

## FINAL TERMS DATED 21 JULY 2008

### MERRILL LYNCH S.A.

#### Issue of up to 500,000 certificates Relating to the HICP Eurostat Eurozone Index Ex Tobacco and the Dow Jones Euro Stoxx 50® (Price) Index

#### 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.

### PART A – CONTRACTUAL TERMS

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 22 of Part A below, provided such person is one of the persons mentioned in Paragraph 22 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.

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 constitute 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, the supplements to the Information Memorandum, these Final Terms and the French and Dutch translations of the Summary 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](http://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 4 September 2008.
6. Exercise Date: The exercise date of the Certificates is 26 August 2011, provided that, if such date is not an Exercise Business Day, the Exercise

Date shall be the immediately succeeding Exercise Business Day.

7. Settlement : The Settlement Date means (1) 6 September 2011, 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 up to 500,000.
9. Issue Price: The issue price per Certificate is EUR 100.
10. Cash Settlement Amount: On the Settlement Date, unless previously redeemed 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 the following formula:

$$EUR100 \times \left[ 1 + P \times \text{Max} \left( 0, \frac{SX5E_F}{SX5E_0} - 1 \right) + \text{Annual Inflation} \right]$$

11. Business Day Centres: The applicable Business Day Centres for the purposes of the definition of "Business Day" in Condition 4 are London and anywhere the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET") is open for business.
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 the Euro ("EUR").
15. Name and address of Calculation Agent: The Calculation Agent is Merrill Lynch International or such successor Calculation Agent as may from time to time be appointed by the Issuer.

Address:

Merrill Lynch Financial Centre  
2 King Edward Street  
London  
EC1A 1HQ  
United Kingdom

All determinations and calculations shall be made by the Calculation Agent in its sole and absolute discretion and in good faith. All such calculations so made shall be final and binding (save in the case of manifest error) on the Issuer and the Certificateholders.

16. Exchange(s), Index Sponsor and Designated Multi-Exchange Indices: For the purposes of Condition 4 and Condition 15(A):

- (a) the relevant Exchanges are as set out in Condition 4 of the Information memorandum;
- (b) the relevant Index Sponsor is Stoxx Limited;
- (c) the Index Currency is EUR; and
- (d) the Index is a Designated Multi-Exchange Index.

17. Related Exchange:

For the purposes of Condition 4 and Condition 15(A), the relevant Related Exchange for the SX5E Index is EUREX.

18. Other Terms:

(a) Definitions:

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

“**Annual Inflation**” means, for the purposes of determining the Cash Settlement Amount, an amount expressed as a percentage rate per annum (rounded down to the nearest five decimal places, with 0.000005 per cent. per annum being rounded upwards) determined by the Calculation Agent on the Valuation Date in accordance with the following formula:

$$\text{Max} \left( 0; \sum_{t=1}^3 \left( \frac{CPI_t}{CPI_{t-1}} - 1 - 2.5\% \right) \right)$$

“ $CPI_t$ ” means the level of the HICP Index for the month of May of the year in which the relevant Observation Date “t” falls, provided that if no such level is available on an Observation Date, the level of the HICP Index for the immediately preceding month shall be the index level; provided further, that if no such level is available for the immediately preceding month on the Observation Date, the Calculation Agent shall determine the level of the HICP Index in accordance with paragraph 19(b) below;

“ $CPI_{t-1}$ ” means, in relation to an Observation Date “t” and for the purposes of calculating “Annual Inflation” on such Observation Date “t”, the level obtained for  $CPI_t$  on the immediately preceding Observation Date “t-1” provided that, in respect of the first Observation Date “t=1” scheduled to occur on 26 August 2009,  $CPI_{t-1}$  will be deemed to be equal to  $CPI_0$ ;

$CPI_0$  means the level of the HICP Index for the month of May 2008, being 108.14;

“**Index**” means the **Dow Jones Euro Stoxx 50® (Price) Index (“SX5E 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;

“**HICP Index**” means the Harmonised Index of Consumer Prices (excluding Tobacco) for the eurozone as calculated by Eurostat and published on the Eurostat section of the European Commission website (<http://epp.eurostat.ec.europa.eu>) (also available, for indication purposes only, on Bloomberg ticker: CPTFEMU <Index>), as further described in Appendix B-1 (Information Regarding the HICP Index);

“**HICP Sponsor**” means the Statistical Office of the European Commission (“Eurostat”), and any agent or other person acting from time to time on behalf of such person;

“**Observation Date**” means each of 26 August 2009, 26 August 2010 and 26 August 2011;

“**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.

“**Initial Valuation Date**” means the 26 August 2008 or, if such day is not a Scheduled Trading Day, the immediately following Scheduled Trading Day (the “**Scheduled Initial 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 Initial 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 Initial Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Initial Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent, acting in good faith, shall determine the Initial Index Level 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);

“ $SX5E_F$ ” means, the Settlement Price of the Index on the Valuation Date;

“ $SX5E_0$ ” or “**Initial Index Level**” means, the Official Closing Level of the Index on the Initial Valuation Date;

(b) HICP Index Adjustments – Amendment to Condition 15:

For the purposes of these Final Terms, the following provision will be deemed to be inserted in the Terms and Conditions after

Condition 15(D):

**15(E) HICP Index Adjustments**

- (a) If, on an Observation Date, the HICP Index is:
- (i) not calculated and announced by the HICP Index Sponsor but is calculated and published by a successor to the HICP Index Sponsor (the "**Successor HICP Sponsor**") acceptable to the Calculation Agent; 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 the HICP Index; or
  - (iii) not in existence but the Calculation Agent considers there to be an alternative index which, if substituted for the HICP Index, would materially preserve the economic equivalent of the rights of the Certificateholders under the Certificates immediately prior to such substitution,

then the HICP Index shall be deemed to be the index so calculated and published by the Successor HICP Index Sponsor or that successor or alternative index, as the case may be.

- (b) If by the fifth (5<sup>th</sup>) Business Day immediately succeeding the relevant Observation Date there is no Successor HICP Index Sponsor or successor or alternative index available, the Calculation Agent shall take all reasonable measures to determine Annual Inflation using, in lieu of a published level of the HICP Index, a level for the HICP Index as determined by the Calculation Agent in its sole and absolute discretion acting in good faith, which may (but is not required to) include the use of the most recently available index level prior to the relevant event.
- (c) For the purpose of calculating Annual Inflation, the first publication of the appropriate level for the Annual Inflation Increase calculation (excluding estimates) by the HICP Index Sponsor shall be final.
- (d) Subject only to sub-paragraph (e) below, any subsequent revision of any released level of the HICP Index shall be disregarded for the purposes of determining the index level for the relevant Observation Date.
- (e) In the event that the level for any calculation of Annual Inflation is subject to a modification of the base of the HICP Index, the Calculation Agent may make such adjustments (if any) that it deems necessary to the past fixing of the index level to reflect such modification.

**GENERAL**

19. 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)

## DISTRIBUTION

20. Syndication: The Certificates will be distributed on a non-syndicated basis.

21. Total commission and concession: A percentage commission of the aggregate principal amount of Certificates placed by a Distributor during the Offer Period and issued by the Issuer will be paid to such Distributor in connection with the offer, payable on the Issue Date. The commission will be equal to an amount of up to 1.5% of the aggregate principal amount of Certificates placed by the Distributor and issued by the Issuer. This commission is included in the Issue Price.

22. Non exempt Offer: An offer of the Certificates may be made through a network of financial intermediaries (each a **“Distributor”**) as appointed and managed by Merrill Lynch International (the **“Manager”**), other than pursuant to Article 3(2) of the Prospectus Directive in Belgium, France, Luxembourg and the Netherlands (**“Public Offer Jurisdictions”**) during the period from and including 21 July 2008 to and including 22 August 2008 (**“Offer Period”**). See further Paragraph 5 of Part B below.

For the avoidance of doubt, Merrill Lynch International will not act as a distributor.

23. Additional selling restrictions: Not applicable.

## **PURPOSE OF FINAL TERMS**

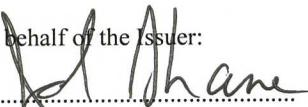
These Final Terms comprise the final terms required for issue and public offer in the Public Offer Jurisdictions and admission to trading on Euronext Paris and Euronext Amsterdam by NYSE Euronext of the Certificates described herein pursuant to the Certificate Programme of Merrill Lynch S.A.

## **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: Euronext Paris and Euronext Amsterdam by NYSE Euronext
- (ii) Admission to trading: Application has been made for the Certificates to be admitted to trading on Euronext Paris and Euronext Amsterdam by NYSE Euronext with effect from or about the Issue Date.

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

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

### **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. To the extent that Certificates purchased by Merrill Lynch International, if any, are not resold, the aggregate proceeds available to the Issuer and its affiliates on a consolidated basis would be reduced.
- (ii) Estimated net proceeds: Up to EUR 50,000,000 For the avoidance of doubt, the estimated net proceeds reflect the proceeds to be received by the Offeror on the Issue Date. It is not a reflection of the fees payable by/to the Manager and the Distributor.

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

The past and future performance and volatility of the Index and the HICP Index can be found in Schedule 1 and Schedule 5, respectively, and can be obtained on Bloomberg Financial Systems, in respect of the SX5E Index, on the page SX5E<Index><Go> and, in respect of the HICP Index, on the following web address under the name "Harmonized indices of consumer prices (2005 = 100) - Monthly data (index)" (or successor web address of the HICP Sponsor):

[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=en&product=EUROIND&root=EUROIND/shorties/euro\\_cp/cp240](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=EUROIND&root=EUROIND/shorties/euro_cp/cp240).

### **5. TERMS AND CONDITIONS OF THE OFFER**

Offer Price: Offer Price is the Issue Price. Please see the paragraph 21 above "Total Commission and Concession".

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.

The time period, including any possible amendments, during which the offer will be open and description of the application process: The Offer Period (as defined below) will begin at 8:00 am Central European Time on 21 July and will expire at 17:00 pm Central European Time on 22 August 2008.

During the Offer Period described above, the public in a Public Offer Jurisdiction can accept the offer during normal banking hours in such Public Offer Jurisdiction.

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

The Certificates will be placed into the Public Offer Jurisdictions through a network of financial intermediaries (each a “**Distributor**”) appointed and managed by Merrill Lynch International. Allotment of the Certificates to the interested investors shall be as managed and coordinated by each Distributor, subject to the provisions below. The Certificates will be placed into the Public Offer Jurisdictions 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 Certificate holder should contact the relevant Distributor in the relevant Public Offer Jurisdiction prior to the end of the Offer Period. A prospective Certificate holder 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 each Distributor during the Offer Period will be assigned until reaching the maximum amount of the offer destined to prospective Certificate holders (up to the amount of 500,000 Certificates). In the event that during the Offer Period the requests exceed the amount of the offer destined to prospective Certificate holders, equal to up to 500,000 Certificates, the Manager will proceed to early terminate the Offer Period and will immediately suspend the acceptance of further requests.

Upon the close of the Offer Period in the event that, notwithstanding the above, more than the maximum amount of the Certificates are requested for subscription, the Manager will notify each Distributor as to the amount of their allotments. In such event, each 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.

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\* Whether in number of securities or aggregate amount to invest.

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 relevant 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 website of the Issuer at <a href="http://www.mlinvest.com">www.mlinvest.com</a> .
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 tranches have been reserved for certain countries:	The Offer is addressed in the Public Offer Jurisdictions 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. Any investor not located in the Public Offer Jurisdictions should contact its financial advisor for more information, and may only purchase the Certificates from its financial advisor, bank or financial intermediary.
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:	Apart from the issue price, the Issuer is not aware of any expenses and taxes specifically charged to the subscribers or purchaser.  For the tax regime applicable in the Public Offer Jurisdictions, please see Schedules 2 to 4 below, as applicable.

## 6. OPERATIONAL INFORMATION

- |       |   |  |
|-------|---|--|
| (i)   | ISIN Code:  | XS0374259231   |
| (ii)  | Common Code:  | 37425923   |
| (iii) | Clearing System:  | Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i><br><br>The Global Certificate will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. |
| (iv)  | Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream | Euroclear France   |

Banking, *société anonyme*, Clearstream  
Banking AG, Frankfurt am Main and the  
relevant identification number(s):

## SCHEDULE 1

### HISTORICAL DATA

The information in this Schedule 1 (Historical Data) is taken from Bloomberg Financial Systems or other publicly available information sources (including, for the HICP Index, the Harmonised Index of Consumer Prices (excluding Tobacco) for the eurozone as calculated by Eurostat and published on the Eurostat section of the European Commission website (<http://epp.eurostat.ec.europa.eu>). 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 mis-leading. 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.

#### 1. 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
February, 2008	3,867.47	3,678.16
March, 2008	3,724.50	3,431.82
April, 2008	3,828.46	3,671.28
May, 2008	3,882.28	3,711.03
June, 2008	3,737.34	3,340.27

The level of the **Dow Jones Euro Stoxx 50® (Price) Index** on 11 June 2008 was 3,509.39.

#### 2. HICP Index

#### **Monthly Levels of the Harmonised Index Of Consumer Prices (excluding Tobacco) for the European Monetary Union**

Year / Month	Level
<b>2005</b>	
July	99.99
August	100.25
September	100.67
October	100.93
November	100.67
December	101.10
	100.62
<b>2006</b>	
January	100.62

February	100.91
March	101.47
April	102.16
May	102.44
June	102.51
July	102.36
August	102.46
September	102.48
October	102.51
November	102.55
December	102.96
<b>2007</b>	
January	102.38
February	102.70
March	103.39
April	104.05
May	104.31
June	104.41
July	104.14
August	104.19
September	104.59
October	105.12
November	105.69
December	106.12
<b>2008</b>	
January	105.67
February	106.04
March	107.11
April	107.46
May	108.14

*Source: Bloomberg L.P.; page CPTFEMU<Index> and information published on the Eurostat section of the European Commission website (<http://epp.eurostat.ec.europa.eu>).*

## SCHEDULE 2

### TAX TREATMENT OF THE CERTIFICATES IN BELGIUM

The following information is general in nature with respect to the tax treatment of Certificates held by persons that are resident in Belgium for tax purposes and that are the beneficial owners of any income from the Certificates. It does not constitute tax advice and does not purport to treat all aspects of an investment in the Certificates. In certain cases, other rules may apply. Moreover, the tax laws and their interpretation are liable to change at any time. Potential investors who would like complete information about the tax consequences in Belgium of the acquisition, holding and assignment of the Certificates should consult their regular financial and tax advisors.

#### (i) *Tax rules applicable to individuals*

Individuals Certificate holders resident in Belgium for tax purposes are, in principle, subject to personal income tax in Belgium ("*impôt des personnes physiques / personenbelasting*") and will, in principle, be subject to the tax treatment described below insofar as the Certificates are concerned. Other rules may apply in specific situations, in particular if an individual holds the Certificates in the context of a professional activity or if the investment in the Certificates falls outside the scope of normal wealth management.

Profits realised upon Maturity of the Certificates should be considered as interest. Payments of interest on the Certificates made through a paying agent in Belgium will in principle be subject to a 15% withholding tax in Belgium (computed on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for individuals. However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 15% (plus communal surcharges). If the interest is received through a foreign paying agent within the meaning of the Savings Directive and such agent levied the Home State Tax (*i.e.*, a taxation at source) (see paragraph (iv) below), such Home State Tax does not relieve the Belgian individual from declaring the interest income in his personal income tax return. However, the Home State Tax will be imputed to the beneficiary's tax liability. If the Home State Tax exceeds the taxpayer's tax liability, the surplus will be reimbursed provided it is at least €2.50.

Profits realised on the Certificates as a consequence of sale to a third party could be considered as either interest or capital gain depending on whether or not the Certificates qualify as fixed income securities. According to certain authors, Certificates should in principle qualify as fixed income securities if there is a causal link between the amount of return and the detention period of the security. However, even in the absence of a causal link, one could be of the view that the profits still qualify as interest, but that it is impossible to determine the taxable income, due to lack of a causal link. The law defines the taxable income (for profits realized prior to maturity) as the income *pro rata* the period during which the Certificate holder held the Certificates. If there is no causal link between the amount of return and the detention period of the security, it is not possible to determine a *pro rata* income. To the extent that the profit qualifies as capital gains, such gains are not taxable in the hands of individuals, unless they fall outside the scope of normal wealth management or the Certificates are redeemed by the Issuer. In the latter case, the profit is taxable as interest (as described above). Capital losses are not tax deductible.

#### (ii) *Tax rules applicable to corporate investors*

Companies Certificate holders resident in Belgium for tax purposes are, in principle, subject to corporate income tax in Belgium ("*impôt des sociétés / vennootschapsbelasting*") and will, in principle, be subject to the tax treatment described below insofar as the Certificates are concerned.

Profits realised upon Maturity of the Certificates should be considered as interest. Interest derived by Belgian corporate investors on the Certificates will be subject to Belgian corporate income tax of 33.99%. To the extent that payments of interest on the Certificates are made through a paying agent in Belgium, such payments will in principle be subject to a 15% withholding tax in Belgium (computed on the interest received after deduction of any non-Belgian withholding taxes). In certain circumstances, exemption from withholding tax may be

available. The withholding tax that has been levied, if any, should normally be creditable against the corporate income tax due.

Profits realised on the Certificates as a consequence of sale to a third party could be considered as either interest or capital gain depending on whether or not the Certificates qualify as fixed income securities. According to certain authors, Certificates should in principle qualify as fixed income securities if there is a causal link between the amount of return and the detention period of the security. However, even in the absence of a causal link, one could be of the view that the profits still qualify as interest, but that it is impossible to determine the taxable profit, due to lack of a causal link. The law defines the taxable income (for profits realized prior to maturity) as the income *pro rata* the period during which the Certificate holder held the Certificates. If there is no causal link between the amount of return and the detention period of the security, it is not possible to determine a *pro rata* income. To the extent that the profit qualifies as capital gains, such gains realised by Belgian corporate investors will be subject to Belgian corporate income tax of 33.99%. Capital losses are in principle tax deductible.

### **(iii) Tax rules applicable to other legal entities**

Legal entities Certificate holders resident in Belgium for tax purposes are, in principle, subject to legal entities tax in Belgium ("*impôt des personnes morales / rechtspersonenbelasting*") and will, in principle, be subject in Belgium to the tax treatment described below insofar as the Certificates are concerned.

Profits realised upon Maturity of the Certificates should be considered as interest. Payments of interest on the Certificates made through a paying agent in Belgium will in principle be subject to a 15% withholding tax in Belgium (computed on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for legal entities. However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared by the legal entities themselves in a withholding tax return and withholding tax of 15% must be paid to the Treasury.

Profits realised on the Certificates as a consequence of sale to a third party could be considered as either interest or capital gain depending on whether or not the Certificates qualify as fixed income securities. According to certain authors, Certificates should in principle qualify as fixed income securities if there is a causal link between the amount of return and the detention period of the security. However, even in the absence of a causal link, one could be of the view that the profits still qualify as interest, but that it is impossible to determine the taxable profit, due to lack of a causal link. The law defines the taxable income (for profits realized prior to maturity) as the income *pro rata* the period during which the Certificate holder held the Certificates. If there is no causal link between the amount or return and the detention period of the security, it is not possible to determine a *pro rata* income. To the extent that the profit qualifies as capital gains, such gains are not taxable in the hands of legal entities, unless the Certificates are redeemed by the Issuer. In such case, the capital gain is taxable as interest (as described above). Capital losses are not tax deductible.

### **(iv) Savings Directive**

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive on the taxation of savings income in the form of interest payments (hereinafter the "Savings Directive"), which was transposed into Belgian law by the Act of 17 May 2004. The Savings Directive entered into force on 1 July 2005. Pursuant to the directive, paying agents established in an EU Member State must provide that State's competent authority with certain details of the payment of interest to any individual resident in another EU Member State. That competent authority is then required to communicate this information to the competent authority of the EU Member State of which the recipient is a resident for tax purposes.

However, for a transitional period, Belgium, Luxembourg and Austria (and other dependent or non-EU countries (see below)) instead operate a withholding system in relation to such payments. The withholding tax, or Home State Tax ("*prélèvement pour l'Etat de résidence / woonstaathetfing*") as defined in the Belgian implementation of the directive, will be levied on interest payments at a rate of 15%. The tax rate will be increased to 20% between 1 July 2008 and 30 June 2011 and to 35% thereafter. The ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. However, the aforementioned EU Member States provide for a procedure allowing recipients of such payments resident in other EU Member States to avoid the withholding tax by authorising their paying agent to report the payment or by presenting a certificate issued by the competent authority of their

EU Member State of which the recipient is a resident for tax purposes. If withholding taxes are imposed in accordance with the above, the EU Member State of residence for tax purposes of the recipient of such payments should ensure the elimination of any double taxation which might result from the imposition of this withholding tax. It should do so by crediting this withholding tax up to the amount of tax due in its territory and by reimbursing any excess amount of tax withheld or by granting a refund of the withholding tax.

The territorial scope of the Savings Directive has been extended to Switzerland, Lichtenstein, Andorra, Monaco, San Marino, the Dutch Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, the Cayman Islands, the Government of Anguilla and Turks and Caicos. The agreements with the Government of Anguilla, Aruba, the Cayman Islands, Montserrat and the Dutch Antilles provide for bilateral automatic exchange of information for tax purposes between the contracting States (except the agreement with the Cayman Islands, which information commitments only apply to paying agents established in the Cayman Islands). For a transitional period, all these countries (except the Cayman Islands) apply the withholding tax. The other countries (Switzerland, Lichtenstein, Andorra, Monaco, San Marino, Turks and Caicos, Jersey, the Isle of Man, the British Virgin Islands and Guernsey), have opted to permanently apply the withholding tax on the interests payments made to individuals established in one of the contracting states.

**The above description does not constitute a summary of the tax laws currently in force, which are liable to change and evolve over time. In each case, please consult your tax and financial advisor concerning your individual situation as well as further to any change in the tax laws.**

### **SCHEDULE 3**

#### **TAX TREATMENT OF THE CERTIFICATES IN FRANCE**

The Issuer being resident outside of France for tax purposes, no withholding tax shall apply in France to payments made by the Issuer under the Certificates. Prospective investors in the Certificates should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Certificates and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile. Neither Merrill Lynch S.A. nor the Guarantor is or shall be liable for or otherwise obliged to pay any tax, duty, withholding tax or other payment which may arise as a result of the ownership or transfer of any Certificate or of any payment made by Merrill Lynch S.A. thereunder.

## SCHEDULE 4

### TAX TREATMENT OF THE CERTIFICATES IN THE NETHERLANDS

#### *General*

The following is a general summary of the Dutch tax consequences as at the date hereof in relation to the acquisition, holding or disposal of Certificates. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder of Certificates or a prospective holder and in view of its general nature, it should be treated with corresponding caution. Holders should consult their tax advisers with regard to the tax consequences of investing in the Certificates.

Except as otherwise indicated, this summary only addresses the tax legislation as in effect at the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

#### *Taxes on income and capital gains*

This paragraph does not describe the Dutch tax consequences of the acquisition, holding and disposal of the Certificates if a holder of Certificates or individuals related to such holder (statutorily defined term) and certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest (statutorily defined terms) in the Issuer.

Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company or (ii) holds rights to acquire, directly or indirectly, such interest or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

#### *Residents of the Netherlands*

Generally speaking, if the holder of the Certificates is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes, any payment under the Certificates or any gain realised on the disposal or deemed disposal of the Certificates is subject to corporate income tax rate at a rate of 25.5% (a corporate income tax rate of 20.0% applies with respect to taxable profits up to €40,000 and 23.0% over the following €160,000, the first two brackets for 2008). Any loss may be tax deductible.

A Dutch qualifying pension fund and a Dutch qualifying tax exempt investment fund (in Dutch: "*vrijgestelde beleggingsinstelling*") are in principle not subject to Dutch corporate income tax. A Dutch qualifying investment fund (in Dutch "*fiscale beleggingsinstelling*") is subject to corporate income tax at a special rate of zero per cent.

If a holder of the Certificates is an individual, resident or deemed to be resident of the Netherlands for Dutch income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Certificates or any gain realised on the disposal or deemed disposal of the Certificates is taxable at the progressive income tax rates (with a maximum of 52%) and any loss may be deductible, if:

(a) the Certificates are attributable to an enterprise from which the holder of the Certificates derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being a shareholder, as defined in the Dutch Income Tax Act 2001; or

(b) the holder of the Certificates is considered to perform activities with respect to the Certificates that go beyond ordinary asset management (in Dutch "*normaal vermogensbeheer*") or derives benefits from the Certificates that are (otherwise) taxable as benefits from other activities (in Dutch "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of the Certificates, such holder will be taxed annually on a deemed income of 4% of his or her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the

investment assets less the allowable liabilities at the end of that year. The Certificates are included as investment assets. A tax free allowance may be available. Actual results (gains/losses) benefits derived from the Certificates are as such not subject to Dutch income tax.

#### *Non-residents of the Netherlands*

A holder of the Certificates will not be subject to Dutch taxes on income or capital gains in respect of any payment under the Certificates or in respect of any gains or losses realised on the disposal or deemed disposal of the Certificates, provided that:

(a) such holder is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands; and

(b) such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Certificates are attributable; and

(c) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Certificates that go beyond ordinary active asset management (in Dutch “*normaal vermogensbeheer*”) and does not derive benefits from the Certificates that are (otherwise) taxable as benefits from other activities in the Netherlands (in Dutch “*resultaat uit overige werkzaamheden*”).

A holder of the Certificates will not become subject to taxation on income and capital gains in the Netherlands by reason only of the execution, delivery and/or enforcement of the Certificates or the performance by the Issuer of its obligations under the Certificates.

#### ***Gift and estate taxes***

##### *Residents of the Netherlands*

Gift, estate or inheritance taxes will arise in the Netherlands with respect to a transfer of the Certificates by way of a gift by, or on the death of, a holder of such Certificates who is resident or deemed resident of the Netherlands at the time of the gift or his or her death.

##### *Non-residents of the Netherlands*

No Dutch gift, estate or inheritance taxes will arise on the transfer of Certificates by way of gift by, or on the death of, a holder of Certificates who is neither resident nor deemed to be resident in the Netherlands, unless:

(a) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in the Netherlands or carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Certificates are or were attributable; or

(b) in the case of a gift of a Certificate by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For purposes of Dutch gift, estate and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 10 years preceding the date of the gift or his death. Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift. Applicable tax treaties may override deemed residency.

#### ***Other taxes and duties***

No Dutch VAT and no Dutch registration tax, customs duty, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of the Certificates in respect or in connection with the issue of the Certificates or with respect to the settlement of the Certificates.

## SCHEDULE 5

### INFORMATION REGARDING THE HICP INDEX

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#### 106. **General**

The reference for determining the HICP Rate of Interest during the Floating Rate Period is the eurozone Harmonised Index of Consumer Prices (excluding tobacco) (the “**HICP**”), as calculated by Eurostat, the HICP Sponsor and published on the *Eurostat* section of the *European Commission* website (<http://epp.eurostat.ec.europa.eu>).

The HICP measures the level of prices for market goods and services consumed by households in the eurozone. The eurozone HICP is the aggregate of the member states’ harmonised consumer price indices, and the eurozone is considered as an entity regardless of the elements of which it is composed. Each member state first publishes its own harmonised consumer price index in conjunction with its own consumer price index (“**CPI**”)†. Following each member state’s publication of its CPI, Eurostat aggregates these and publishes the HICP for the eurozone, as well as a breakdown of the HICP by item and by country.

In year “N”, each member state’s weight in the eurozone HICP equals the share that such member state’s final household consumption constitutes within that of the eurozone as a whole for the year “N-2”. These weights are re-estimated every year in the January publication of the eurozone HICP.

The HICP is said to be *harmonised* because the methodology and nomenclatures for the index of prices are the same for all of the member states in the eurozone and the European Union (this is required by Article 121 of the Treaty of Amsterdam (and Article 109j of the Treaty on European Union) and Council Regulation (EC) No. 2494/95). This makes it possible to compare inflation among different member states of the European Union. Emphasis is placed on the quality and comparability of the various countries’ indices.

The HICP is calculated as an *annual chained-index*, which makes it possible to change the weights every year. This also makes it easy to integrate new entrants, as in the case of Greece in January 2001. If a new entrant is integrated in the year “N”, it is included in the eurozone HICP starting from January of year “N”. The new member state’s weight is included in the annual revaluation of the HICP.

#### 2. **Coverage**

The HICP covers almost all eurozone household consumption (99.1% of the theoretical coverage). The principal difference from national harmonised consumer price indices lies in the treatment of health spending. Thus, for example, the French CPI Index covers all health spending whether or not it is reimbursed by Social Security, whereas the HICP covers only health spending that is not repaid by Social Security. As a result, France’s health spending constitutes 9.0% of its CPI Index and only 3.2% of HICP.

#### 3. **Release date**

The HICP ex-tobacco is published every month on Eurostat’s internet site, according to a pre-determined official timetable. The internet site of Eurostat is <http://epp.eurostat.ec.europa.eu>. Publication generally occurs around the 16<sup>th</sup>-18<sup>th</sup> of the following month (for example, the March HICP is published around April 16<sup>th</sup>-18<sup>th</sup>). If a revision is made, it is published with the HICP of the following month. Unlike the French CPI, no provisional estimates of the eurozone HICP are published.

#### 4. **The media through which the index is made public**

The series of unrevised eurozone HICP ex-tobacco is published on the website of the *Eurostat* section of the *European Commission* website (<http://epp.eurostat.ec.europa.eu>); it is updated after each publication of a new

†

Germany amended the methodology for the calculation of its own national CPI in 2003. This has resulted in the publication of a further CPI Index series, restated from 1996 in respect of the amended German methodology. However, the Index is the HICP reflecting the amended German methodology from 2003 only.

HICP by Eurostat. It is also available on Bloomberg screen page “CPTFEMU <Index>”. The daily inflation reference, calculated by linear interpolation of the two latest monthly inflation indices published by Eurostat, will always be available through major international information networks.

#### 106. **Base year changes**

In Europe, the national statistics institutes change the base year of their price indices every 5 to 10 years. This procedure is necessary to ensure that the index follows changes in the consumption pattern through a new consumer spending nomenclature. The resetting of the base generally accompanies changes in the definition of household consumption that occur when the national accounting system is modified. The index value for the year in which the new base is introduced is set at 100.

Eurostat has not yet changed the HICP’s base, since its base is still recent (100=1996). A new base, however, is expected to be introduced in the next few years. A base year change entails resetting the base for daily inflation references, but it does not affect the indexation coefficient.

Eurostat has introduced a new reference year for the HICP in May 2005 (100=2005). A base year change entails resetting the base for daily inflation references, but it does not affect the indexation coefficient.

## SCHEDULE 6

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