates may occur for other reasons and neither the Issuer nor ML&Co. represent that the statements below regarding the risks of holding any Certificates are exhaustive. Additional risks and uncertainties not presently known to either the Issuer or ML&Co. or that the Issuer or ML&Co. currently believes to be immaterial could also have a material impact on its business operations or the Certificates. The Final Terms in respect of an issue of Certificates may contain additional Risk Factors in respect of such Certificates. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

Terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Certificates".

Factors that may affect the Issuer's ability to fulfil its obligations under Certificates issued under the Programme

The main markets in which the Issuer sells securities are the Eurobond markets. The Issuer has no trading assets and does not generate trading income. Certificates issued under the Programme are guaranteed unconditionally and irrevocably pursuant to the Guarantee. Accordingly, prospective investors in Certificates should review, *inter alia*, the factors below in respect of ML&Co.'s ability to fulfil its obligations under the Guarantee.

Factors that may affect ML&Co.'s ability to fulfil its obligations under the Guarantee

ML&Co. is the holding company for Merrill Lynch*. ML&Co.'s ability to fulfil its obligations under the Guarantee may therefore be affected by certain factors as set out below which may affect Merrill Lynch.

Market Risk

Merrill Lynch's businesses may be adversely impacted by global market and economic conditions that may cause fluctuations in interest rates, exchange rates, equity and commodity prices and credit spreads

Merrill Lynch is exposed to potential changes in the value of financial instruments caused by fluctuations in interest rates, exchange rates, equity and commodity prices, credit spreads, and/or other risks. These fluctuations may result from changes in economic conditions, monetary and fiscal policies, the liquidity of global markets, availability and cost of capital, international and regional political events, acts of war or terrorism and investor sentiment. Merrill Lynch has a large and increasing amount of proprietary trading and investment positions, which include proprietary trading positions in fixed income, currency, commodities and equity securities, as well as in real estate, private equity and other investments. Merrill Lynch may incur losses as a result of increased market volatility, as these fluctuations may adversely impact the valuation of its trading

* Unless the context otherwise requires, the term "Merrill Lynch" means ML&Co. and its consolidated subsidiaries, including the Issuer.

and investment positions. Conversely, a decline in volatility may adversely affect the results in Merrill Lynch's trading business, which depends on market volatility to create client and proprietary trading opportunities.

Credit Risk

Merrill Lynch may be adversely impacted by an increase in its credit exposure related to trading, lending, and other business activities

Merrill Lynch is exposed to the potential for credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within lending relationships, commitments, letters of credit, derivatives, foreign exchange and other transactions. These exposures may arise, for example, from a decline in the financial condition of a counterparty, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to Merrill Lynch, from a decrease in the value of securities of third parties that Merrill Lynch holds as collateral, or from extending credit to clients through loans or other arrangements. As Merrill Lynch's credit exposure increases, it could have an adverse effect on its business and profitability if material unexpected credit losses occur.

Operational Risk

Merrill Lynch may incur losses due to the failure of people, internal processes and systems or from external events

Merrill Lynch's business may be adversely impacted by operational failures or from unfavourable external events. Merrill Lynch is exposed to the risk of loss resulting from the failure of people, internal processes and systems or from external events. Such operational risks may include, exposure to theft and fraud, improper business practices, client suitability and servicing risks, product complexity and pricing risk or improper recording, evaluating or accounting for transactions. Merrill Lynch could suffer financial loss, disruption of its business, liability to clients, regulatory intervention or reputational damage from such events, which would affect its business and financial condition.

Liquidity Risk

Merrill Lynch's business and financial condition may be adversely impacted by an inability to borrow funds or sell assets to meet maturing obligations

Merrill Lynch is exposed to liquidity risk, which is the potential inability 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. Merrill Lynch's liquidity may be impaired due to circumstances that it may be unable to control, such as general market disruptions or an operational problem that affects its trading clients or itself. Merrill Lynch's ability to sell assets may also be impaired if other market participants are seeking to sell similar assets at the same time. The inability of Merrill Lynch to borrow funds or sell assets to meet maturing obligations, a negative change in its credit ratings that would have an adverse effect on its ability to borrow funds, or regulatory capital restrictions imposed on the free flows of funds between Merrill Lynch and its affiliates may have a negative effect on its business and financial condition.

Litigation Risk

Legal proceedings could adversely impact Merrill Lynch's operating results for a particular period and impact its credit rating

Merrill Lynch has been named as a defendant in various legal actions, including arbitrations, class actions, and other litigation arising in connection with its activities as a global diversified financial services institution. Some of the legal actions against Merrill Lynch include claims for substantial compensatory and/or punitive

damages or claims for indeterminate amounts of damages. In some cases, the issuers who would otherwise be the primary defendants in such cases are bankrupt or otherwise in financial distress. Given the number of these matters, some are likely to result in adverse judgments, penalties, injunctions, fines, or other relief. Merrill Lynch is also involved in investigations and/or proceedings by governmental and self-regulatory agencies.

Merrill Lynch may explore potential settlements before a case is taken through trial because of uncertainty, risks and costs inherent in the litigation process. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 5, *Accounting for Contingencies*, Merrill Lynch will accrue a liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In many lawsuits and arbitrations, including almost all of the class action lawsuits disclosed in paragraph 8 (Litigation) under "General Information" on page 100, it is not possible to determine whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until the case is close to resolution, in which case no accrual is made until that time. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, Merrill Lynch cannot predict what the eventual loss or range of loss related to such matters will be. Potential losses may be material to Merrill Lynch's operating results or cash flows for any particular period and may impact ML&Co.'s credit ratings. For further information about Merrill Lynch's legal and regulatory investigations and proceedings see paragraph 8 (Litigation) under "General Information" on page 100.

Regulatory and Legislative Risks

Many of Merrill Lynch's businesses are highly regulated and could be impacted, and in some instances adversely impacted by regulatory and legislative initiatives around the world

Merrill Lynch's business may be adversely affected by various U.S. and non-U.S. legislative bodies and regulatory and exchange authorities, such as federal and state securities and bank regulators including the Securities and Exchange Commission, the Financial Services Authority, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the Utah Department of Finance Institutions, and self-regulatory organisations including The New York Stock Exchange, Inc., the National Association of Securities Dealers, Inc., the Commodity Futures Trading Commission and industry participants that continue to review and, in many cases, adopt changes to their established rules and policies. Such changes have occurred in areas such as corporate governance, anti-money laundering, privacy, research analyst conflicts of interest and qualifications, practices related to the issuance of securities, mutual fund trading, disclosure practices and auditor independence.

Competitive Environment

Competitive pressures in the financial services industry could adversely affect Merrill Lynch's business and results of operations

Merrill Lynch competes globally for clients on the basis of price, the range of products that it offers, the quality of its services, its financial resources, and product and service innovation. The financial services industry continues to be affected by an intensifying competitive environment, as demonstrated by the introduction of new technology platforms, consolidation through mergers, increased competition from new and established industry participants and diminishing margins in many mature products and services. Merrill Lynch competes with U.S. and non-U.S. commercial banks and other broker-dealers in brokerage, underwriting, trading, financing and advisory businesses. For example, the financial services industry in general, including Merrill Lynch, has experienced intense price competition in brokerage, as the ability to execute trades electronically, through the internet and through other alternative trading systems has pressured trading commissions and spreads. Many of Merrill Lynch's non-U.S. competitors may have competitive advantages in their home markets. In addition, Merrill Lynch's business is substantially dependent on its continuing ability to compete effectively to attract and retain qualified employees, including successful financial advisors, investment bankers, trading professionals and other revenue-producing or support personnel.

Effect of Credit Rating Reduction

The value of the Certificates is expected to be affected, in part, by investors' general appraisal of ML&Co.'s creditworthiness. Such perceptions are generally influenced by the ratings accorded to ML&Co.'s outstanding securities by standard statistical rating services, such as Moody's Investors Service Inc. and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. A reduction in the rating, if any, accorded to outstanding debt securities of ML&Co., by one of these rating agencies could result in a reduction in the trading value of the Certificates.

Factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme

The Certificates may not be a suitable investment for all investors

Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to evaluate the Certificates, the merits and risks of investing in the Certificates and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to the Information Memorandum and all information contained in the applicable Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including Certificates with a Cash Settlement Amount payable in one or more currencies, or where the Settlement Currency is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Certificates and be familiar with any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Index Certificates, Share Certificates, Debt Certificates, Currency Certificates, Fund Certificates, Commodity Certificates or other Certificates linked to other assets or bases of reference, may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Certificates*" set out below.

Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Certificates

A wide range of Certificates may be issued under the Programme. A number of these Certificates may have features which contain particular risks for potential investors. Set out below is a description of the most common features.

General risks and risks relating to underlying asset or basis of reference

The Certificates involve a high degree of risk, which may include, among others, interest, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a total loss of the purchase price of their Certificates. This risk reflects the nature of a Certificate as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires. See *"Certain Factors Affecting the Value and Trading Price of Certificates"* below. Prospective purchasers of Certificates should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Certificates and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Certificates in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Certificates and the particular share (or basket of shares), index (or basket of indices), currency (or basket of currencies), debt instrument (or basket of debt instruments), fund (or basket of funds), commodity (or basket of commodities) or other asset or basis of reference to which the value of the relevant Certificates may relate, as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Certificate upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Certificate must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant share (or basket of shares), index (or basket of indices), currency (or basket of currencies), debt instrument (or basket of debt instruments), fund (or basket of funds), commodity (or basket of commodities) or other asset or basis of reference which may be specified in the applicable Final Terms. Assuming all other factors are held constant, the lower the value of a Certificate and the shorter its remaining term to expiration, the greater the risk that purchasers of such Certificates will lose all or part of their investment. The only means through which a holder can realise value from the Certificate prior to the Exercise Date in relation to such Certificate is to sell it at its then market price in an available secondary market. See *"Possible Illiquidity of the Certificates in the Secondary Market"* below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Certificates. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Certificates. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Certificates. Also, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Currency Certificates. Fluctuations in the value of the relevant fund or the value of the basket of funds will affect the value of Fund Certificates. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Certificates. Purchasers of Certificates risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

The Issuer may issue several issues of Certificates relating to various reference indices, debt instruments, shares, funds, currencies, commodities or other assets or bases of reference as may be specified in the applicable Final Terms. However, no assurance can be given that the Issuer will issue any Certificates other than the Certificates to which particular Final Terms relate. At any given time, the number of Certificates outstanding may be substantial. Certificates provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with the Certificates are similar to those generally applicable to other options of private corporate issuers. Options or Certificates on equities or debt securities are priced primarily on the basis of the value of underlying securities. The trading value of Currency and Commodity Certificates is likely to reflect primarily present and expected

values of the reference currency (or basket of currencies) or commodity (or basket of commodities) specified in the applicable Final Terms.

Certificates are Unsecured Obligations

The Certificates are direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank equally among themselves and rank equally (subject to such exceptions as are from time to time provided by applicable laws) with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Issuer.

The obligations of ML&Co. under the Guarantee, save for such exceptions as may be provided by applicable legislation or judicial order, rank *pari passu* with its other present and future unsecured and unsubordinated contractual obligations.

Certain Factors Affecting the Value and Trading Price of Certificates

The Cash Settlement Amount (in the case of Cash Settled Certificates) or the value of the Entitlement (the "Physical Settlement Value") (in the case of Physical Delivery Certificates) at any time prior to expiration is typically expected to be less than the trading price of such Certificates at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, a "time value" for the Certificates. The "time value" of the Certificates will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the share (or basket of shares), index (or basket of indices), currency (or basket of currencies), debt instrument (or basket of debt instruments), fund (or basket of funds), commodity (or basket of commodities) or other asset or basis of reference as specified in the applicable Final Terms. Certificates offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Certificates varies with the price level of the share (or basket of shares), index (or basket of indices), currency (or basket of currencies), debt instrument (or basket of debt instruments), fund (or basket of funds), commodity (or basket of commodities) or other asset or basis of reference as specified in the applicable Final Terms, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Certificates, Certificateholders should carefully consider, among other things, (i) the trading price of the Certificates, (ii) the value and volatility of the share (or basket of shares), index (or basket of indices), debt instrument (or basket of debt instruments), fund (or basket of funds), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis of reference as specified in the applicable Final Terms, (iii) the time remaining to expiration, (iv), in the case of Cash Settled Certificates, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the share (or basket of shares), index (or basket of indices), debt instrument (or basket of debt instruments), fund (or basket of funds), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis of reference as specified in the applicable Final Terms and (viii) any related transaction costs.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Certificates to hedge against the market risk associated with investing in a share (or basket of shares), index (or basket of indices), currency (or basket of currencies), debt instrument (or basket of debt instruments), fund (or basket of funds), commodity (or basket of commodities) or other asset or basis of reference which may be specified in the applicable Final Terms, should recognise the complexities of utilising Certificates in this manner. For example, the value of the Certificates may not exactly correlate with the value of the share (or basket of shares), index (or basket of indices), debt instrument (or basket of debt instruments), fund (or basket of funds), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis of reference which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Certificates, there is no assurance that their value will correlate with movements of the share (or basket of shares), index (or basket of indices), debt instrument (or basket of debt

instruments), fund (or basket of funds), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis of reference which may be specified in the applicable Final Terms. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index or basket.

In the case of Certificates relating to a share (or basket of shares), the Issuer and/or ML&Co. and/or any of their respective Affiliates or agents may from time to time hedge the Issuer's obligations under such Certificates (and under other instruments and OTC contracts issued by or entered into from time to time by the Issuer and/or ML&Co. and/or any of their respective Affiliates or agents relating to such securities) by taking positions, directly or indirectly, in such share (or basket of shares). Although neither the Issuer nor ML&Co. has any reason to believe that such hedging activities will have a material impact on the price of any share, there can be no assurance that such hedging activities will not adversely affect the value of the Certificates.

Certain Considerations Associated with Certificates Relating to Shares (or Baskets of Shares)

In the case of Certificates relating to a share (or basket of shares), no issuer of such shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Certificates and none of the Issuer, ML&Co. or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the trading price of the Certificates.

Except as provided in the Conditions in relation to Physical Delivery Certificates, Certificateholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Certificates relate.

Certain Additional Risk Factors Associated with Currency Certificates

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Certificates. Furthermore, investors who intend to convert gains or losses from the exercise or sale of Certificates into their home currency may be affected by fluctuations in exchange rates between their home currency and the Settlement Currency of the Certificates. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or basket of currencies), regardless of other market forces (see *'Exchange rate risks and exchange controls'* below). Purchasers of Certificates risk losing their entire investment if exchange rates of the relevant currency (or basket of currencies) do not move in the anticipated direction.

If additional certificates or options relating to particular currencies or particular currency indices are subsequently issued, the supply of certificates and options relating to such currencies or currency indices, as applicable, in the market will increase, which could cause the price at which the Currency Certificates and such other certificates and options trade in the secondary market to decline significantly.

Certain Considerations Associated with Certificates Relating to Funds (or Baskets of Funds)

An investment in Fund Certificates may bear similar market risks to a direct investment in the relevant fund(s) and investors should take advice accordingly.

Risks Related to Certificates Generally

Time Lag after Exercise

Unless otherwise specified in the Final Terms, in the case of any exercise of Certificates, there will be a time lag between the time a Certificate is exercised and the time the applicable Cash Settlement Amount (in the case of Cash Settled Certificates) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Terms and Conditions or in the applicable Final Terms. However, such delay could be significantly longer, particularly in the case of a delay arising from the occurrence of a market disruption event or failure to open of an exchange or related exchange (if applicable), or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Certificates. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Certificates being exercised and may result in such Cash Settlement Amount being zero.

Option to Vary Settlement

If the applicable Final Terms in respect of any Certificates indicates that the Issuer has an option to vary settlement in respect of such Certificates, the Issuer may, at its sole and unfettered discretion, elect (1) not to pay the relevant Certificateholders the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (2) not to deliver or procure delivery of the Entitlement, but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Certificateholders.

Market Disruption Event and Disrupted Day

If an issue of Certificates includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date or an Averaging Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date or an Averaging Date, any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Certificates may have an adverse effect on the value of such Certificates.

Settlement Disruption Event

In the case of Physical Delivery Certificates, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price (as defined in the Terms and Conditions) in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Certificates.

Expenses and Taxation

A holder of Certificates must pay all Expenses relating to such Certificates. As used in the Terms and Conditions, "Expenses" means all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Certificates and/or the delivery or transfer of the Entitlement (as applicable) pursuant to the terms of such Certificates as more fully set out in Conditions 6 and 11.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Illegality

If the Issuer determines that its performance under any Certificates has or that any arrangements made to hedge the Issuer's obligations under any Certificates have become illegal in whole or in part for any reason, the Issuer may cancel such Certificates and, if permitted by applicable law, pay the holder of each such Certificate an amount equal to the fair market value of such Certificate notwithstanding such illegality less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion, which amount may be less than the purchase price of the Certificates and in certain circumstances be zero.

Change of law

The Conditions are based on English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Information Memorandum.

Potential Conflicts of Interest

The Issuer, ML&Co. and/or any of their respective Affiliates may also engage in trading activities (including hedging activities) related to the asset or other basis of reference underlying any Certificates and other instruments or derivative products based on or related to the asset or other basis of reference underlying any Certificate for their proprietary accounts or for other accounts under their management. The Issuer, ML&Co. and/or any of ML&Co.'s Affiliates may also issue other derivative instruments in respect of the asset or other basis of reference underlying Certificates. The Issuer, ML&Co. and/or any of ML&Co.'s Affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Certificates or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Certificates.

Risks Related to the Market Generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest risk and credit risk.

Possible Illiquidity of the Certificates in the Secondary Market

It is not possible to predict the price at which Certificates will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit to trading Certificates on a stock exchange or market. If the Certificates are not listed or admitted to trading on any exchange or market, pricing information for the Certificates may be more difficult to obtain and the liquidity of the Certificates may be adversely affected. If the Issuer does list or admit to trading an issue of Certificates, there can be no assurance that at a later date, the Certificates will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Certificates on another exchange or market. Also, to the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates.

The Issuer, ML&Co., or any of ML&Co.'s Affiliates may, but is not obliged to, at any time purchase Certificates at any price in the open market or by tender or private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation. The Issuer, ML&Co., or any of ML&Co.'s Affiliates may, but is not obliged to, be a market-maker for an issue of Certificates. Even if the Issuer or such other entity is a market-maker for an issue of Certificates, the secondary market for such Certificates may be limited. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value.

Exchange rate risks and exchange controls

In the case of Cash Settled Certificates, the Issuer will pay the Cash Settlement Amount in respect of the Certificates in the Settlement Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settlement Currency would decrease (i) the Investor's Currency-equivalent yield on the Certificates, (ii) the Investor's Currency equivalent value of the Cash Settlement Amount in respect of the Certificates and (iii) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, the Cash Settlement Amount that investors may receive may be less than expected or zero.

FINAL TERMS DATED 24 JULY 2008

MERRILL LYNCH S.A.

Issue of 150,000 certificates linked to the Dow Jones Euro Stoxx 50® Index ("Certificates")

**under the Merrill Lynch S.A. Certificate Programme
unconditionally and irrevocably guaranteed as to payment and delivery obligations
of Merrill Lynch S.A. by
Merrill Lynch & Co., Inc.**

The Information Memorandum referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Certificates. Accordingly any person making or intending to make an offer of the Certificates may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 25 of Part A below, provided such person is one of the persons mentioned in Paragraph 25 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Certificates in any other circumstances.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Information Memorandum dated 27th September, 2007 as supplemented from time to time, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). This document constitutes the Final Terms of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Information Memorandum as supplemented. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Information Memorandum as supplemented. The Information Memorandum and the supplement to the Information Memorandum are available for viewing during normal business hours at the registered office of the Issuer and the specified offices of the Certificate Agents and copies may be obtained from Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ and on the website of the Issuer at www.mlinvest.com.

References herein to numbered Conditions are to the terms and conditions of the Certificates and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms, save as where otherwise expressly provided.

- | | | |
|----|-----------------------|--|
| 1. | Issuer: | Merrill Lynch S.A. (the " Offeror "). |
| 2. | Guarantor: | Merrill Lynch & Co., Inc. |
| 3. | Type of Certificates: | The Certificates are Index Certificates. |
| 4. | Averaging: | Averaging does not apply to the Certificates. |
| 5. | Issue Date: | The issue date of the Certificates is 20 March 2008. |
| 6. | Exercise Date: | The exercise date of the Certificates is 13 March 2012, provided that, if such date is not an Exercise Business Day, the Exercise Date shall be the immediately succeeding Exercise Business |

Day.

For the purposes of Borsa Italiana, the Exercise Date shall be deemed to be the maturity date, i.e. the date on which the Certificates expire.

7. Settlement Date: The Settlement Date means (1) 20 March 2012, or, if such date is not a Business Day, the immediately succeeding Business Day or, if later (2) the fifth Business Day following the Valuation Date.
8. Number of Certificates being issued: The number of Certificates being issued is 150,000.
9. Issue Price: The issue price per Certificate is EUR 1,000.
10. Cash Settlement Amount: On the Settlement Date, unless previously redeemed (including, redemption upon the occurrence of an Early Redemption Event as set out in paragraph 22(a) below) or purchased, upon the valid exercise of Certificates in accordance with the Terms and Conditions, each Certificateholder shall receive the Cash Settlement Amount in the Settlement Currency, which shall be determined by the Calculation Agent in accordance with either paragraph (a) or (b) below:

- a) If a Barrier Event has not occurred, the Cash Settlement Amount per Certificate will be calculated by the Calculation Agent in accordance with the following formula:

$$\text{EUR } 1,000 \times [100\% + \text{Redemption Premium}]$$

- b) If a Barrier Event has occurred, the Cash Settlement Amount per Certificate will be calculated by the Calculation Agent in accordance with the following formula:

$$\text{EUR } 1000 \times [100\% + \{(X_m/X_o) - 1\}]$$

Where “**Redemption Premium**” means an amount calculated by the Calculation Agent according to the following formula:

$$\text{Max}[(X_m/X_o) - 1; 1 - (X_m/X_o)]$$

The following provision shall apply in relation to the Certificates only if the Certificates are listed on the SeDeX Market organised and managed by Borsa Italiana S.p.A.

Prior to the Renouncement Notice Cut-Off Time, as specified in Item 20 below, the Certificateholder may renounce automatic exercise of such Certificate in accordance with applicable laws and regulations, including the regulations of the Italian Stock Exchange applicable from time to time, by the delivery or sending by fax of a duly completed Renouncement Notice (a “**Renouncement Notice**”) to Euroclear and/or Clearstream, Luxembourg in the form and manner from time to time agreed with Euroclear and Clearstream, Luxembourg with a copy to Merrill Lynch International and the Principal Certificate Agent. Once

delivered a Renouncement Notice shall be irrevocable. If no Renouncement Notice is received prior to the Renouncement Notice Cut-Off Time, the Cash Settlement Amount shall be paid automatically by the Issuer on the Settlement Date.

11. Business Day Centre(s): The applicable Business Day Centre for the purposes of the definition of "Business Day" in Condition 4 is London.
12. Settlement: Settlement will be by way of cash payment ("Cash Settled Certificates").
13. Issuer's option to vary settlement: The Issuer does not have the option to vary settlement in respect of the Certificates.
14. Settlement Currency: The settlement currency for the payment of the Cash Settlement Amount is EUR.
15. Name and address of Calculation Agent: The Calculation Agent is Merrill Lynch International.

2 King Edward Street
London
EC1A 1HQ
United Kingdom

The Calculation Agent shall act as an independent expert and not as an agent for the Issuer or the Certificateholders.

All determinations and calculations shall be made by the Calculation Agent at its sole discretion, in good faith and acting on an arms-length basis. All such calculations so made shall be final and binding (save in the case of manifest error) on the Issuer and the Certificateholders. The Calculation Agent shall promptly notify the Certificate Agents and the Issuer upon any such determination or calculation, which shall be final and conclusive, and the Calculation Agent shall have no liability in relation to the determinations or calculations provided herein, except in the case of wilful default or bad faith.

16. Exchange(s), Index Sponsor and Designated Multi-Exchange Indices: For the purposes of Condition 4 and Condition 15(A):
 - (a) the relevant Exchange is defined in Item 22(b) below; and
 - (b) the relevant Index Sponsor is Stoxx Limited
 - (c) the relevant Index Currency is EUR

17. Related Exchange(s): For the purposes of Condition 4 and Condition 15(A), the relevant Related Exchange is EUREX.

18. Valuation Time: **"Valuation Time"** means (a) for the purposes of determining whether a Market Disruption Event has occurred: (i) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (ii) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange, and (b) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

19. Additional Disruption Events: Not Applicable.
20. Renouncement Notice Cut-Off Time: 5.00 p.m. (Milan time) on the Business Day immediately following the Valuation Date.

GENERAL

21. Form of Certificates: The Certificates are to be issued into and transferred through Euroclear and Clearstream, Luxembourg.

Euroclear/CBL Temporary Global Certificate exchangeable for a Euroclear/CBL Permanent Global Certificate which is exchangeable for Definitive Certificates upon not less than 60 days' notice from Euroclear and/or Clearstream, Luxembourg, as applicable, (acting on the instructions of any holder of an interest in such Euroclear/CBL Permanent Global Certificate).

22. Other Final Terms:
- (a) Automatic Early Redemption: Unless previously redeemed or purchased and cancelled, if on any Early Redemption Valuation Date, the Official Closing Level of the Index is equal to or greater than the Optimum Strike Price (an "**Early Redemption Event**") the Certificates will be redeemed automatically in whole, but not in part, on the immediately following Early Redemption Date and each Certificateholder shall receive the Early Redemption Amount on the Early Redemption Date.

Early Redemption Valuation Date	Early Redemption Date	Early Redemption Amount
13 March 2009	20 March 2009	EUR 1,075
15 March 2010	22 March 2010	EUR 1,150
14 March 2011	21 March 2011	EUR 1,225

- (b) Definitions: For the purposes of these Final Terms, the following definitions will apply in addition to the general definitions contained in Condition 4:

A "**Barrier Event**" shall occur if the Calculation Agent determines that the Official Closing Level of the Index on any Scheduled Trading Day during the Observation Period is less than the Barrier Level;

"**Barrier Level**" means fifty five per cent. (55 %) of the Optimum Strike Price;

"**Early Redemption Amount**" means the amount per Certificate which the Certificateholder is entitled to receive on the Early Redemption Date in the Settlement Currency as specified in the table above under the heading "Early Redemption Amount";

"**Early Redemption Date**" means each date listed in the table above under the heading "Early Redemption Date " provided that, if such date is not a Business Day, the Early Redemption Date shall be the immediately succeeding Business Day;

"Early Redemption Valuation Date" means each date listed in the table above under the heading "Early Redemption Valuation Date" unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Early Redemption Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Index unless each of the eight Scheduled Trading Days immediately following the Scheduled Early Redemption Valuation Date is a Disrupted Day relating to the Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Early Redemption Valuation Date for the Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent, acting in good faith, shall determine the level of the Index using the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with (subject to Condition 15(A)(2) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day);

"Index" means the **Dow Jones Euro Stoxx 50® (Price) Index** which is a capitalisation-weighted index of 50 European blue-chip stocks from those countries participating in the EMU. The equities use free float shares in the index calculation. The index was developed with a base value of 1000 as of December 31, 1991;

"Observation Period" means each Scheduled Trading Day from but excluding 20 June 2008 to and including the Valuation Date.

For the purposes only of determining whether a Barrier Event has occurred, if any such Scheduled Trading Day is a Disrupted Day, as determined by the Calculation Agent, then the Calculation Agent shall determine whether or not a Barrier Event has occurred on such Scheduled Trading Day, having regard to the then prevailing market conditions and such other factors as the Calculation Agent considers relevant.

"Official Closing Level" means the closing level of the Index as quoted on Bloomberg page SX5E<Index><Go.

If an Official Closing Level is not published on the relevant Bloomberg page referred to above, the Calculation Agent, may in its sole discretion, use a successor page/publication or alternative source as it considers appropriate.

"Optimum Strike Observation Period" means each Scheduled Trading Day during the period from and including

the Issue Date to and including 20 June 2008.

If any such day is a Disrupted Day, then the Official Closing Level of the Index for such day will be the Official Closing Level of the Index on the preceding Scheduled Trading Day that was not a Disrupted Day.

“Optimum Strike Price” means the lowest Official Closing Level of the Index during the Optimum Strike Observation Period;

“Xm” means, the Settlement Price as defined in Condition 4 of the Information Memorandum; in particular, **Settlement Price** means, subject to Condition 15(A) and in relation to each Cash Settled Certificate, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level of the Index as determined by the Calculation Agent on the Valuation Date;

“Xo” means the Optimum Strike Price;

Amendments to Condition 4 and
Condition 15 of the Information
Memorandum:

Condition 4 and Condition 15 shall be amended by replacing the definitions of “Disrupted Day”, “Early Closure”, “Exchange”, “Exchange Disruption”, “Market Disruption Event”, “Scheduled Closing Time”, “Scheduled Trading Day” and “Trading Disruption” where applicable:

“Disrupted Day” means any Scheduled Trading Day on which (a) the Index Sponsor fails to publish the level of the Index, (b) any Related Exchange fails to open for trading during its regular trading session or (c) a Market Disruption Event has occurred.

“Early Closure” means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day and (b) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

“Exchange” means, in respect of each component security of the Index (each a **“Component Security”**), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

“Exchange Disruption” means, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (a) any Component Security on the Exchange in respect of such Component Security or (b) futures or options contracts relating to the Index on any Related Exchange.

“Market Disruption Event” means:

- (a) the occurrence or existence, in respect of any Component Security, of:
 - (A) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
 - (B) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; OR
 - (C) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; AND
- (b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (c) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (i) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange, (ii) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange or (iii) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of that Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security or Component Security, and (ii) the overall level of that Index, in each case using the official opening weightings as published by the Sponsor as part of the market "opening data".

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“Scheduled Trading Day” means any day on which (i) the Index Sponsor is scheduled to publish the level of the Index; and (ii) the Related Exchange is scheduled to be open for trading for their respective regular trading sessions.

“Trading Disruption” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to any Component Security on the Exchange in respect of such Component Security or (b) in futures or options contracts relating to the Index on the Related Exchange.

DISTRIBUTION

23. Syndication: The Certificates have been distributed on a non-syndicated basis.
24. Total commission and concession: A percentage commission of the notional amount placed by the Distributor during the Offer Period has been paid to the Distributor in connection with the offer, on the Issue Date. The commission is equal to an amount up to 6.20% on the first EUR 100,000,000 placed by the Distributor and, a percentage to be determined according to the commission previously paid for the first EUR 100,000,000 and based on prevailing market conditions, on the following EUR 50,000,000 placed by the Distributor. Further information is available upon request from the Distributor.
25. Non exempt Offer: An offer of the Certificates has been made through Allianz Bank Financial Advisors S.p.A. (located at Piazza Velasca 7/9, 20122 Milan, Italy) (“**Distributor**”) other than pursuant to Article 3(2) of the Prospectus Directive in Italy (“**Public Offer Jurisdiction**”) during the period from 8 February 2008 until 10 March 2008 (“**Offer Period**”).
For the avoidance of doubt, Merrill Lynch International has not acted as a distributor.
26. Additional selling restrictions: **Republic of Italy**

To the extent that the Certificates have not been registered, and until the offering of the Certificates has been registered (see further Paragraph 5 of Part B below) pursuant to Italian securities legislation, no Certificates may be offered, sold or delivered, nor may copies of the Final Terms or of any other document relating to the Certificates be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and the relevant implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November 2003; or

(ii) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the

Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No.11971 of 14 May 1999, as amended ("**Regulation No. 11971**").

Any offer, sale or delivery of the Certificates or distribution of copies of the Final Terms or any other document relating to the Certificates in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for admission to trading on Borsa Italiana of the Certificates described herein pursuant to the Certificate Programme of Merrill Lynch S.A.

RESPONSIBILITY

Subject as provided below, the Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. The information relating to the Index contained herein has been accurately extracted from Bloomberg Financial Markets. The Issuer and the Guarantor accept responsibility for the accuracy of such extraction but accept no further or other responsibility in respect of such information.

Signed on behalf of the Issuer:

By:


.....
Duly authorised

JOHN G. SHANE
DIRECTOR
MLSA

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Luxembourg Stock Exchange and Borsa Italiana.
- (ii) Admission to trading: Application has been made for the Certificates to be admitted to trading on the Luxembourg Stock Exchange with effect from or about the Issue Date.
Application has been made for the Certificates to be admitted to trading on the Borsa Italiana.

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Manager, so far as the Issuer is aware, no person involved in the issue of the Certificates has an interest material to it.

3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: The Issuer intends to use the net proceeds from each issue of Certificates for general corporate purposes. A substantial portion of the proceeds may be used to hedge market risks with respect to the Certificates.
- (ii) Estimated net proceeds: EUR 150,000,000

4. PERFORMANCE OF INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE INDEX

The past and future performance and volatility of the Index can be found in Schedule 2 and can be obtained on Bloomberg Financial Systems on page SX5E<Index><Go>.

5. TERMS AND CONDITIONS OF THE OFFER

This paragraph 5 refers exclusively to the public offer made in Italy during the period from 8 February 2008 to 10 March 2008 on the basis of the Final Terms dated 8 February 2008.

Offer Price: The Offer Price is equal to EUR 1,000 per Certificate. Please see paragraph 24 above “Total Commission and Concession” for fees payable.

Conditions to which the offer is subject: Offers of the Certificates are conditional on their issue. The issuer reserves the right not to issue the Certificates.

Description of the application process:

The Offer Period (as defined below) will begin at 8:00 am Central European Time on the 8 February 2008 and will expire at 17:00 pm Central European Time on the 10 March 2008.

During the period (the "**Offer Period**") described above, individual investors can accept the offer during normal banking hours in the Public Offer Jurisdiction.

The Base Prospectus together with the translation of the Summary shall be available to investors at the offices of the Distributor.

The Certificates will be placed into Italy by the Distributor. Allotment of the Certificates to the interested investors shall be as managed and coordinated by the Distributor, subject to the provisions below. The Certificates will be placed into Italy without any underwriting commitment by the Distributor or by Merrill Lynch International (the "**Manager**").

During the Offer Period no undertakings have been made by third parties to guarantee the subscription of the Certificates.

A prospective Certificateholder should contact the Distributor in the relevant Public Offer Jurisdiction prior to the end of the Offer Period. A prospective Certificateholder will subscribe for Certificates by signing a subscription application of the Distributor for the Certificates. Such application must be specific for the Certificates and drafted in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally. Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer or the Manager related to the subscription for the Certificates.

For the avoidance of doubt, no dealings in the Certificates may take place prior to the Issue Date.

Details of the minimum and/or maximum amount of application:

There are no pre-identified allotment criteria. All of the Certificates requested by the Distributor during the Offer Period will be assigned until reaching the maximum amount of the offer destined to prospective Certificateholders (up to the amount of 150,000 Certificates). In the event that during the Offer Period the requests exceed the amount of the offer destined to prospective Certificateholders, equal to 150,000 Certificates, the acceptance of further requests will be immediately suspended.

Upon the close of the Offer Period, in the event that, notwithstanding the above, more than the maximum amount of the Certificates are subscribed, the Manager will notify the Distributor as to the amount of their allotments. In such event, the Distributor will notify potential investors of the amount of the Certificates to be assigned. The Manager will adopt allotment criteria that ensure equal treatment of prospective investors.

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not Applicable
Details of the method and time limits for paying up and delivering the Certificates:	In the context of the public offer, investors will be notified by the Distributor of their allocations of Certificates and the settlement arrangements in respect thereof. The Certificates will be issued on the Issue Date against payment to the Issuer of the net subscription moneys.
Manner in and date on which results of the offer are to be made public:	The result of the offer will be published following the offer period and prior to the issue date on the Distributor's website (www.allianzbank.it).
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
Categories of potential investors to which the Certificates are offered and whether tranche(s) have been reserved for certain countries:	<p>The Offer is addressed in the Public Offer Jurisdiction to any person. In other EEA countries, offers will only be made pursuant to an exemption under the Prospectus Directive as implemented in such countries.</p> <p>Any investor not located in the Republic of Italy should contact its financial advisor for more information, and may only purchase the Certificates from its financial advisor, bank or financial intermediary.</p>
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	Not Applicable
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	For the tax regime applicable in the Public Offer Jurisdiction, see Schedule 3 below.

7. OPERATIONAL INFORMATION

- | | | |
|-------|---|---|
| (i) | ISIN Code: | XS0345146400 |
| (ii) | Common Code: | 34514640 |
| (iii) | Clearing System(s): | Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> |
| (iv) | Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, <i>société anonyme</i> , Clearstream Banking AG, Frankfurt am Main and the relevant identification | Monte Titoli, to the extent required by Borsa Italiana S.p.A. in connection with the listing of the Certificates on its regulated market. |

number(s):

8. FORM OF NOTICE FROM BENEFICIAL OWNER TO FINANCIAL INTERMEDIARY

NOTICE FROM THE BENEFICIAL OWNER TO HIS/HER FINANCIAL INTERMEDIARY
(to be completed by the beneficial owner of the Certificates for the valid renouncement of the automatic exercise of the Certificates)

MERRILL LYNCH S.A.

Issue of 150,000 certificates linked to the Dow Jones Euro Stoxx 50® Index (“Certificates”)

**under the Merrill Lynch S.A. Certificate Programme
unconditionally and irrevocably guaranteed as to payment and delivery obligations
of Merrill Lynch S.A. by
Merrill Lynch & Co., Inc.**

(the “Certificates”)

To: Financial Intermediary
(the "Financial Intermediary")

We the undersigned beneficial owner(s) of the Certificates hereby communicate that we are renouncing the automatic exercise on the Exercise Date of the rights granted by the Certificates in accordance with the Terms and Conditions of the Certificates.

The undersigned understands that if this notice is not duly completed and delivered in order to enable the Certificateholder to renounce the automatic exercise of the Certificates prior to the Renouncement Notice Cut-Off Time, or if this notice is determined to be incomplete or not in proper form (in the determination of the Financial Intermediary) it will be treated as null and void.

ISIN Code/Series number of the Certificates: []

Number of Certificates the subject of this notice: []

Name of beneficial owner of the Certificates

Signature

**SCHEDULE 1
INDEX DISCLAIMER**

Dow Jones Euro Stoxx 50® (Price) Index

STOXX and Dow Jones have no relationship to Merrill Lynch & Co., Inc. other than the licensing of the Dow Jones Euro Stoxx 50® (Price) Index and the related trademarks for use in connection with the Securities.

STOXX and Dow Jones do not:

- Sponsor, endorse, sell or promote the Securities.
- Recommend that any person invest in the Securities or any other securities.
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of the Securities.
- Have any responsibility or liability for the administration, management or marketing of the Securities.
- Consider the needs of the Securities or the owners of the Securities in determining, composing or calculating the Dow Jones Euro Stoxx 50® (Price) Index or have any obligation to do so.

STOXX and Dow Jones will not have any liability in connection with the Securities. Specifically, STOXX and Dow Jones do not make any warranty, express or implied and disclaim any and all warranty about:

- The results to be obtained by the Securities, the owner of the Securities or any other person in connection with the use of the Dow Jones Euro Stoxx 50® (Price) Index and the data included in the Dow Jones Euro Stoxx® 50 Price Index;
- The accuracy or completeness of the Dow Jones Euro Stoxx® 50 Price Index and its data; and
- The merchantability and the fitness for a particular purpose or use of the Dow Jones Euro Stoxx 50® (Price) Index and its data;

STOXX and Dow Jones will have no liability for any errors, omissions or interruptions in the Dow Jones Euro Stoxx 50® (Price) Index or its data and under no circumstances will STOXX or Dow Jones be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if STOXX or Dow Jones knows that they might occur.

SCHEDULE 2

HISTORICAL DATA

The information in this Appendix B (Historical Data) is taken from Bloomberg Financial Systems or other publicly available information sources, in respect of the Dow Jones Euro Stoxx 50® (Price) Index. The Issuer confirms that such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from public information sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither the Issuer nor the Dealer accepts any further responsibility in respect of such information.

The following information does not imply any representation on the part of the Issuer, the Calculation Agent or the Dealer or any other person that any such information is correct.

Dow Jones Euro Stoxx 50® (Price) Index

The level of the **Dow Jones Euro Stoxx 50® (Price) Index** will be available on Bloomberg page SX5E<Index><Go>.

Recent and Historical levels of the Dow Jones Euro Stoxx 50® (Price) Index

	High	Low
2004	2,959.71	2580.04
2005	3,616.33	2,924.01
2006	4,140.66	3,408.02
2007	4,557.57	3,906.15
August, 2007	4,364.22	4,062.33
September, 2007	4,389.33	4,136.45
October, 2007	4,489.79	4,356.24
November, 2007	4,415.27	4,195.58
December, 2007	4,469.47	4,301.34
January, 2008	4,339.23	3,577.99

The level of the **Dow Jones Euro Stoxx 50® (Price) Index** on 31 January 2008 was 3,792.80.

SCHEDULE 3

TAX TREATMENT OF THE CERTIFICATES IN ITALY

The following is a summary of current Italian law and practise relating to the taxation of the Certificates. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Certificates and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Certificates.

In the near future, the Italian Government could be authorised by the Parliament to introduce amendments to the income tax regime of capital gains and financial income, which may impact upon the tax regime of the Certificates.

Italian taxation of Certificates

Pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Certificateholder is (i) an individual not engaged in an entrepreneurial activity to which the Certificates are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Certificates are subject to a 12.5% substitute tax (imposta sostitutiva). The recipient may opt for three different taxation criteria:

(1) Under the tax declaration regime (regime della dichiarazione), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Certificates are connected, the imposta sostitutiva on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding the Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Certificates carried out during any given tax year. Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay imposta sostitutiva on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(2) As an alternative to the tax declaration regime, Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity may elect to pay the imposta sostitutiva separately on capital gains realised on each sale or redemption of the Certificates (the "risparmio amministrato" regime). Such separate taxation of capital gains is allowed subject to (i) the Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the risparmio amministrato regime being timely made in writing by the relevant Certificateholder. The depository is responsible for accounting for imposta sostitutiva in respect of capital gains realised on each sale or redemption of the Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Certificateholder or using funds provided by the Certificateholder for this purpose. Under the risparmio amministrato regime, where a sale or redemption of the Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the risparmio amministrato regime, the Certificateholder is not required to declare the capital gains in the annual tax return.

(3) Any capital gains realised by Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Certificates, to an authorised intermediary and have opted for the so-called "risparmio gestito" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this risparmio gestito regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the risparmio gestito regime, the Certificateholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Certificateholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Certificates are effectively connected, capital gains arising from the Certificates will not be subject to imposta sostitutiva, but must be included in the relevant Certificateholder's income tax return and are therefore subject to Italian corporate tax.

Capital gains realised by non-Italian resident Certificateholders are not subject to Italian taxation provided that the Certificates (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

Atypical securities

In accordance with a different interpretation of current tax law, there is a remote possibility that the Certificates would be considered as 'atypical' securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Certificates may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident Certificateholder and to an Italian resident Certificateholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid, starting from 1 July 2005, to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents (i.e. banks, società di intermediazione mobiliare (SIM), fiduciary companies, società di gestione del risparmio (SGR) resident for tax purposes in Italy, Italian permanent establishments of non-Italian resident persons and any other Italian entity paying interest for professional or business reasons) shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which will be incorporated by reference into each Global Certificate.

The Certificates of this series (such Certificates being hereinafter referred to as the "Certificates") are issued pursuant to an amended and restated Master Certificate Agreement dated 27th September, 2007 (such Master Certificate Agreement as amended and/or supplemented and/or restated from time to time, the "Certificate Agreement") between Merrill Lynch S.A. (the "Issuer"), Merrill Lynch & Co., Inc. ("ML&Co."), BNP Paribas Securities Services S.A. as principal certificate agent (the "Principal Certificate Agent", which expression shall include any successor principal certificate agent) and Fortis Banque Luxembourg S.A. as Luxembourg certificate agent (the "Luxembourg Certificate Agent" and, together with the Principal Certificate Agent, the "Certificate Agents", which expression shall include any additional or successor certificate agents) and the Calculation Agent (as defined below).

Merrill Lynch International shall undertake the duties of calculation agent (the "Calculation Agent") in respect of the Certificates unless another entity is so specified as the calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Certificates, include such other specified Calculation Agent.

If the applicable Final Terms indicate that the Certificates ("Euroclear/CBL Certificates") are to be issued into and transferred through accounts at Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"), such series of Euroclear/CBL Certificates will on issue be constituted by either a temporary global certificate in bearer form (the "Euroclear/CBL Temporary Global Certificate") or a permanent global certificate in bearer form (the "Euroclear/CBL Permanent Global Certificate" and together with the Euroclear/CBL Temporary Global Certificate, the "Global Certificates" and each a "Global Certificate") as indicated in the applicable Final Terms which, in either case, will be deposited with a depository (the "Common Depository") common to Euroclear and Clearstream, Luxembourg. If the applicable Final Terms indicate that the Certificates ("CBF Certificates") are to be issued into and transferred through accounts at Clearstream Banking AG, Frankfurt am Main ("Clearstream, Frankfurt"), such series of CBF Certificates will on issue be constituted by either a temporary global certificate in bearer form (the "CBF Temporary Global Certificate") or a permanent global certificate in bearer form (the "CBF Permanent Global Certificate" and, together with the CBF Temporary Global Certificate, the "Global Certificates" and each a "Global Certificate") as indicated in the applicable Final Terms which, in either case, will be deposited with Clearstream, Frankfurt.

On or after the 40th day following the Issue Date of the Euroclear/CBL Certificates the Euroclear/CBL Temporary Global Certificate will be exchangeable (a) for a Euroclear/CBL Permanent Global Certificate or (b) for Definitive Certificates, in each case only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Certificate are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certification received) to the Principal Certificate Agent. A Euroclear/CBL Permanent Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates upon not less than 60 days' notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Euroclear/CBL Permanent Global Certificate). No Definitive Certificate delivered in exchange for a Euroclear/CBL Temporary Global Certificate or a Euroclear/CBL Permanent Global Certificate, as the case may be, will be mailed or otherwise delivered to any location in the United States or its possessions during the restricted period (as such term is defined in U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)).

On or after the 40th day following the Issue Date of the CBF Certificates the CBF Temporary Global Certificate will be exchangeable (a) for a CBF Permanent Global Certificate or (b) for Definitive Certificates, in each case only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Certificate are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Clearstream, Frankfurt and Clearstream, Frankfurt has given a like certification (based on the certification received) to the Principal Certificate Agent. A CBF Permanent Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates

upon not less than 60 days' notice from Clearstream, Frankfurt (acting on the instructions of any holder of an interest in such CBF Permanent Global Certificate). No Definitive Certificate delivered in exchange for a CBF Temporary Global Certificate or a CBF Permanent Global Certificate, as the case may be, will be mailed or otherwise delivered to any location in the United States or its possessions during the restricted period (as such term is defined in U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)).

The following legend will appear on all Certificates in bearer form:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the United States Internal Revenue Code as of 1986, as amended."

The applicable Final Terms for the Certificates is attached to the Global Certificate(s) or to the Definitive Certificate, if applicable, and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Certificates. References herein to the "applicable Final Terms" are to Part A of the Final Terms attached to the Global Certificate(s) or to the Definitive Certificate, if applicable.

The obligations of the Issuer with respect to physical delivery (if applicable) and/or the payment of amounts payable by the Issuer are guaranteed by ML&Co. pursuant to a guarantee (the "Guarantee") dated 17th January, 2007 executed by ML&Co. The original of the Guarantee is held by the Principal Certificate Agent at its specified office.

Copies of the Certificate Agreement (which contains the form of the Final Terms), the Guarantee and the applicable Final Terms are obtainable at the specified office of each Certificate Agent, save that if the Certificates are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Certificateholder holding one or more Certificates (as detailed below) and such Certificateholder must produce evidence satisfactory to the Issuer or the relevant Certificate Agent as to its holding of such Certificates and identity.

Words and expressions defined in the Certificate Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Certificateholders (as defined in Condition 1(B)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Certificate Agreement (insofar as they relate to the Certificates) and the applicable Final Terms, which are binding on them.

1. Type, Title and Transfer

(A) Type

The Certificates are Index Certificates, Share Certificates, Debt Certificates, Currency Certificates, Commodity Certificates, Fund Certificates or any other or further type of certificates as is specified in the applicable Final Terms. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Index Certificates, Share Certificates, Debt Certificates or Commodity Certificates are set out in Condition 15.

The applicable Final Terms will indicate whether settlement shall be by way of cash payment ("Cash Settled Certificates") or physical delivery ("Physical Delivery Certificates"), whether Averaging ("Averaging") will apply to the Certificates and whether interest will be payable in respect of the Certificates. If Averaging is specified as applying in the applicable Final Terms the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in Condition 4 below) applies.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Certificates shall be deemed to include references to Physical Delivery Certificates, which include an option (as set out in the applicable Final Terms) at the Issuer's election to request cash settlement of

such Certificate and where settlement is to be by way of cash payment, and references in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Certificates shall be deemed to include references to Cash Settled Certificates which include an option (as set out in the applicable Final Terms) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Certificate and where settlement is to be by way of physical delivery.

Certificates may, if so specified and provided for in the applicable Final Terms, allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those Certificates where the holder has elected for cash payment will be Cash Settled Certificates and those Certificates where the holder has elected for physical delivery will be Physical Delivery Certificates. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement if so indicated in the applicable Final Terms.

(B) Title to Certificates

Each person who is for the time being shown in the records of a Clearing System (as defined in Condition 4 below) as the holder of a particular number of Certificates (in which regard any certificate or other document issued by such Clearing System as to the number of Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, ML&Co. and any Certificate Agent as the holder of such number of Certificates for all purposes (and the expressions "Certificateholder" and "holder of Certificates" and related expressions shall be construed accordingly).

(C) Transfers of Certificates

For so long as the Certificates are represented by Definitive Certificates, title to the Certificates will pass by delivery.

For so long as the Certificates are represented by a Global Certificate, all transactions (including transfers of Certificates) in the open market or otherwise must be effected through an account at a Clearing System, subject to and in accordance with the rules and procedures for the time being of such Clearing System. Title will pass up on registration of the transfer in the books of each Clearing System.

Any reference herein to Euroclear and/or Clearstream, Luxembourg or Clearstream, Frankfurt or to a Clearing System shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Certificate Agent from time to time and notified to the Certificateholders in accordance with Condition 10.

2. Status of the Certificates and Guarantee

The Certificates constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank equally among themselves and rank equally (subject to such exceptions as are from time to time provided by applicable laws) with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Issuer.

The obligations of ML&Co. under the Guarantee, save for such exceptions as may be provided by applicable legislation or judicial order, rank *pari passu* with its other present and future unsecured and unsubordinated contractual obligations.

3. Guarantee

Subject as provided below, in the Guarantee ML&Co. has unconditionally and irrevocably guaranteed the obligations of the Issuer with respect to physical delivery (if applicable) and/or the payment of amounts payable by the Issuer under the Global Certificate(s), the Certificates and the Certificate Agreement. The terms of the Guarantee provide that, in the case of Physical Delivery Certificates, notwithstanding that the Issuer either (i) had the right to vary settlement in respect of such Physical Delivery Certificates in accordance with Condition 5(E) and exercised such right or failed to exercise such right or (ii) had no such right to vary settlement in respect of such Physical Delivery Certificates in accordance with Condition 5(E), ML&Co. will have the right at its sole and unfettered discretion to

elect not to deliver or procure delivery of the Entitlement to the holders of such Physical Delivery Certificates, but in lieu thereof, to make payment of an amount equal to the Guaranteed Cash Settlement Amount calculated pursuant to the terms of the relevant Final Terms ("Guaranteed Cash Settlement Amount"). Any payment of the Guaranteed Cash Settlement Amount shall constitute a complete discharge of ML&Co.'s obligations in respect of such Physical Delivery Certificates. Payment of the Guaranteed Cash Settlement Amount will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 10.

In the event of the failure of the Issuer promptly either to make any payment due to any Certificateholder under the terms of the Certificates or to perform any obligation with respect to physical delivery due to any Certificateholder under the terms of the Certificates, such Certificateholder may make a demand on ML&Co. under the Guarantee by giving written notice of such demand to ML&Co. and to the Principal Certificate Agent at the addresses provided for the receipt of written notices set out in clause 14 of the Certificate Agreement.

It should be noted that contractual provisions relating to certain subordinated indebtedness of ML&Co. expressly subordinate such indebtedness to other unsubordinated indebtedness for borrowed money of ML&Co. (which does not include the obligations of ML&Co. under the Guarantee). As a result, it is possible that in the event of an insolvency of ML&Co., a proportionately greater amount might be recovered rateably by the holders of ML&Co.'s unsubordinated indebtedness for borrowed money than by the holders of Certificates under the Guarantee.

Furthermore, since ML&Co. is a holding company, the right of ML&Co., and hence the right of creditors of ML&Co. (including the holders of Certificates), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganisation or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of ML&Co. itself as a creditor of the subsidiary may be recognised. In addition, dividends, loans and advances from certain subsidiaries to ML&Co. are restricted by net capital requirements under the United States Securities Exchange Act of 1934, as amended, and under rules of certain exchanges and other regulatory bodies.

4. Definitions

For the purposes of these Terms and Conditions, the following general definitions will apply:

"Affiliate" means in relation to any entity (the "First Entity"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity;

"Averaging Date" means:

- (a) in respect of Index Certificates or Share Certificates, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:
 - (i) if "Omission" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Actual Exercise Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
 - (ii) if "Postponement" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(iii) if "Modified Postponement" is specified as applying in the applicable Final Terms then:

- (x) where the Certificates are Index Certificates relating to a single Index or Share Certificates relating to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Actual Exercise Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and
- (y) where the Certificates are Index Certificates relating to a Basket of Indices or Share Certificates relating to a Basket of Shares, the Averaging Date for each Index or Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "Scheduled Averaging Date") and the Averaging Date for an Index or Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index or Share. If the first succeeding Valid Date in relation to such Index or Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Index or Share, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below,

for the purposes of these Terms and Conditions "Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the Actual Exercise Date does not or is not deemed to occur; and

- (b) in respect of Debt Certificates, Commodity Certificates or Fund Certificates, each date specified as an Averaging Date in the applicable Final Terms, subject as set out in the applicable Final Terms;

"Business Day" means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and on which each Clearing System is open for business and (ii) for the purposes of making payments in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto is open;

"Cash Settlement Amount" means, in relation to a Cash Settled Certificate, the amount to which the Certificateholder is entitled to receive on the Settlement Date in the Settlement Currency in relation to each such Certificate, as determined by the Calculation Agent pursuant to the provisions set out in the applicable Final Terms;

"Clearing System" means:

- (a) in respect of Euroclear/CBL Certificates, Euroclear and/or Clearstream, Luxembourg or
- (b) in respect of CBF Certificates, Clearstream, Frankfurt;

"Disrupted Day" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

"Entitlement" means, in relation to a Physical Delivery Certificate, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Certificateholder is entitled to receive on the Settlement Date in respect of each such Certificate (following payment of Expenses) rounded down as provided in Condition 5(C)(i), as determined by the Calculation Agent including any documents evidencing such Entitlement;

"Exchange" means:

- (a) in respect of Index Certificates and in relation to an Index each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in respect of Share Certificates and in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange);

"Exchange Business Day" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

"Exercise Business Day" means a day that is a Business Day and a Scheduled Trading Day;

"Related Exchange" means, in respect of Index Certificates and in relation to an Index or in respect of Share Certificates and in relation to a Share, each exchange or quotation system specified as such in relation to such Index or Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or such Share;

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

"Scheduled Trading Day" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"Settlement Date" means:

- (a) in relation to Cash Settled Certificates, (i) where Averaging is not specified in the applicable Final Terms, the fifth Business Day following the Valuation Date provided that if the

Certificates are Index Certificates relating to a Basket of Indices, Share Certificates relating to a Basket of Shares, Debt Certificates relating to a Basket of Debt Instruments or Commodity Certificates relating to a Basket of Commodities and the occurrence of a Disrupted Day has resulted in a Valuation Date for one or more Indices, Shares, Debt Instruments or Commodities, as the case may be, being adjusted as set out in the definition of "Valuation Date" below, the Settlement Date shall be the fifth Business Day next following the last occurring Valuation Date in relation to any Index, Share, Debt Instrument or Commodity, as the case may be, or (ii) where Averaging is specified in the applicable Final Terms, the fifth Business Day following the last occurring Averaging Date provided that where the Certificates are Index Certificates relating to a Basket of Indices, Share Certificates relating to a Basket of Shares, Debt Certificates relating to a Basket of Debt Instruments or Commodity Certificates relating to a Basket of Commodities and the occurrence of a Disrupted Day has resulted in an Averaging Date for one or more Indices, Shares, Debt Instruments or Commodities, as the case may be, being adjusted as set out in the definition of "Averaging Date" above, the Settlement Date shall be the fifth Business Day next following the last occurring Averaging Date in relation to any Index, Share, Debt Instrument or Commodity, as the case may be, or such other date as is specified in the applicable Final Terms; and

- (b) in relation to Physical Delivery Certificates, the date specified as such in the applicable Final Terms;

"Settlement Price" means, in relation to each Cash Settled Certificate:

- (a) in respect of Index Certificates, subject to Condition 15(A) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
 - (i) in the case of Index Certificates relating to a Basket of Indices, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the official closing level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction, multiplied by the relevant Multiplier; and
 - (ii) in the case of Index Certificates relating to a single Index, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction;
- (b) in respect of Share Certificates, subject to Condition 15(B) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
 - (i) in the case of Share Certificates relating to a Basket of Shares, an amount equal to the sum of the values calculated for each Share as the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share (as defined in Condition 15(B)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction (or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent

in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent; and

- (ii) in the case of Share Certificates relating to a single Share, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share (as defined in Condition 15(B)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and in either case, without regard to any subsequent published correction (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;
- (c) in respect of Debt Certificates, subject as referred to in "Valuation Date" below or "Averaging Date" above:
- (i) in the case of Debt Certificates relating to a Basket of Debt Instruments, an amount equal to the sum of the values calculated for each Debt Instrument at the bid price for such Debt Instrument as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Instrument appearing on the Relevant Screen Page at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Instrument at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Instrument, such bid prices to be expressed as a percentage of the nominal amount of such Debt Instrument, multiplied by the relevant Multiplier; and
 - (ii) in the case of Debt Certificates relating to a single Debt Instrument, an amount equal to the bid price for the Debt Instrument as determined by or on behalf of the

Calculation Agent by reference to the bid price for such Debt Instrument appearing on the Relevant Screen Page at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Instrument at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Instrument, such bid prices to be expressed as a percentage of the nominal amount of the Debt Instrument;

- (d) in respect of Currency Certificates:
 - (i) in the case of Currency Certificates relating to a Basket of Subject Currencies, an amount equal to the sum of the values calculated for each Subject Currency at the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Multiplier; and
 - (ii) in the case of Currency Certificates relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent);
- (e) in respect of Commodity Certificates or Fund Certificates, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms;

"Valuation Date" means, subject as provided below:

- (a) in respect of Index Certificates or Share Certificates, the Exercise Date unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:
 - (i) where the Certificates are Index Certificates relating to a single Index or Share Certificates relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent, acting in good faith, shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price;

- (x) in the case of Index Certificates, by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with (subject to Condition 15(A)(2)) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
 - (y) in the case of Share Certificates, Debt Certificates or Commodity Certificates, in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that eighth Scheduled Trading Day; or
- (ii) where the Certificates are Index Certificates relating to a Basket of Indices or Share Certificates relating to a Basket of Shares, the Valuation Date for each Index or Share, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index or Share, as the case may be, affected by the occurrence of a Disrupted Day (each an "Affected Item") shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent, acting in good faith, shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, and, in the case of a Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using:
 - (x) in the case of an Index, the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with (subject to Condition 16(A)(2)) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
 - (y) in the case of a Share, its good faith estimate of the value for the Affected Item as of the Valuation Time on that eighth Scheduled Trading Day,

and otherwise in accordance with the above provisions;
- (b) in respect of Debt Certificates, Commodity Certificates or Fund Certificates, the Exercise Date, subject as set out in the applicable Final Terms; and

"Valuation Time" means the time specified in the applicable Final Terms or, in the case of Index Certificates or Share Certificates, if no time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Index or Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

5. Exercise Rights

5(A) Exercise Date

Each Certificate shall be automatically exercised on the Exercise Date ("Automatic Exercise")

5(B) Cash Settlement

If the Certificates are Cash Settled Certificates, each such Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount.

5(C) Physical Settlement

(i) Exercise Rights in relation to Physical Delivery Certificates

If the Certificates are Physical Delivery Certificates, each such Certificate entitles its holder, subject to certification as to non-U.S. beneficial ownership and to the provisions of Condition 6(A), to receive from the Issuer on the Settlement Date the Entitlement subject to payment of any Expenses. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms, Certificates of the same Certificateholder automatically exercised and in respect of which a Collection Notice (as defined below) has been duly given as provided in Condition 6(A), will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates, provided that the aggregate Entitlements will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following exercise of a Share Certificate which is a Physical Delivery Certificate, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Certificateholder will be paid to the account specified by the Certificateholder in the relevant Collection Notice as referred to in Condition 6(A)(a)(1)(v) or Condition 6(A)(b)(1)(iii), as applicable.

(ii) Settlement Disruption

If, following the exercise of Physical Delivery Certificates, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Certificates shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Certificate by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy and discharge its obligations in respect of the relevant Certificate by payment to the relevant Certificateholder of the Disruption Cash Settlement Price (as defined below) on the third Business Day following the date that notice of such election is given to the Certificateholders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 that a Settlement Disruption Event has occurred provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Settlement

Disruption Event. No Certificateholder shall be entitled to any payment in respect of the relevant Certificate in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or ML&Co.

For the purposes hereof:

"Disruption Cash Settlement Price" in respect of any relevant Certificate shall be the fair market value of such Certificate (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Issuer in its sole and absolute discretion; and

"Settlement Disruption Event" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

5(D) Failure to Deliver due to Illiquidity

If "Failure to Deliver due to Illiquidity" is specified as applicable in the applicable Final Terms and, following the exercise of Physical Delivery Certificates, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the "Affected Relevant Assets") comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "Failure to Deliver due to Illiquidity"), then

- (a) subject as provided elsewhere in these Terms and Conditions as amended by the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with Condition 5(C)(i); and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Certificate by payment to the relevant Certificateholder of the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Certificateholders in accordance with Condition 10. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 that the provisions of this Condition 5(D) apply.

For the purposes hereof:

"Failure to Deliver Settlement Price" means, in respect of any relevant Certificate, the fair market value of such Certificate (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

5(E) Issuer's Option to Vary Settlement

If the applicable Final Terms indicates that the Issuer has an option to vary settlement in respect of the Certificates, upon a valid exercise of Certificates in accordance with these Terms and Conditions, the Issuer may, at its sole and unfettered discretion, in respect of each such Certificate, elect not to pay the relevant Certificateholders the Cash Settlement Amount or not to deliver or procure delivery of the Entitlement to the relevant Certificateholders, as the case may be, but, *in lieu* thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Certificateholders, as the case may be. Notification of such election will be given to Certificateholders no later than 10.00 a.m. (London time) on the second Business Day following the Exercise Date.

5(F) *General*

None of the Issuer, ML&Co., the Calculation Agent and the Certificate Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Certificates does not confer on any holder of such Certificates any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to "Brussels, Luxembourg or Frankfurt time" shall, where Certificates are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

6. Collection Notices and Settlement

6(A) *Collection Notices*

(a) *Euroclear/CBL Certificates*

The following provisions only apply if the Certificates are Euroclear/CBL Certificates.

If the Certificates are Euroclear/CBL Certificates, in order to receive the Entitlement in respect of a Certificate, the relevant Certificateholder must deliver or send by tested telex (confirmed in writing) a duly completed Euroclear/CBL collection notice (a "Collection Notice") in the form set out in the Certificate Agreement (copies of which form may be obtained from Euroclear, Clearstream, Luxembourg and the Certificate Agents) to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to Merrill Lynch International and the Principal Certificate Agent on any Business Day up until not later than 10.00 a.m., Brussels or Luxembourg time (as appropriate), on the Exercise Date (the "Cut-off Date"). In the event that a Certificate is in definitive form the relevant Collection Notice must be delivered, along with the relevant Definitive Certificate in the manner provided above to the Issuer with a copy to the Principal Certificate Agent and to Merrill Lynch International.

(1) The Collection Notice shall:

- (i) specify the series of the Certificates and the number of Certificates the subject of such Collection Notice;
- (ii) except in the case of Definitive Certificates, specify the number of the Certificateholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Certificates the subject of such Collection Notice;
- (iii) except in the case of Definitive Certificates, irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Certificateholder's account with the Certificates the subject of such Collection Notice;
- (iv) include an undertaking to pay all Expenses and except in the case of Definitive Certificates, an authority to Euroclear or Clearstream, Luxembourg as the case may be, to debit a specified account of the Certificateholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Expenses;
- (v) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Certificateholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of a Definitive Certificate, at a bank in the principal financial centre of the relevant Settlement Currency to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to

the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;

- (vi) in the case of Currency Certificates only, specify the number of the Certificateholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of a Definitive Certificate, at a bank in the principal financial centre of the relevant Settlement Currency to be credited with the amount due upon exercise of the Certificates; and
- (vii) certify, *inter alia*, that the beneficial owner of each Certificate the subject of such Collection Notice is not a U.S. person (as defined in the Collection Notice), the Certificate was not held on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with such exercise and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States as set out in the applicable Final Terms; and
- (viii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Certificate Agreement.

- (2) If Condition 5(E) applies, the form of Collection Notice required to be delivered will be different from that set out above. Copies of such Collection Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Certificate Agents.

(b) *CBF Certificates*

The following provisions only apply if the Certificates are CBF Certificates.

If the Certificates are CBF Certificates, in order to receive the Entitlement in respect of a Certificate, the relevant Certificateholder must transfer such Certificates and deliver or send by tested telex (confirmed in writing) a duly completed CBF collection notice (a "Collection Notice") in the form set out in the Certificate Agreement (copies of which form may be obtained the Certificate Agents) in each case to the Principal Certificate Agent with a copy to Merrill Lynch International on any Business Day up until not later than 10.00 a.m., Frankfurt time, on the Exercise Date (the "Cut-off Date").

In the event that a Certificate is in definitive form the relevant Collection Notice must be delivered, along with the relevant Definitive Certificate in the manner provided above to the Issuer with a copy to the Principal Certificate Agent and to Merrill Lynch International.

- (1) The Collection Notice shall:
 - (i) specify the series of the Certificates and the number of Certificates the subject of such Collection Notice;
 - (ii) include an undertaking to pay all Expenses;
 - (iii) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Certificateholder's account at a bank in the principal financial centre of the relevant Settlement Currency to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;

- (iv) in the case of Currency Certificates only, specify the number of the Certificateholder's account at a bank in the principal financial centre of the relevant Settlement Currency to be credited with the amount due upon exercise of the Certificates; and
- (v) certify, *inter alia*, that the beneficial owner of each Certificate the subject of such Collection Notice is not a U.S. person (as defined in the Collection Notice), the Certificate was not held on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with such exercise and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States as set out in the applicable Final Terms; and
- (vi) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Certificate Agreement.

- (2) If Condition 5(E) applies, the form of Collection Notice required to be delivered will be different from that set out above. Copies of such Collection Notice may be obtained from the Certificate Agents.

- (c) In the event that a Certificateholder does not so deliver a Collection Notice in accordance with this Condition 6(A) prior to 10.00 a.m. Brussels, Luxembourg or Frankfurt time (as appropriate) on the Cut-off Date, the Issuer's obligations in respect of such Certificates and ML&Co.'s obligations in respect of the Guarantee shall be discharged and no further liability in respect thereof shall attach to the Issuer or ML&Co.

6(B) *Verification of the Certificateholder*

Except in the case of a Collection Notice submitted in respect of a Definitive Certificate or a CBF Certificate, upon receipt of a Collection Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person submitting the Collection Notice is the holder of the relevant Certificates according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Certificate Agent, the series and the number of Certificates being exercised, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each Certificate the subject of the relevant Collection Notice. Upon receipt of such confirmation, the Principal Certificate Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Settlement Date debit the account of the relevant Certificateholder with the Certificates the subject of the relevant Collection Notice.

In the case of a Collection Notice submitted in respect of a CBF Certificate, upon receipt of a Collection Notice and the Certificates the Principal Certificate Agent shall verify that the person delivering the Collection Notice is (or, if the Certificates have been transferred to the Principal Certificate Agent in accordance with Condition 6(A)(b) above, prior to such transfer was) the Certificateholder according to the records of Clearstream, Frankfurt. Subject thereto, the Principal Certificate Agent shall notify the Issuer of the series number and the number of Certificates the subject of such notice, the account details and the details for the delivery of the Entitlement of each Certificate.

6(C) *Delivery of a Collection Notice*

After the delivery of a Collection Notice, the relevant Certificateholder may not transfer the Certificates to which the Collection Notice relates.

6(D) *Settlement*

(1) Cash Settled Certificates

Subject as provided below, the Issuer or failing the Issuer, ML&Co. shall pay or cause to be paid the Cash Settlement Amount (if any) for each Certificate by credit or transfer to the Certificateholder's account with Euroclear, Clearstream, Luxembourg or Clearstream Frankfurt, as the case may be, for value on the Settlement Date less any Expenses, such payment to be made in accordance with the rules of Euroclear, Clearstream, Luxembourg or Clearstream Frankfurt, as the case may be.

The Issuer or ML&Co., as applicable, will be discharged by payment to, or to the order of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, in respect of the amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, as the holder of a particular amount of the Certificates must look solely to Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, for his share of each such payment so made to, or to the order of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(2) Physical Delivery Certificates

Subject to payment of any Expenses with regard to the relevant Certificates, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each Certificate in respect of which a valid Collection Notice (and, in the case of Definitive Certificates, the relevant Definitive Certificate) has been delivered as provided in Condition 6(A) pursuant to the details specified in the Collection Notice subject as provided in Condition 5(C) and, in the case of CBF Certificates, in respect of which the relevant Certificates have been transferred to the Principal Certificate Agent as provided in Condition 6(A). The Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

6(E) *Determinations*

Any determination as to whether a Collection Notice is duly completed and in proper form shall be made by the Principal Certificate Agent and shall be conclusive and binding on the Issuer, the Certificate Agents and the relevant Certificateholder. Subject as set out below, any Collection Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Certificate Agent (in the case of Euroclear/CBL Certificates) and Merrill Lynch International immediately after being delivered or sent to Euroclear or Clearstream, Luxembourg the Principal Certificate Agent or the Issuer, as applicable, as provided in paragraph (A) above, shall be null and void.

If such Collection Notice is subsequently corrected to the satisfaction of Euroclear or Clearstream, Luxembourg the Principal Certificate Agent or the Issuer, as applicable, in consultation with the Principal Certificate Agent (in the case of Euroclear/CBL Certificates), it shall be deemed to be a new Collection Notice submitted at the time such correction was delivered to Euroclear or Clearstream, Luxembourg the Principal Certificate Agent or the Issuer, as applicable, and copied to the Principal Certificate Agent and Merrill Lynch International (in the case of Euroclear/CBL Certificates).

Euroclear, Clearstream or Luxembourg the Principal Certificate Agent or the Issuer, as applicable, shall use its best efforts promptly to notify the Certificateholder submitting a Collection Notice if, in consultation with the Principal Certificate Agent (in the case of Euroclear/CBL Certificates), it has determined that such Collection Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, ML&Co. the Certificate Agents, Euroclear, Clearstream, Luxembourg or the Principal Certificate Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Certificateholder.

6(F) *Exercise Risk*

Exercise of the Certificates is subject to all applicable laws, regulations and practices in force on the Exercise Date and none of the Issuer, ML&Co. or any of its Affiliates and the Certificate Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, ML&Co. or any of its Affiliates and the Certificate Agents shall under any circumstances be liable for any acts or defaults of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt in relation to the performance of their duties in relation to the Certificates.

7. Illegality

If the Issuer determines that the performance of its obligations under the Certificates or that any arrangements made to hedge the Issuer's obligations under the Certificates have become illegal in whole or in part for any reason, the Issuer may cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10.

Should any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in anyway be affected thereby.

If the Issuer cancels the Certificates then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificateholder in respect of each Certificate held by such holder, which amount shall be the fair market value of a Certificate notwithstanding such illegality less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 10.

8. Purchases

The Issuer may, but is not obliged to, at any time purchase Certificates at any price in the open market or by tender or private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

9. Agents, Determinations and Modifications

9(A) *Certificate Agents*

The specified offices of the Certificate Agents are as set out at the end of these Terms and Conditions.

The Issuer and ML&Co. reserve the right at any time to vary or terminate the appointment of any Certificate Agent and to appoint further or additional Certificate Agents, provided that no termination of appointment of the Principal Certificate Agent shall become effective until a replacement Principal Certificate Agent shall have been appointed and provided that, so long as any of the Certificates are listed on any stock exchange or admitted to trading or listing by any other relevant authority, there shall be a Certificate Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange or other relevant authority. Notice of any termination of appointment and of any changes in the specified office of any Certificate Agent will be given to Certificateholders in accordance with Condition 10 provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such termination or changes. In acting under the Certificate Agreement, each Certificate Agent acts solely as agent of the Issuer and ML&Co. and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Certificateholders and any Certificate Agent's determinations and calculations in respect of the Certificates shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, ML&Co. and the Certificateholders.

The Certificate Agreement may be amended by the parties thereto, but without the consent of the Certificateholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Certificateholders.

9(B) *Calculation Agent*

In relation to each issue of Certificates, the Calculation Agent (whether it be Merrill Lynch International or another entity) acts solely as agent of the Issuer and ML&Co. and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Certificateholders. All calculations and determinations made in respect of the Certificates by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, ML&Co. and the Certificateholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

9(C) *Determinations by the Issuer*

Any determination made by the Issuer pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Certificateholders.

9(D) *Modifications*

The Issuer may modify these Terms and Conditions without the consent of the Certificateholders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Certificateholders or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein. Notice of any such modification will be given to the Certificateholders in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

10. Notices

All notices to Certificateholders shall be valid if delivered (i) to each Clearing System, for communication by them to the Certificateholders and (ii) if and so long as the Certificates are admitted to trading on, and listed on any stock exchange or are admitted to trading by another relevant authority, in accordance with the rules and regulations of the relevant stock exchange or other relevant authority. If Definitive Certificates are issued, notices to Certificateholders will be deemed validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times*. If the Certificates are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange, and so long as publication in a daily newspaper with general circulation in Luxembourg is required by the rules of the Luxembourg Stock Exchange, notices shall be published in the *d'Wort*. Any such notice shall be deemed to have been given on the second Business Day following such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

11. Expenses and Taxation

- 11(A) A holder of Certificates must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Certificates and/or the delivery or transfer of the Entitlement (as applicable) pursuant to the terms of such Certificates ("Expenses") relating to such Certificates as provided above.
- 11(B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

12. Further Issues

The Issuer shall be at liberty from time to time without the consent of Certificateholders to create and issue further Certificates so as to be consolidated with and form a single series with the outstanding Certificates.

13. Substitution of the Issuer

The Issuer, or any previous substituted company may, at any time, without the consent of the Certificateholders, substitute for itself as principal obligor under the Certificates any company (the "Substitute") being ML&Co. or any of its other subsidiaries, subject to:

- (a) (except in the case of the substitution of ML&Co.), the Certificates being guaranteed by ML&Co. on the same terms, *mutatis mutandis*, as the Certificates;
- (b) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Certificates represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;
- (c) the Substitute shall have become party to the Certificate Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (d) the Substitute and the Issuer shall have obtained legal opinions, from independent legal advisers of recognised standing in the country of incorporation of the Substitute, (if ML&Co. is not the Substitute) the States of Delaware and New York and England, that the obligations of the Substitute and (if ML&Co. is not the Substitute) ML&Co. are legal, valid and binding obligations, that all consents and approvals as aforesaid have been obtained;
- (e) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with Condition 10;
- (f) each stock exchange or market on which the Certificates are listed or admitted to trading shall have confirmed that, following the proposed substitution by the Substitute, the Certificates will continue to be listed or admitted to trading on such stock exchange(s) or such market(s), as the case may be; and
- (g) if appropriate, the Substitute shall have appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Certificates.

14. Governing Law and Jurisdiction

The Certificates, Global Certificate(s) and the Certificate Agreement are governed by and shall be construed in accordance with English law. The Guarantee is governed by, and shall be construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in such State.

In relation to any legal action or proceedings arising out of or in connection with the Certificates and the Global Certificate(s) ("Proceedings"), the Issuer irrevocably submits to the jurisdiction of the courts of England and hereby waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of each of the Certificateholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

Each of the Issuer and ML&Co. hereby appoints Merrill Lynch Corporate Services Limited, currently at Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ as their agents in England to receive service of process in any Proceedings in England based on the Certificates and the

Global Certificate(s). If for any reason such process agent ceases to act as such or no longer has an address in England, the Issuer or ML&Co., as the case may be, agrees to appoint a substitute process agent and to notify the Certificateholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

15. Terms for Index Certificates, Share Certificates, Debt Certificates, Commodity Certificates and Fund Certificates

15(A) Index Certificates

For the purposes of this Condition 15(A)

"Indices" and "Index" mean, subject to adjustment in accordance with this Condition 15(A), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly; and

"Index Sponsor" means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

(1) Market Disruption

"Market Disruption Event" means, in relation to Certificates relating to a single Index or Basket of Indices, in respect of an Index:

- (a) the occurrence or existence at any time during the one hour period that ends at the Valuation Time:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) on any relevant Exchange(s) in securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
 - (B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange;
 - (ii) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) on any relevant Exchange(s) to effect transactions in, or obtain market values for, securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of any relevant Exchange(s) in securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

The Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such Disrupted Day.

(2) **Adjustments to an Index**

(a) **Successor Index Sponsor Calculates and Reports an Index**

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Issuer, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "Successor Index") will be deemed to be the Index.

(b) **Modification and Cessation of Calculation of an Index**

If (i) on or prior to a Valuation Date or an Averaging Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "Index Modification"), or permanently cancels a relevant Index and no Successor Index exists (an "Index Cancellation"), or (ii) on a Valuation Date or an Averaging Date the Index Sponsor or, if applicable, the Successor Index Sponsor fails to calculate and announce a relevant Index (an "Index Disruption" and, together with an Index Modification and an Index Calculation, each an "Index Adjustment Event"), then the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Certificates and, if so, calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or
- (ii) cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10. If the Certificates are so cancelled the Issuer will pay an amount to each Certificateholder in respect of each Certificate held by him which amount shall be the fair market value of a Certificate, taking into account the Index Adjustment Event, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 10.

(c) **Notice**

The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, notify a Certificateholder of any determination made by it pursuant to paragraph (b) above,

as at the date of receipt of such request. The Issuer shall make available for inspection by Certificateholders copies of any such determinations.

15(B) *Share Certificates*

For the purposes of this Condition 15(B):

"Basket Company" means a company whose shares are included in the Basket of Shares and "Basket Companies" means all such companies;

"Shares" and "Share" mean, subject to adjustment in accordance with this Condition 15(B), the shares or a share of the relevant Basket Company and, in the case of an issue of Certificates relating to a single Share, such share, and related expressions shall be construed accordingly; and

"Share Company" means, in the case of an issue of Certificates relating to a single share, the company that has issued such share.

(1) **Market Disruption**

"Market Disruption Event" means, in relation to Certificates relating to a single Share or Basket of Shares, in respect of a Share:

- (a) the occurrence or existence any time during the one hour period that ends at the Valuation Time for such Share:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise:
 - (A) relating to the Share on the Exchange; or
 - (B) in futures or options contracts relating to the Share on any relevant Related Exchange; or
 - (ii) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions, in or obtain market values for, the Share on the Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

The Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Disrupted Day.

(2) **Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency**

- (a) "Potential Adjustment Event" means any of the following:
- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
 - (iii) an extraordinary dividend as determined by the Calculation Agent;
 - (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
 - (v) a repurchase by the Basket Company or Share Company, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
 - (vi) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
 - (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

- (b) "De-listing" means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Certificates, the last occurring Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date in respect of the relevant Certificate or (b) in the case of Physical Delivery Certificates, the relevant Settlement Date.

"Nationalisation" means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

If a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Assets and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange; or
 - (ii) cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10. If the Certificates are so cancelled the Issuer will pay an amount to each Certificateholder in respect of each Certificate held by him which amount shall be the fair market value of a Certificate, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 10; or
 - (iii) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "Options Exchange"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.
- (c) Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

15(C) *Additional Disruption Events*

"Additional Disruption Event" means any of Change in Law, Hedging Disruption and Increased Cost of Hedging in each case if specified in the applicable Final Terms.

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (X) it has become illegal for it or any of its Affiliates or Agents acting on its behalf to hold, acquire or dispose of any relevant Share (in the case of Share Certificates) or any relevant

security/commodity comprised in an Index (in the case of Index Certificates) or (Y) it will incur a materially increased cost in performing its obligations in relation to the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates or agents acting on its behalf).

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents acting on its behalf is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents acting on its behalf shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents acting on its behalf shall not be deemed an Increased Cost of Hedging.

If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Assets and/or the Entitlement and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10. If the Certificates are so cancelled the Issuer will pay an amount to each Certificateholder in respect of each Certificate held by him which amount shall be the fair market value of a Certificate, taking into account the Additional Disruption Event less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 10.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

15(D) *Debt Certificates, Commodity Certificates and Fund Certificates*

Any market disruption, general disruption, adjustment and/or termination provisions relating to Debt Certificates, Commodity Certificates or Fund Certificates will be set out in the applicable Final Terms.

16. Adjustments for European Monetary Union

The Issuer may, without the consent of the Certificateholders, on giving notice to the Certificateholders in accordance with Condition 10:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Certificates shall be redenominated in euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Certificates is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Calculation Agent may decide and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Certificates will be made solely in euro as though references in the Certificates to the Settlement Currency were to euro;
 - (B) where the Exchange Rate and/or any other terms of these Terms and Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "Original Currency") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted for or, as the case may be into, euro at the Established Rate; and
 - (C) such other changes shall be made to these Terms and Conditions as the Issuer may decide, in its sole and absolute discretion to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or any other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or such other terms of these Terms and Conditions.

Notwithstanding the foregoing, neither the Issuer, any of its Affiliates or agents, the Calculation Agent nor any Certificate Agent shall be liable to any Certificateholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith;

In this Condition, the following expressions have the following meanings:

"Adjustment Date" means a date specified by the Issuer in the notice given to the Certificateholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to first sentence of Article 1091(4) of the Treaty;

"euro" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

"National Currency Unit" means the unit of the currency of a country, as those units are defined on the date on which the country of the Original Currency first participates in European Economic and Monetary Union; and

"Treaty" means the treaty establishing the European Community, as amended.

17. Contracts (Rights of Third Parties) Act 1999

The Certificates do not confer on any third party any rights under the Contracts (Rights of Third Parties) Act 1999 (the "Act") to enforce any term of the Certificates, but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

18. Interest**18(A) Interest Amount**

If so specified in the applicable Final Terms, each Certificate pays interest from and including the Issue Date at the Interest Rate payable in arrear on each Interest Payment Date.

The amount of interest payable in respect of each Certificate on each Interest Payment Date will amount to the Interest Amount for the Interest Period ending on (but excluding) such Interest Payment Date.

If interest is required to be calculated for a period ending other than on (but excluding) an Interest Payment Date, it will be calculated on the basis of the number of days from and including the most recent Interest Payment Date (or, if none, the Issue Date) to but excluding the relevant payment date and the Interest Rate Day Count Fraction.

18(B) Accrual of Interest

Each Certificate will cease to accrue interest from and including the Exercise Date or, if earlier, the date on which the Certificates are cancelled (the "Calculation Date"), if applicable, in accordance with these Terms and Conditions unless payment of the amount and/or delivery of any Entitlement due on the Exercise Date or Cancellation Date, as the case may be, is improperly withheld or refused or unless default is otherwise made in respect of the payment or delivery in which case additional interest shall accrue from the date such amount or delivery of such Entitlement was due until such amount or delivery of such Entitlement is paid or delivered, as the case may be. For the avoidance of doubt, no interest on the Certificates shall accrue beyond the Exercise Date in the event that delivery of any Entitlement is postponed due to the occurrence of a Settlement Disruption Event.

18(C) Payment of Interest Amount

Where the Certificates pay interest, subject as provided below, the Issuer or failing the Issuer, ML&Co. shall pay or cause to be paid the Interest Amount for each Certificate in respect of each Interest Payment Date by credit or transfer to the Certificateholder's account with Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, for value on the relevant Interest Payment Date, such payment to be made in accordance with the rules of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be.

The Issuer or ML&Co., as applicable, will be discharged by payment to, or to the order of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, in respect of the amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, as the holder of a particular amount of the Certificates must look solely to Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, for his share of each such payment so made to, or to the order of, Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

18(D) Definitions

"30/360 (Floating)" or "360/360" or "Bond Basis" means the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

"30E/360" or "Eurobond Basis" means the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30.

"30E/360 (ISDA)" means the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Settlement Date or (ii) such number would be 31, in which case D₂ will be 30.

"Actual/360" means the actual number of days in the Interest Period divided by 360.

"Actual/Actual (ISDA)" means the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365).

"Actual/365 (Fixed)" means the actual number of days in the Interest Period divided by 365.

"Interest Amount" means, in respect of each Certificate and each Interest Period, an amount calculated by the Calculation Agent as follows:

Notional Amount per Certificate x Interest Rate x Interest Rate Day Count Fraction.

"Interest Period" means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date.

NOTA DI SINTESI

La presente Nota di Sintesi deve essere letta come introduzione al Prospetto Informativo. Qualsiasi decisione di investire nei *Certificate* deve essere effettuata prendendo in considerazione il Prospetto Informativo, inclusi eventuali documenti incorporati tramite rinvio. A seguito dell'attuazione delle disposizioni della Direttiva Prospetti in ognuno degli Stati Membri dell'Area Economica Europea, nessuna responsabilità civile sarà attribuita alla Persona Responsabile in uno qualsiasi di tali Stati Membri in relazione alla presente Nota di Sintesi, ivi compresa qualsiasi traduzione della medesima, salvo essa risulti fuorviante, imprecisa o contraddittoria una volta letta congiuntamente alle altre parti del Prospetto Informativo. Qualora venga intrapresa un'azione legale in merito alle informazioni contenute nel Prospetto Informativo avanti le corti di giustizia di uno degli Stati dell'Area Economica Europea, prima dell'inizio del procedimento, il ricorrente potrebbe dover sostenere i costi della traduzione del Prospetto Informativo, ai sensi della legislazione nazionale dello stato nel quale tale azione sia stata intentata.

La presente Nota di Sintesi è qualificata nella sua interezza dalle restanti parti del Prospetto Informativo. I termini e le espressioni definiti nei "Terms and Conditions" dei Certificate e nelle restanti parti del Prospetto Informativo avranno il medesimo significato nella presente Nota di Sintesi.

Emittente: Merrill Lynch S.A. ("MLSA")

Attività: MLSA è una società a responsabilità limitata costituita in Lussemburgo interamente controllata da Merrill Lynch International Holdings Inc., a sua volta, interamente controllata da Merrill Lynch International Incorporated, a sua volta, interamente controllata da Merrill Lynch & Co., Inc.

La sede legale di MLSA si trova in Ballade B2, 4 rue Albert Borschette, L-1246 Lussemburgo.

Garante: Merrill Lynch & Co., Inc. ("ML&Co.")

Attività: ML&Co., costituita ai sensi della legge dello Stato del Delaware, USA, è una società *holding* che, tramite le proprie controllate, svolge attività di investimento, finanziamento, assicurazione e servizi collegati sia per singoli sia per istituzioni su scala globale tramite i suoi servizi di *broker dealer*, assicurazione e altri servizi finanziari secondari. Le proprie principali controllate includono: Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch International, Merrill Lynch Government Securities Inc., Merrill Lynch Capital Services, Inc., Merrill Lynch Bank USA, Merrill Lynch Bank & Trust Co. FSB, Merrill Lynch International Bank Limited, Merrill Lynch Mortgage Capital, Inc., Merrill Lynch Japan Securities Co., Ltd., ML Life Insurance Company, ML Life Insurance Company of New York, Merrill Lynch Derivative Products AG, ML IBK Positions Inc. Tali servizi, offerti ai clienti da ML&Co., includono:

- attività d'intermediazione di strumenti finanziari, negoziazione e sottoscrizione;
- *investment banking*, servizi di consulenza strategica (incluse fusioni ed acquisizioni) ed altre attività di *corporate finance*;
- servizi e prodotti per la gestione del risparmio, inclusa la pianificazione finanziaria, pensionistica e generazionale;
- servizi e consulenza di *investment management* e relativi servizi di tenuta dei registri;

- *origination*, intermediazione, offerta ed attività connesse relative a *swap*, *option*, *forward*, *exchange-traded future*, altri derivati, materie prime e altri prodotti in valuta estera;
- *clearance* e *settlement* di strumenti finanziari, servizi finanziari e *pime brokerage*;
- *private equity* ed altre attività d'investimento di capitali;
- negoziazione per conto proprio di strumenti finanziari, derivati e prestiti;
- servizi bancari, di *trust* e di prestito, inclusa la gestione di depositi, prestiti a privati ed aziende, inclusi prestiti ipotecari e servizi accessori;
- vendita di assicurazioni e rendite vitalizie;
- ricerche concernenti le seguenti discipline: *global fundamental equity research*, *global fixed income* e *equity-linked research*, *global economics and foreign exchange research*, e *global investment strategy*.

I principali uffici esecutivi di ML&Co. si trovano presso il World Financial Center 4, New York, New York 10080, Stati Uniti d'America. La sede legale nello stato del Delaware di ML&Co. si trova presso The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, Stati Uniti d'America.

ML&Co. è stata costituita ai sensi della legge dello Stato del Delaware, Stati Uniti d'America, il 27 Marzo 1973, con il numero di registrazione 0790151.

Descrizione:	<i>Certificate Programme.</i>
Garanzia:	I <i>Certificate</i> sono garantiti incondizionatamente e irrevocabilmente da ML&Co.
Agente Principale per i <i>Certificates</i>:	BNP Paribas Securities Services, S.A.
Agente per i <i>Certificates</i> in Lussemburgo:	Fortis Banque Luxembourg S.A.
Agente per il calcolo:	Merrill Lynch International o qualsiasi altro agente per il calcolo specificato nelle Condizioni Definitive applicabili.
Distribuzione:	Attraverso un consorzio di banche syndicate e non syndicate.
Valuta del <i>Settlement</i>:	Euro, dollaro statunitense o qualsiasi altra valuta o valute scelte dall'Emittente o dal Collocatore nominato in relazione all'emissione, nel rispetto della normativa applicabile e/o regolamentazione e/o previsioni della banca centrale.
Prezzo di Emissione:	I <i>Certificate</i> potranno essere emessi al prezzo che sarà determinato dall'Emittente o dal Collocatore nominato in relazione all'emissione.
Forma dei <i>Certificate</i>:	Ciascuna emissione di <i>Euroclear/CBL Certificates</i> sarà rappresentata al momento dell'emissione o da un Certificato Globale Temporaneo <i>Euroclear/CBL</i> o da un Certificato Globale Permanente <i>Euroclear/CBL</i> , a seconda di quanto indicato nelle Condizioni Definitive applicabili. Il

Certificato Globale Temporaneo *Euroclear/CBL* sarà scambiabile sia, ai sensi di quanto ivi previsto, con un Certificato Globale Permanente *Euroclear/CBL* sia con Certificati Definitivi. Il Certificato Globale Permanente *Euroclear/CBL* sarà scambiabile con i Certificati Definitivi. Ciascun Certificato Globale Temporaneo *Euroclear/CBL* e ciascun Certificato Globale Permanente *Euroclear/CBL* sarà detenuto da un agente depositario per conto di Euroclear e Clearstream, Lussemburgo.

Ciascuna emissione di *CBF Certificates* sarà rappresentata al momento dell'emissione o da un Certificato Globale Temporaneo CBF o da un Certificato Globale Permanente CBF, a seconda di quanto indicato nelle Condizioni Definitive applicabili. Il Certificato Globale Temporaneo CBF sarà scambiabile sia, ai sensi di quanto ivi previsto, con un Certificato Globale Permanente CBF sia con Certificati Definitivi. Il Certificato Globale Permanente CBF sarà scambiabile con i Certificati Definitivi. Ciascun Certificato Globale Temporaneo CBF e ciascun Certificato Globale Permanente CBF sarà detenuto da Clearstream, Francoforte.

Clearing System:

Nel caso di *Euroclear/CBL Certificate*, Euroclear e/o Clearstream, Lussemburgo e, nel caso di *CBF Certificates*, Clearstream, Francoforte, a seconda di quanto indicato nelle Condizioni Definitive rilevanti.

Tipo di Certificate:

L'Emittente potrà emettere *Certificate* di qualsiasi genere, inclusi, ma non limitatamente a, *Index Certificate*, *Share Certificate*, *Debt Certificate*, *Currency Certificate*, *Fund Certificate* e *Commodities Certificate*.

I *Certificate* potrebbero produrre o non produrre interessi, a seconda di quanto specificato nelle Condizioni Definitive applicabili.

Regolamento dei Certificate:

Il Regolamento dei *Certificate* avverrà mediante pagamento in contanti ("*Cash Settled Certificates*") o consegna fisica ("*Physical Delivery Certificates*").

Index Certificate:

L'Ammontare del Prezzo di Regolamento inerente agli *Index Certificate* sarà calcolato facendo riferimento a un singolo indice o un paniere di indici.

Share Certificate:

L'Ammontare del Prezzo di Regolamento inerente ai *Cash Settled Share Certificate* sarà calcolato facendo riferimento ad una singola azione o ad un paniere di azioni.

Il Godimento inerente ai *Physical Delivery Share Certificate* corrisponderà ad un ammontare specifico di azioni di una o più società, a seconda del caso, salvo il pagamento di eventuali somme.

Currency Certificate:

L'Ammontare del Prezzo di Regolamento inerente ai *Cash Settled Currency Certificate* sarà calcolato facendo riferimento ad una singola valuta o ad un paniere di valute.

Il Godimento inerente ai *Physical Delivery Currency Certificate* corrisponderà ad un ammontare specifico della valuta o valute di riferimento, a seconda del caso, salvo il pagamento di eventuali somme.

Debt Certificate:

L'Ammontare del Prezzo di Regolamento inerente ai *Cash Settled Debt Certificate* sarà calcolato facendo riferimento ad un singolo strumento di debito o ad un paniere di strumenti di debito.

Il Godimento inerente ai *Physical Delivery Debt Certificate* corrisponderà ad un ammontare specifico di strumenti di debito di uno o più emittenti, a

seconda del caso, salvo il pagamento di eventuali somme.

Commodity Certificate:

L'Ammontare del Prezzo di Regolamento inerente ai *Cash Settled Commodity Certificate* sarà calcolato facendo riferimento ad una singola materia prima o ad un paniere di materie prime.

Il Godimento inerente ai *Physical Delivery Commodity Certificate* corrisponderà ad un ammontare specifico di materie prime, salvo il pagamento di eventuali somme.

Fund Certificate:

L'Ammontare del Prezzo di Regolamento inerente ai *Cash Settled Fund Certificate* sarà calcolato facendo riferimento ad unità o azioni di un singolo fondo o di un paniere di fondi.

Il Godimento inerente ai *Physical Delivery Fund Certificate* corrisponderà ad un ammontare specifico di azioni o unità di fondi, salvo il pagamento di eventuali somme.

Altri Certificate:

Certificate indicizzati ad altro sottostante o base di riferimento potrebbero essere emessi alle condizioni determinabili dall'Emittente e specificate nelle Condizioni Definitive applicabili.

Diritto d'Esercizio:

Ciascun *Certificate* sarà automaticamente esercitato alla Data di Esercizio. Nel caso di *Physical Delivery Certificate*, al fine di ricevere il Godimento relativo ad un *Certificate*, il possessore del *Certificate* deve consegnare un Avviso di Riscossione in qualsiasi Giorno Lavorativo non più tardi delle ore 10.00 a.m., ora di Bruxelles, Lussemburgo o Francoforte (come più appropriato) della Data di Esercizio.

Status dei *Certificate*:

I *Certificate* rappresentano obbligazioni dirette, non subordinate, incondizionate e non garantite dall'Emittente e sono parimenti ordinate tra di loro e parimenti ordinate (soggette alle eccezioni di volta in volta stabilite dalle leggi applicabili) rispetto ad altre obbligazioni presenti e future, dirette, insubordinate, incondizionate e non garantite dall'Emittente.

Status delle Garanzie:

Gli obblighi di Garanzia di ML&Co., salve certe eccezioni che potrebbero essere stabilite dalla normativa applicabile o da un ordine giudiziario, si collocano *pari passu* rispetto agli altri obblighi contrattuali presenti e futuri non garantiti e non subordinati di ML&Co. medesima.

Spese e Tassazione:

Un possessore di *Certificate* deve pagare tutte le tasse, tributi e/o spese, inclusa qualsiasi spesa dovuta al depositario, tassa di esercizio o di operazione, tassa di bollo, tassa di emissione, di registrazione, imposta sul trasferimento dei titoli e/o altre imposte o tributi derivanti dall'esercizio e dal regolamento di tali *Certificate* o dalla consegna o dal trasferimento del Diritto collegato a tali *Certificate*.

L'Emittente non deve essere considerato responsabile o in alcun modo obbligato a pagare alcuna imposta, tassa, ritenuta o altra forma di pagamento che possa sorgere a causa della proprietà, del trasferimento, dell'esercizio o dell'esecuzione di qualsiasi *Certificate* da parte di qualsiasi soggetto e tutti i pagamenti effettuati dall'Emittente devono essere assoggettati alle predette imposte, tasse, ritenute o altra forma di pagamento del quale sia richiesta la riscossione, la ritenuta o la deduzione.

Legge Applicabile:

I *Certificate* saranno soggetti a, e saranno interpretati in conformità con, le leggi inglesi.

Quotazione e ammissione alle

E' stata presentata domanda alla CSSF per l'approvazione del Prospetto

negoziazioni:

come prospetto di base. Analoga domanda è stata anche presentata alla Borsa Valori di Lussemburgo per ammettere alla negoziazione i *Certificate* emessi ai sensi del programma sul mercato regolamentato della Borsa Valori di Lussemburgo e per essere quotati sul *Official List* della Borsa Valori di Lussemburgo.

I *Certificate* possono essere quotati o ammessi alle negoziazioni, a seconda del caso, su altra o ulteriore borsa valori o mercato determinato dall'Emittente. Potranno essere emessi altresì *Certificate* che non siano né quotati né ammessi alle negoziazioni in alcuna borsa valori o mercato.

Le Condizioni Definitive applicabili indicheranno se i *Certificate* rilevanti saranno quotati e/o ammessi a negoziazione e, se del caso, su quale borsa valori e/o mercato.

Restrizioni alla Vendita:

Esistono talune restrizioni all'offerta, alla vendita e alla trasferibilità dei *Certificate* negli Stati Uniti d'America e nell'Area Economica Europea (inclusi Lussemburgo e Gran Bretagna) e altre restrizioni che potrebbero essere applicabili in relazione all'offerta e alla vendita di una data serie di *Certificate*, vedi la sezione "*Offering and Sale*" del Prospetto Informativo.

Fattori di Rischio:

Esistono taluni fattori di rischio che potrebbero influire sulla capacità dell'Emittente di adempiere ai propri obblighi derivanti dai *Certificate* emessi ai sensi del Programma. Tali rischi sono descritti in dettaglio nella sezione "Risk Factors" del Prospetto Informativo ed includono le condizioni economiche ed altre condizioni di mercato, l'alto livello di competizione, le modifiche nella normativa applicabile, i rischi legati al contenzioso e l'effetto della riduzione dei *rating* di credito.

Inoltre, esistono taluni fattori importanti al fine di valutare i rischi di mercato legati ai *Certificate* emessi ai sensi del Programma. Tali rischi sono descritti in dettaglio nella sezione "Risk Factors" del Prospetto Informativo ed includono l'esposizione al sottostante o base di riferimento, fattori che influenzano il valore e il prezzo di negoziazione dei *certificate*, talune considerazioni riguardanti le strategie di copertura, rischi specifici in relazione a ciascun *Share Certificate*, *Currency Certificate* e *Fund Certificate*, lo scarto temporale dopo l'esercizio, l'opzione di modifica del *Settlement*, eventi di turbativa del mercato e del *Settlement*, le spese e tassazione, l'illegalità, le modifiche nel quadro normativo, i potenziali conflitti d'interesse, possibile illiquidità dei *Certificate* nel mercato secondario, i rischi legati al tasso di cambio delle valute e al controllo di tale cambio.