

FINAL TERMS DATED 31 MARCH 2008

MERRILL LYNCH INTERNATIONAL & CO. C.V.

Issue of up to 300,000 Certificates relating to the Merrill Lynch Frontier Index

**under the Merrill Lynch International & Co. C.V. Warrant and Certificate Programme
unconditionally and irrevocably guaranteed by Merrill Lynch & Co. Inc. ("ML&Co.")**

PART A – CONTRACTUAL TERMS

The Offering Circular 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 Securities 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 Securities. Accordingly any person making or intending to make an offer of the Securities 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 27 of Part A below, provided such person is one of the persons mentioned in Paragraph 27 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 Securities 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 Offering Circular dated 28th September, 2007, as supplemented from time to time, which together 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 Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular as supplemented. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Offering Circular as supplemented. The Offering Circular and the supplements to the Offering Circular are available for viewing during normal business hours at the registered office of the Issuer, the specified offices of the Security Agents for the time being in London, Luxembourg and New York City and on the website of the Issuer at www.mlinvest.com.

References herein to numbered Conditions are to the terms and conditions of the Securities 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.

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|------------------------|---|
| 1. Issuer: | Merrill Lynch International & Co. C.V. |
| 2. Guarantor: | ML&Co. |
| 3. Type of Securities: | |
| (i) | The Securities are Certificates. |
| (ii) | The Securities are Index Securities. |
| (iii) | The Securities are European Style Securities. |
| (iv) | The Securities are Call Securities. |
| 4. Averaging: | Averaging applies to the Securities. In the event that an Averaging Date is a Disrupted Day, Postponement (as defined in Condition 4) will apply. |

The Averaging Dates are:

- (a) the Reference Pricing Date and up to 9 consecutive immediately following Business Days, as determined by the Calculation Agent;
- (b) the Exercise Date and up to 9 consecutive immediately preceding Business Days, as determined by the Calculation Agent;

5. Trade Date: The Trade Date is 7 May 2008.
6. Issue Date: The issue date of the Securities is 14 May 2008.
7. Exercise Date: The exercise date of the Certificates in the event of Early Redemption as set out in paragraphs 23(a) and 23(b), is the relevant Issuer Optional Redemption Date or the Holder Optional Redemption Date, provided that, if such date is not an Exercise Business Day, the Exercise Date shall be the immediately succeeding Exercise Business Day.
8. Settlement Date: The Settlement Date means the fifth Business Day following the Exercise Date or, if such date is not a Business Day, the immediately succeeding Business Day.
9. Number of Securities being issued: The number of Securities being issued is up to 300,000.
10. Issue Price: The issue price per Security is Euro ("EUR") 100.
11. Automatic Exercise: Automatic exercise does not apply to the Securities.
12. Exchange Business Day: **"Exchange Business Day"** shall have the meaning as defined in Schedule 1 (Information regarding the Index).
13. Business Day Centre(s): 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.
14. Settlement: Settlement will be by way of cash payment ("Cash Settled Securities").

Provided that Early Redemption has not occurred as set out in paragraphs 23(a) and 23(b) below, upon the valid exercise of Securities in accordance with the Terms and Conditions, each Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount which will be calculated by the Calculation Agent in accordance with the following formula:

$$\text{EUR } 100 \times \frac{\text{Index}_T}{\text{Index}_0} \times \left(1 - \text{AMF} \times \frac{\text{Act}_t}{360} \right)$$

15. Issuer's option to vary settlement: The Issuer does not have the option to vary settlement in respect of the Securities.
16. Settlement Currency: The settlement currency for the payment of the Cash Settlement Amount is EUR.

17. Calculation Agent: The Calculation Agent is Merrill Lynch International.
18. Exchange(s) and Index Sponsor: For the purposes of Condition 4 and Condition 16(A):
- (a) the relevant Exchange shall be the “Exchange” as defined in Schedule 1 (Information regarding the Merrill Lynch Frontier Index;
 - (b) the relevant Index Sponsor is Merrill Lynch International;
19. Related Exchange(s): All Exchanges.
20. Minimum Exercise Number: The minimum number of Securities that may be exercised on any day by any Securityholder is one and Securities may only be exercised in integral multiples of one Security in excess thereof.
21. Form of Securities: The Securities are to be issued into and transferred through Clearstream, Frankfurt.
22. Eligibility for sale in the United States to QIBs who are also QPs or to, or for the account or benefit of, U.S. persons who are QIBs and also QPs: In relation to Cash Settled Securities which are either Index Securities or Share Securities, the Securities are not eligible for sale in the United States to QIBs who are also QPs, or to, or for the account or benefit of, U.S. persons who are QIBs and also QPs.

PROVISIONS RELATING TO EARLY REDEMPTION

23. (a) Redemption at the option of the Issuer: Unless previously purchased as specified in the Terms and Conditions of the Securities or redeemed pursuant to paragraph 23(b) below, the Issuer may, having given not less than 90 calendar days notice and not more than 180 calendar days notice in accordance with Condition 11 to the Securityholders, (which notice shall be irrevocable), repay all of the Securities then outstanding on the Settlement Date at the Optional Redemption Amount. Such notice shall specify therein the Issuer Optional Redemption Date and the Settlement Date.
- (i) Issuer Optional Redemption Date(s): 14 May of each year from (and including) 14 May 2009.
 - (ii) Optional Redemption Amount of each Security and method of calculation of such amount: If the Issuer redeems the Securities as per the foregoing, it will pay an amount to each Securityholder on the Settlement Date equal to the Cash Settlement Amount as set out in paragraph 14 less any Exercise Expenses and the Exercise Date will be deemed to be the Issuer Optional Redemption Date.
- (b) Redemption at the option of the Securityholders: Unless previously purchased as specified in the Terms and Conditions of the Securities or redeemed pursuant to paragraph 23(a) above, the holder of any Security may elect to have their Securities redeemed by giving to the Issuer, in accordance with the provisions set out below, not more than 60 nor less than 30 calendar days notice (which notice shall be irrevocable). The Issuer shall redeem in whole (but not in part) such Security on the Settlement Date and at the Optional Redemption Amount.
- Notices given by any holder of the Securities shall be in writing and given by lodging the same, to the Principal Security Agent, via Euroclear and Clearstream, Luxembourg in

such manner as the Principal Security Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

- (i) Holder Optional Redemption Date(s): 14 May of each year from (and including) 14 May 2009.
- (ii) Optional Redemption Amount of each Security and method of calculation of such amount: If a Securityholder exercises the Securities as per the foregoing, such holder will receive from the Issuer on the Settlement Date an amount equal to the Cash Settlement Amount as set out in paragraph 14, less any Exercise Expenses and the Exercise Date will be deemed to be the Holder Optional Redemption Date.
24. Other Terms:
- a) Amendment to Condition 16(A)(1): Condition 16(A)(1) Market Disruption shall not apply to these Securities and the definition of Market Disruption Event set out in Schedule 1 (Information regarding the Index) shall apply.
- b) Definitions:
- For the purposes of these Final Terms, the following definitions will apply in addition to the general definitions contained in Condition 4:
- “Act_t”** means the actual number of days from and including the Reference Pricing Date to and including the Exercise Date;
- “AMF”** means the annual management fee of 1.00% per annum;
- “Index”** means the Merrill Lynch Frontier Index. Further information relating to the Index is contained in Schedule 1;
- “Index₀”** means the arithmetic average of the Official Closing Levels of the Index over the Reference Pricing Date and up to 9 consecutive immediately following Exchange Business Days, as determined by the Calculation Agent;
- “Index_T”** means the arithmetic average of the Official Closing Levels of the Index over the Exercise Date and up to 9 consecutive immediately preceding Exchange Business Days, as determined by the Calculation Agent;
- “Reference Pricing Date”** means 7 May 2008 (the **“Scheduled Reference Price Date”**), unless in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then the Reference Price 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 Reference Price Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Reference Price Date, 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 on the Reference Price Date in accordance with 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 comprised in the 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);

“Official Closing Level” means, the closing level of the Index as quoted on the Bloomberg page MLEIFONE<Index>.

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.

DISTRIBUTION

25. Syndication: The Securities will be distributed on a non- Syndicated basis.
26. Total commission and concession: The Offer Price is EUR 100. A commission of up to 1% may be paid to each Distributor in connection with the offer (calculated on the basis that the offer price is EUR 100 and the re-offer price to the Distributors is up to EUR 99), payable on the Issue Date. In addition, Distributors in Germany only may charge subscribers or purchasers a fee up to 2% of the Offer Price, payable on the Issue Date.
27. Non exempt Offer: An offer of the Certificates may be made by the Manager and any distributor appointed by the Issuer and Guarantor (the “Distributor” and, together with the Manager, the "Financial Intermediaries") other than pursuant to Article 3(2) of the Prospectus Directive in Luxembourg, Germany, Austria, France, Belgium and the Netherlands ("Public Offer Jurisdictions") during the period from and including 31 March 2008 to and including 2 May 2008 ("Offer Period"). See further Paragraph 6 of Part B below.
28. Additional selling restrictions: **European Union**
- Although a Prospectus (as defined in the EU Prospectus Directive 2003/71/EC (“Prospectus Directive”)) has been prepared in connection with the Securities and approved by the competent authority in Luxembourg, the Prospectus has not been notified to the competent authority of any other European Economic Area (“EEA”) member state other than the Netherlands, Germany and France and any purchaser of the Securities who subsequently sells any of their Securities in any such EEA member state must do so only in accordance with the requirements of the Prospectus Directive as implemented in such member state.

PURPOSE OF FINAL TERMS

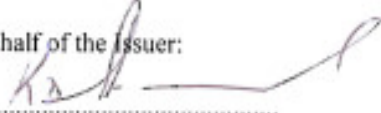
These Final Terms comprise the final terms required for issue and public offer in the Public Offer Jurisdictions and admission to trading on EUWAX, the Open Market (“Freiverkehr”) of the Frankfurt Stock Exchange (“Frankfurter Wertpapierbörse”), Euronext Paris and Euronext Amsterdam by NYSE Euronext of the Certificates described herein pursuant to the Warrant and Certificate Programme of Merrill Lynch International & Co. C.V.

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 ML&Co. 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:


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Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: EUWAX, Frankfurt Freiverkehr, Euronext Paris and Eurolist by NYSE Euronext Amsterdam.
- (ii) Admission to trading: Application has been made for the Certificates to be admitted to trading on EUWAX, the Open Market (“Freiverkehr”) of the Frankfurt Stock Exchange (“Frankfurter Wertpapierbörse”), Euronext Paris and Eurolist by NYSE Euronext Amsterdam.

2. NOTIFICATION AND AUTHORISATION

The Issuer and the Guarantor have authorised the use of these Final Terms and the Offering Circular dated 28th September, 2007 (as supplemented) by the Manager and any distributor appointed by the Issuer and Guarantor, (the “Distributors” and together with the Manager, the “Financial Intermediaries”) in connection with offers of the Certificates to the public in Luxembourg, Austria, Belgium, France, Germany and Netherlands (the “**Public Offer Jurisdictions**”) for the period set out in paragraph 6 below.

The CSSF has provided the competent authorities of host Member States listed below with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

Host Member State (Public Offer Jurisdiction)	Competent Authority
Austria	<i>Finanzmarktaufsicht</i> the Austrian Financial Markets Authority (FMA)
Belgium	Belgian Banking, Finance and Insurance Commission (CBFA).
France	Autorité des Marchés financiers (AMF)
Germany	Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>) (Bafin)
Netherlands	Dutch Authority for the Financial Markets (AFM)

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

Save for any fees payable to the Manager(s), so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.

4. 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 Securities for its general corporate purposes. A substantial portion of the proceeds from the issue of Securities may be used to hedge market risks with respect to such Securities.
- (ii) Estimated net proceeds: Up to EUR 30,000,000. 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 Distributors.

5. PERFORMANCE OF THE 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 obtained on Bloomberg Financial Systems on page MLEIFONE<Index><Go>.

Further information relating to the Index is contained in Schedule 1.

6. TERMS AND CONDITIONS OF THE OFFER

Offer Price: EUR 100. Please see the paragraph 26 above “Total Commission and Concession”.

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

Description of the application process: The Offer Period (as defined below) will begin at 8:00 am Central European Time on the 31 March 2008 and will expire at 17:00 pm Central European Time on the 2 May 2008.

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

The Securities will be placed into the Public Offer Jurisdictions by means of a placement network composed of one or more distributors (each a "**Distributor**") as managed and coordinated by Merrill Lynch International (the "**Manager**"). The Securities will be placed into the Public Offer Jurisdictions without any underwriting commitment by the Distributors or by Merrill Lynch International during the Offer Period.

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

A prospective Securityholder should contact the relevant Distributor in the Public Offer Jurisdictions prior to the end of the Offer Period. A prospective Securityholder will subscribe for Securities in accordance with the arrangements existing between the relevant 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 Securities.

For the avoidance of doubt, no dealings in the Securities 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 Securities requested by the Distributors during the Offer Period will be assigned until reaching the maximum amount of the offer destined to prospective Securityholders (up to the amount of 300,000 Securities). In the event that during the Offer Period the requests exceed the amount of the offer

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

destined to prospective Securityholders, equal up to 300,000 Securities, 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 Securities are subscribed, the Manager will notify the Distributors as to the amount of their allotments. In such event, the Distributors will notify potential investors of the amount of the Securities 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 Securities: Investors will be notified by the relevant Financial Intermediary of their allocations of Securities and the settlement arrangements in respect thereof. The Securities 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 in the publications listed below:

Public Offer Jurisdiction	Publication
Austria	Not applicable.
Belgium	Not applicable
France	The BALO
Germany	Börsenzeitung
Netherlands	Not applicable.

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 Securities are offered and whether tranche(s) 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.

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 Jurisdictions, please see Schedules 2-6 below.

7. OPERATIONAL INFORMATION

- (i) ISIN Code: DE000ML0DEJ7
- (ii) Common Code: [●]
- (iii) Wertpapierkennnummer (WKN) (German Security Code): ML0DEJ
- (iv) Clearing System: Clearstream Banking AG, Frankfurt am Main
- (v) Any clearing system(s) other than Euroclear Bank
S.A./N.V., Clearstream Banking, *société anonyme* Clearstream Banking AG, Frankfurt am Main and DTC and the relevant identification number(s): Euroclear, France

SCHEDULE 1

INFORMATION REGARDING THE MERRILL LYNCH FRONTIER INDEX

The following information is a description of the Index, the methodology for calculating the Index, and certain historical information. The information contained in this Schedule 3 relating to the Index consists of extracts from, or summaries of, information provided by Merrill Lynch International as sponsor of the Index (the "Index Sponsor"). The Issuer of any securities linked to the 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 information published by the Index Sponsor, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither the Issuer nor any Dealer accepts any further responsibility in respect of such information. See the legend appearing at the end of this section for important information regarding the information set forth herein.

1. GENERAL DESCRIPTION

The Index is intended to reflect the price return performance of a changing selection of stocks, reflecting the current constituents of the Merrill Lynch Frontier Index selected and published by Merrill Lynch Research, a division of the Index Sponsor. The value of the Index shall always be rounded to the two nearest decimals (0.005 being rounded up) and shall be expressed as an amount in euro or United States dollars.

The Index does not reflect a reinvestment of dividend payments made in respect of the Index Securities, unless the Index Sponsor decides otherwise in its sole and absolute discretion. If this occurs with respect to an Index Security, then the respective Weight (as defined below) will be adjusted, as determined by the Index Sponsor in its sole discretion, to reflect the net payment of the dividend.

There is no guarantee that Merrill Lynch Research will continue to select stocks for potential inclusion in the Index and Merrill Lynch Research gives no representation or assurance, and is under no obligation or commitment, to provide such research at any point in the future. In the event of a discontinuation of the publication of the selection of stocks, the constituents of the Index may either remain static, i.e., no rebalancing (see "Rebalancing the Index") takes place, or a successor publication may be chosen by the Index Sponsor in its sole and absolute discretion.

The level of the Index will be available on Bloomberg MLEIFOND <Index> for the USD Index and MLEIFONE <Index> for the EUR Index, or any successor financial information service as determined by the Index Sponsor in its sole and absolute discretion.

2. SELECTION OF INDEX SECURITIES

2.1 Selection Pool

"**Selection Pool Securities**" are stocks of companies in Frontier Markets that have the following characteristics, as determined by the Index Sponsor in its sole and absolute discretion:

- (a) Any foreign ownership limit must be greater than 15%, with material "headroom" still available for further investment by Foreign Institutions;
- (b) a minimum liquidity of USD 750,000 per trading day (on the relevant exchange) averaged over a three month period; and
- (c) a minimum market capitalisation of USD 500,000,000, calculated by multiplying the number of outstanding shares by the latest Closing Price on the Index Review Date.

For such purposes, "**Frontier Markets**" means Morocco, Nigeria, Kazakhstan, Pakistan, Vietnam, Croatia, Cyprus, Estonia, Romania, Slovenia, Ukraine, Bahrain, Kuwait, Lebanon, Oman, Qatar and UAE. On any Index Review Date, the Index Sponsor may (but is not obliged to) add additional countries with a total market capitalisation of at least USD 1,000,000,000 that are not part of the FTSE All-World Index™.

The Index Sponsor shall determine the Selection Pool Securities that will comprise the Index at any time and from time to time. Such securities shall be the "**Index Securities**" and each an "**Index Security**".

2.2 Inclusion and Exclusion of Index Securities in the Index

On any Index Review Date, the Index Sponsor will rank all of the Selection Pool Securities in accordance with their Liquidity Adjusted Market Cap.

"**Liquidity Adjusted Market Cap**" is calculated as the full market capitalisation of a Selection Pool Security multiplied by the Liquidity Adjustment Factor.

The "**Liquidity Adjustment Factor**" is calculated by sorting the Selection Pool Securities into deciles based on each Selection Pool Security's ratio of its average daily volume over the prior three months (taking into account interbroker cross trades) to the number of shares outstanding, i.e. the volume-to-shares ratio. The Liquidity Adjustment Factor of a Selection Pool Security is then assigned based on the decile ranking of its volume-to-shares ratio. The decile with the highest volume-to-shares ratio will be assigned the adjustment factor of 1.0, while the decile with the lowest volume-to-shares ratio will be assigned the adjustment factor of 0.1.

The Index Sponsor will select the fifty (50) Selection Pool Securities with the highest Liquidity Adjusted Market Cap for inclusion in the Index as of the corresponding Roll-Over Date(s). The top fifty Selection Pool Securities by Liquidity Adjusted Market Cap therefore selected as the constituents of the Index, subject to inclusion of at least one Selection Pool Security from each of the countries and sectors represented in the Selection Pool Securities. Selection Pool Securities that are included in the Index from outside the top fifty by Liquidity Adjusted Market Cap in order to maximise country and sector diversification will replace the lowest ranked stocks in terms of Liquidity Adjusted Market Cap.

Selection Pool Securities that are selected for inclusion in the Index (and that were not part of the Index prior to the relevant Index Review Date) shall be the "New Index Securities", and Selection Pool Securities that are removed from the Index shall be "Excluded Index Securities".

In addition, if the Index Sponsor becomes aware at any time that an Index Security is no longer eligible as a Selection Pool Security because it no longer meets the Selection Pool requirements described above 2.1(a)–(c), the Index Sponsor may determine to exclude such Security from the Index outside of the scheduled Index Review Dates (each such excluded Index Security also an "**Excluded Index Security**" and the day on which such determination is made, a "**Special Review Date**"). Under certain circumstances it may not be possible for the Index Sponsor to replace such Excluded Index Security with an alternative Selection Pool Security.

The exclusion of any such Excluded Index Security, and any replacement by a New Index Security, will take place on a Roll-Over Date, or in the case of exclusion of an Index Security outside the scheduled semi-annual Index Review Dates on the close of trading on the Index Calculation Day immediately following the Index Sponsor's determination (any such date a "**Special Roll-Over Date**"). In addition the Index Sponsor may elect to include or exclude Index Securities over a number of days commencing on the Roll-Over Date or Special Roll-Over Date (see definition of VWAP Period).

Upon the inclusion of any New Index Securities in the Index, or the removal of any Excluded Index Securities, the Index will be rebalanced as set out in section 3.2 (*Rebalancing the Index*) below.

2.3 Index Weights

The Index Components will be weighted in accordance with their Liquidity Adjusted Market Cap, subject to a maximum of 10% weight for any one Index Component. Additionally, none of the regions (i.e. Africa, Asia, Middle East and Europe) will have more than a total of 50% weight in the Index on any Roll-Over Date.

2.4 Number of Index Securities

The Index will aim to have no more than fifty and no less than twenty constituents at the time of the index review. Should the **Selection Pool Securities** consist of fewer than twenty (20) stocks, save as otherwise may be required as described in section 4 (*Index Calculation in case of Market Disruption Event*), the market capitalisation (and subsequently liquidity) constraints set out above in 2.1(b) and (c) will be relaxed in order to ensure at least twenty Selection Pool Securities are available for inclusion in the Index.

3. CALCULATION AND REBALANCING OF THE INDEX

3.1 Index Calculation

The Index Sponsor will calculate and report on Bloomberg page MLEIFOND <Index> for the USD Index and MLEIFONE <Index> for the EUR Index (or any successor pages at its sole and absolute discretion) the Daily Index Closing Value of the Index on such Index Calculation Day.

3.2 Rebalancing the Index

On any Roll-Over Date on which New Index Securities are added and/or Excluded Index Securities are removed, the Index Sponsor, in its sole and absolute discretion, may, but shall not be obliged to, adjust the composition of the Index to: (a) include the New Index Securities and/or exclude the Excluded Index Securities; and (b) adjust the Weight and Number of Shares of some or all of the Index Components.

On any Roll-Over Date, to the extent that the Index Sponsor elects to make an adjustment to the composition of the Index, the Number of Shares for each Index Component shall be calculated as the Allocated Amount divided by the Closing Price of such Index Component on that Roll-Over Date.

It is possible that such an adjustment of the Index may take place over more than one Index Business Day, if such a day is not also an Index Calculation Day. As a result of such adjustment, the Index may also contain cash balances instead of Index Securities until the next Index Calculation Day, if an Index Security has been excluded but the relevant adjustments can not be concluded on such Index Business Day.

4. INDEX CALCULATION IN CASE OF A MARKET DISRUPTION EVENT

If on any Index Calculation Day, there is a Market Disruption Event, the Index Sponsor shall calculate the Daily Index Closing Value for that Index Calculation Day, using the value of the Index Security or Index Securities so affected by such Market Disruption Event which the Index Sponsor shall in its sole and absolute discretion calculate, having regard to then prevailing market conditions, the last reported trading price of such Index Security or Index Securities and such other conditions that the Index Sponsor, in its sole and absolute discretion, determines relevant on the valuation of the Index Security or the Index Securities.

The adjustments referred to in this section 4 do not cover all events that may affect the theoretical value of the Index. Accordingly, the Index Sponsor may, at its sole and absolute discretion, and where it considers it appropriate to reflect such changes, make additional adjustments to the Weights, as applicable, the number and kind of Index Securities comprising the Index and/or the Closing Price of an Index Security to reflect changes occurring in relation to such Index Security or the Index.

5. INDEX SPONSOR

The Index Sponsor will employ the methodology described above and its determinations in the application of such methodology shall be final, except in the case of manifest error. While the Index Sponsor currently employs the above described methodology to calculate the Index, no assurance can be given that market, regulatory, juridical or fiscal circumstances will not arise that would, in the view of the Index Sponsor, necessitate a modification or change of such methodology.

In addition, the Index Sponsor may modify the Index without the consent of any person for the purposes of curing any ambiguity or correcting or supplementing any provision contained herein or replacing any information provider or information source named herein or any previous replacement information provider or source. The Index Sponsor has no responsibility or obligation to inform any person (including holders of any securities linked to the Index) about such modification, change or replacement. The Index Sponsor will make reasonable efforts to assure that such modifications, changes and replacements will result in a methodology that is consistent with the methodology described above.

6. CERTAIN DEFINITIONS RELATING TO THE INDEX

The following terms have the following meanings for the purposes of this Index Description (*Information Regarding the Merrill Lynch Frontier Index*) only:

"Allocated Amount" means,

- (i) in respect of Index Components other than Excluded Securities, an amount equal to the Liquidity Adjusted Market Capitalisation on the relevant Index Review Date, Special Review Date, or VWAP Date (as appropriate), divided by the Index Liquidity Adjusted Market Capitalisation on such Index Review Date, Special Review Date or VWAP Date, and
- (ii) in respect of New Index Securities and Excluded Index Securities, an amount calculated as one (1) divided by the number of days remaining in the relevant VWAP Period, multiplied by the Allocated Amount as set out in paragraph (i) above.

The Allocated Amount of any Index Security will be capped at a maximum of 10% (including, for the avoidance of doubt, any Index Security which could theoretically achieve a calculated Allocated Amount in excess of 10%) and the Allocated Amounts of the remaining Index Securities will be adjusted on a pro rata basis;

"Closing Price" means in respect of each Index Security, the official closing price of such Index Security on the applicable Exchange at the Valuation Time on the Index Calculation Day for such Index Security, as reported by such Exchange, converted (where applicable) into United States dollars using the relevant Exchange Rate;

"Daily Index Closing Value" means, in respect of each Index Calculation Day, the value of the Index as calculated and reported by the Index Sponsor in respect of such Index Calculation Day, which shall be equal to the aggregate figure resulting from the sum of all products of (a) the Number of Shares for each Index Security and (b) the Closing Price of each Index Security, adjusted by the Exchange Rate;

"Exchange" means, in respect of each Index Security (which includes New Index Securities if in relation to a Roll-Over Date) comprising the Index, any stock exchange on which that Index Security is traded and/or any successor stock exchange or trading system on which that Index Security is traded. In the event that an Index Security is listed on more than one exchange or quotation system, the Index Sponsor shall in its sole and absolute discretion select an exchange or quotation system;

"Exchange Business Day" means any day upon which all the relevant Exchanges and Related Exchanges are open for trading during their respective regular trading sessions notwithstanding such Exchanges or Related Exchanges closing prior to their scheduled weekday closing time;

"Exchange Disruption" means any event that disrupts or impairs (as determined by the Index Sponsor in its sole and absolute discretion) the ability of market participants in general (i) to effect transactions in, or obtain market values for any Index Securities, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant Related Exchange;

"Exchange Rate" for any Index Calculation Day means the most recently reported exchange rate for the relevant currency in which the price of the stock is quoted compared to the United States dollar (or in the case of conversions of United States dollar into Euro for the purposes of calculating the EUR Index, the most recently reported exchange rate for United States dollar compared to the euro), as reported by Bloomberg or any substitute information provider selected by the Index Sponsor in its sole and absolute discretion. If such Exchange Rate is not so reported on an Exchange Business Day, the Index Sponsor shall, in its sole and absolute discretion, determine the Exchange Rate having regard to then prevailing market conditions, the last published exchange rate and such other conditions that the Index Sponsor determines relevant in determining such Exchange Rate. The Index Sponsor shall not be obliged to monitor or review such actual rates of exchange or to make any such determination in any circumstances;

"EUR Index" means the Index published in Euro (Bloomberg: MLEIFONE <Index>). The EUR Index is calculated, on each Index Business Day by converting the Daily Index Closing Value from USD to EUR using the Exchange Rate, and dividing the resulting figure by the divisor determined by the Calculation Agent;

"Foreign Institutions" means an institution incorporated in a country other than a Frontier Market including, inter alia, the Index Sponsor

"Index" means the Merrill Lynch Frontier Index published in United States dollars (the USD Index) and euros (the EUR Index);

"Index Business Day" means a day (other than a Saturday and Sunday) on which commercial banks and foreign exchange houses are open for business in London;

"Index Calculation Day" means a day which is (a) an Index Business Day and (b) an Exchange Business Day;

"Index Components" means the Index Securities as of the relevant Roll-Over Date, excluding the Excluded Index Securities and including the New Index Securities as of such Roll-Over Date;

"Index Review Date" means the tenth Exchange Business Day of February and August in each year;

"Market Disruption Event" means, in respect of the Index the occurrence or existence of (a) a trading disruption or (b) an Exchange Disruption, which in either case the Index Sponsor determines is material, at any time during the one hour period that ends at the relevant Valuation Time. Whether a Market Disruption Event exists at any time will be determined by the Index Sponsor in his sole and absolute discretion;

"Number of Shares" shall mean the number of Index Securities, and portions of each Index Security, contained in the Index, rounded to the nearest one hundred millionth, and determined in accordance with paragraph 3.2 above.

"Related Exchange" means, in respect of an Index Security, each exchange, quotation or market system on which options contracts and futures contracts relating to such Index Security are traded, any successor to such exchange, quotation or market system or any substitute exchange, quotation or market system to which trading

in futures or options contracts relating to the Index has temporarily relocated; *provided that* the Index Sponsor has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index Security on such temporary substitute exchange, quotation or market system as on the original Related Exchange;

"Roll-Over Date" shall be any Index Business Day, as determined by the Index Sponsor in its sole and absolute discretion. Adjustments to the Index may take place over more than one Index Business Day if an inclusion or exclusion takes place on an Index Business Day which is not also an Index Calculation Day;

"USD Index" means the Index published in United States dollars (Bloomberg: MLEIFOND <Index>);

"Valuation Time" means, in respect of an Index Security, the close of trading on the relevant Exchange.

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SCHEDULE 2

TAX TREATMENT OF THE CERTIFICATES IN AUSTRIA

1. Income Tax

In the opinion of the Issuer, the Certificates are to be qualified as bonds in the sense of sec. 93(3) of the Austrian Income Tax Act.

Individuals subject to unlimited income tax liability in Austria holding bonds as a non-business asset are subject to income tax on all resulting interest payments (which term also encompasses a balance, if any, between the redemption price and the issue price) pursuant to sec. 27(1)(4) and sec. 27(2)(2) of the Austrian Income Tax Act. If interest is paid out by an Austrian paying agent, then such payments are subject to a withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act) if the bonds are in addition legally and factually offered to an indefinite number of persons. If interest is not paid out by an Austrian paying agent, then such payments must be included in the income tax return; in this case they are subject to a flat income tax rate of 25%, provided that the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments must be included in the income tax return; in this case they are subject to income tax at marginal rates, any withholding tax being creditable against the income tax liability.

Individuals subject to unlimited income tax liability in Austria holding bonds as a business asset are subject to income tax on all resulting interest payments (which term also encompasses a balance, if any, between the redemption price and the issue price). If interest is paid out by an Austrian paying agent, then such payments are subject to a withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act) if the bonds are in addition legally and factually offered to an indefinite number of persons. If interest is not paid out by an Austrian paying agent, then such payments must be included in the income tax return; in this case they are subject to a flat income tax rate of 25%, provided that the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments must be included in the income tax return; in this case they are subject to income tax at marginal rates, any withholding tax being creditable against the income tax liability.

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on all interest payments resulting from bonds (which term also encompasses a balance, if any, between the redemption price and the issue price) at a rate of 25%. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied.

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(1) of the Austrian Corporate Income Tax Act and holding bonds as a non-business asset are subject to corporate income tax (interim taxation) on all resulting interest payments (which term also encompasses a balance, if any, between the redemption price and the issue price) pursuant to sec. 13(3)(1) of the Austrian Corporate Income Tax Act at a rate of 12.5%, provided that the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments are subject to corporate income tax at a rate of 25%. Under the conditions set forth in sec. 94(11) of the Austrian Income Tax Act no withholding tax is levied.

Pursuant to sec. 42(1) of the Austrian Investment Funds Act, a foreign investment fund is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. This term, however, does not encompass collective real estate investment vehicles pursuant to sec. 14 of the Austrian Capital Markets Act. It should be noted that the Austrian tax authorities have commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations. Pursuant to these, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist.

2. EU Withholding Tax

Sec. 1 of the Austrian EU Withholding Tax Act – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State is subject to a withholding tax if no exception from such withholding applies. Currently, the withholding tax amounts to 15%. Regarding the issue of whether index certificates are subject to the withholding tax, the Austrian tax authorities distinguish between index certificates with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest; in addition, reference is made to the underlying assets: In the case of certificates without a capital guarantee and relating to equity indices or to baskets of equities, payments are not considered as interest within the meaning of the Austrian EU Withholding Tax Act.

3. Inheritance and Gift Tax

Pursuant to the Austrian Inheritance and Gift Tax Act, transfers of assets *inter vivos* and *inter mortuos* are taxable. Sec. 15(1)(17) of the Austrian Inheritance and Gift Tax Act provides for a tax exemption in the case of a transfer of bonds *inter mortuos* insofar as the bonds were legally and factually offered to an indefinite number of persons and insofar as the interest resulting from the bonds is subject to final taxation or to the special tax rate of 25%. The Austrian Constitutional Court has recently declared the inheritance tax and the gift tax as unconstitutional. The two decisions will become effective on 1 August 2008. It remains to be seen whether the Austrian Parliament will reenact an inheritance tax and/or a gift tax in Austria and under what terms.

THIS SECTION ON TAXATION CONTAINS A BRIEF SUMMARY OF THE ISSUER'S UNDERSTANDING WITH REGARD TO CERTAIN IMPORTANT PRINCIPLES WHICH ARE OF SIGNIFICANCE IN AUSTRIA IN CONNECTION WITH THE CERTIFICATES. THIS SUMMARY DOES NOT PURPORT TO EXHAUSTIVELY DESCRIBE ALL POSSIBLE TAX ASPECTS AND DOES NOT DEAL WITH SPECIFIC SITUATIONS WHICH MAY BE OF RELEVANCE FOR INDIVIDUAL POTENTIAL INVESTORS. IT IS BASED ON THE CURRENTLY VALID AUSTRIAN TAX LEGISLATION, CASE LAW AND REGULATIONS OF THE TAX AUTHORITIES, AS WELL AS THEIR RESPECTIVE INTERPRETATION, ALL OF WHICH MAY BE AMENDED FROM TIME TO TIME. SUCH AMENDMENTS MAY ALSO BE EFFECTED WITH RETROACTIVE EFFECT AND MAY NEGATIVELY IMPACT ON THE TAX CONSEQUENCES DESCRIBED ABOVE. IT IS RECOMMENDED THAT POTENTIAL PURCHASERS OF THE CERTIFICATES CONSULT WITH THEIR LEGAL AND TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, HOLDING OR SALE OF THE CERTIFICATES. TAX RISKS RESULTING FROM THE CERTIFICATES (IN PARTICULAR FROM A POSSIBLE QUALIFICATION AS A FOREIGN INVESTMENT FUND PURSUANT TO SEC. 42(1) OF THE AUSTRIAN INVESTMENT FUNDS ACT) SHALL BE BORNE BY THE PURCHASER. IN GENERAL, IT HAS TO BE NOTED THAT THE AUSTRIAN TAX AUTHORITIES HAVE A CRITICAL ATTITUDE TOWARDS STRUCTURED PRODUCTS WHICH MAY ALSO GIVE RISE TO TAX BENEFITS.

SCHEDULE 3

TAX TREATMENT OF THE SECURITIES 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 Redemption 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 Redemption 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 Redemption 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 / woonstaatheffing*") 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 4

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 International & Co. C.V. 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 International & Co. C.V. thereunder.

SCHEDULE 5

TAX TREATMENT OF THE CERTIFICATES IN GERMANY

The following comments are of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. No representation with respect to the consequences to any particular prospective holder of a Certificate is made hereby. Any prospective holder of a Certificate should consult their own tax advisers in all relevant jurisdictions.

The information contained in this section is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of the Certificates. It is based upon German tax laws (including tax treaties) and administrative decrees as in effect as of the date hereof, which are subject to change, potentially with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF THE CERTIFICATES ARE ADVISED TO CONSULT THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE CERTIFICATES.

1 Tax Residents

Certificates held by Private Investors as Non-Business Assets

Private individuals having their residence or habitual abode in the Federal Republic of Germany are subject to unlimited German income taxation.

The Issuer is of the opinion that the Certificates should qualify as speculative securities (Sec. 23 German Income Tax Act, *Einkommensteuergesetz*), because they neither guarantee or grant (i) a repayment of principal in total or in part (ii) nor any remuneration (especially no interest). If Certificates, qualifying as such securities, are sold within one year after the purchase of the Certificates the capital gains are taxed as speculative income, if the capital gains from all such private disposals during a calendar year equal or exceed 512 Euro (per individual and year). The amount of the capital gain or loss will be equal to the difference between the sales proceeds or the redemption value paid by the Issuer and the acquisition costs for the Certificate. The capital gains are taxable at the personal progressive income tax rate of the Investor plus a 5.5 per cent solidarity surcharge thereon.

Consequently, if the Certificates are (i) sold within one year after the purchase of the Certificates and the capital gains from all such private disposals during a calendar year fall short of 512 Euro (per individual and year) or (ii) sold after one year of the purchase of the Certificates, capital gains and losses should be tax exempt.

The offset of potential losses is restricted.

Certificates held by Private Investors or Business Investors as Business Assets

Income from the Certificates held as business assets is taxable at regular rates subject to the German Income Tax Act or the German Corporate Income Tax Act plus a 5.5 per cent solidarity surcharge thereon. The offset of losses might be restricted.

2 Non-Tax Residents

Persons who are not tax resident in Germany, are generally not subject to German taxation. However, if the Certificates are held as part of a domestic business or with a permanent representative in Germany, the Investor will be taxed the same as German residents subject to a minimum tax rate for individual investors

3 Investment Tax Act

The Certificates should not qualify as units in a foreign investment fund in terms of the German Investment Tax Act (*Investmentsteuergesetz*).

4 Changes by reform of business taxation

Please find below some selected changes in the taxation of holders of a Certificate by the Business Tax Reform Act 2008 (*Unternehmensteuerreformgesetz 2008*) which has been adopted by the Federal Diet (Bundestag) and Federal Council (*Bundesrat*), but not yet announced in the Federal Law Gazette (*Bundesgesetzblatt*). This statement is not comprehensive.

In the course of the reform of business taxation, a final flat-rate tax (*Abgeltungssteuer*) on investment income will be established.

From 1 January 2009, the taxation of the Certificates will change as follows:

Tax residents

Income from the Certificates will qualify as income from capital investment and, thus, be subject to German personal or corporate income tax (in both cases plus solidarity surcharge) and additionally subject to trade tax if the Certificates are held as business assets. This treatment will be independent from a one-year holding period.

Withholding tax arises as follows

If the Certificates are kept or administered in a domestic securities deposit account by a German credit institution or financial services institution (or by a German branch of a foreign institution) or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*), a 25 per cent. capital yield tax ("*Kapitalertragsteuerabzug*"), plus. solidarity surcharge, will be levied on the positive difference between the purchase price paid by the holder of a Certificate and the selling price or redemption amount, as the case may be, resulting in a total withholding tax charge of 26.375 per cent. If such criteria are not fulfilled, if e.g. the Certificates are sold or redeemed after a transfer from another securities deposit account, the holder of a Certificate may, under certain circumstances, provide evidence for the purchase price. If such evidence is not provided, the price difference as the taxable base for the *Kapitalertragsteuerabzug* and the solidarity surcharge will be substituted by a flat amount of 30 per cent. of the selling price or the redemption price.

For individuals holding the Certificates as private assets, this withholding tax shall generally be final and only be included in the relevant tax assessment upon application, especially if the personal income tax rate lies below 25 per cent. A unitary flat sum (*Sparer-Pauschbetrag*) in the amount of 801 Euro (1,602 Euro for married couples filing their tax return jointly) will be introduced to be deducted in computing the overall investment income. The deduction of actually accrued expenses will not be possible any more.

Transition rules

Capital gains from disposals or redemptions until and including 30 June 2009 will be taxed according to the current rules set out above.

Non-Tax residents

Persons who are not tax resident in Germany, are in general exempt from the German *Kapitalertragsteuerabzug* plus solidarity surcharge. In the case of over-the-counter-transactions (payment or credit upon presentation of Certificates or Coupons at the office of a German credit or financial services institution or at a German branch of a foreign institution or at a German securities trading firm or a German securities trading bank), with the exception of transactions entered into by foreign credit or financial services institutions, the 25 per cent. *Kapitalertragsteuerabzug* plus solidarity surcharge, in total 26.375 per cent. applies. Under certain circumstances a refund might be available.

If according to German tax law the interest income received from the Certificates kept or administered by a German credit or financial services institution (or by a German branch of a foreign institution) or by a German securities trading firm or a German securities trading bank is effectively connected with a German trade or business of a non-resident, the taxation corresponds to the taxation set out in the paragraph "*Tax residents*" above.

SCHEDULE 6

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.

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. Furthermore, this summary does not describe the tax considerations if the Certificates qualify as a participation (statutorily defined term) for the purposes of the Dutch Corporate Income Tax Act 1969.

Taxes on income and capital gains

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 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 qualifying Dutch 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) 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 Note 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.