

Merrill Lynch S.A.

(Incorporated as a *société anonyme* under the laws of Luxembourg)

EUR15,000,000,000

Euro Medium-Term Note Program

for the issue of Notes

with a minimum maturity of one week

Payment of principal and interest on the Notes will be unconditionally and irrevocably guaranteed by

Merrill Lynch & Co., Inc.

(Incorporated under the laws of the State of Delaware, U.S.A.)

On May 19, 1999, Merrill Lynch S.A. (the "Company" or the "Issuer") established a EUR5,000,000,000 Euro Medium-Term Note Program (the "Program") and issued an offering circular on that date describing the Program. This Base Prospectus supersedes all offering circulars issued prior to the date hereof. Any Notes to be issued under the Program on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect Notes already in issue. The Company has also prepared a registration document (the "Registration Document") for use in connection with the issue of Notes under the Program. Notes issuable under the Program by way of Registration Document shall be documented in a securities note (the "Securities Note"). The Registration Document and any Securities Note prepared in connection therewith do not form part of this Base Prospectus.

Under this EUR15,000,000,000 Euro Medium Term Note Program, the Company may from time to time issue Notes (the "Notes") denominated in any currency agreed by the Company and the relevant Purchaser(s) (as defined below). The Notes will be fully, unconditionally and irrevocably guaranteed (the "Guarantee") as to payment of principal, interest and any additional amounts (or delivery of other consideration) by Merrill Lynch & Co., Inc. (the "Guarantor"). The Notes will have maturities of one week or longer (or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency) and, subject as set out herein, the maximum aggregate principal amount of all Notes from time to time outstanding will not exceed EUR15,000,000,000 (or its equivalent in other currencies), calculated as described herein.

The Notes will be issued to one or more of the dealers specified under "Summary" (each a "Dealer" and, together the "Dealers") on a continuing basis. Notes may also be issued to other dealers and to third parties other than dealers. The Dealers and such other dealers and third parties are referred to as "Purchasers".

Application has been made to the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC (the "Prospectus Directive") for the approval of this Base Prospectus. Application has been made to the Luxembourg Stock Exchange for Notes issued under this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange is a regulated market for the purposes of the Markets and Financial Instruments Directive (Directive 2004/39/EC).

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes are in bearer form and therefore are subject to U.S. tax law requirements. The Notes and the Guarantee may not at any time be reoffered, resold, pledged, exchanged or otherwise transferred directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (see "Subscription and Sale").

In relation to each separate issue of Notes, the final offer price and amount of such Notes will be determined by the Company and the relevant Dealers in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the applicable Final Terms.

This Base Prospectus may be used for the purposes of Notes issued under the Program to be admitted to trading on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission and to be admitted to listing on the official list of the Luxembourg Stock Exchange during this twelve month period. The CSSF has been requested to provide the UK Listing Authority with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with Luxembourg Law of July 10, 2005 relative aux prospectus pour valeurs mobilières which implements the Prospectus Directive into Luxembourg law for Notes to be admitted to the Official List of the UK Listing Authority (the "Official List") and admitted to trading on the London Stock Exchange's Regulated Market. The Company may issue Notes (i) that bear interest at fixed rates or floating rates or at no interest at all, (ii) whose principal, interest or other consideration (which may include cash, securities and/or other property) payable thereon or deliverable pursuant thereto are linked to the level of one or more indices, currencies, equities, debt securities, commodities or funds, or the credit of one or more specified entities or any combination thereof, or to an index, portfolio or formula based on any combination thereof, and (iii) the terms of which permit the Company to pay and/or discharge its obligations with respect to such Notes by the payment or delivery of cash, shares, securities and/or other property or any combination of cash, shares, securities and/or other property. Notice of the aggregate principal amount of, interest (if any) payable with respect to, the Issue Price (as defined in the applicable Final Terms) of, and any other terms and conditions not contained herein which are applicable to, each Tranche (as defined under "Terms and Conditions of the Notes") of Notes together with certain other information required by the Prospectus Directive will be set forth in the applicable final terms (the "Final Terms") or which, with respect to Notes to be listed on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission and/or admitted to the official list of the Luxembourg Stock Exchange, will be delivered to the CSSF or the London Stock Exchange, as the case may be, about the date of issue of such Notes. Under the Luxembourg Law of July 10, 2005 relative aux prospectus pour valeurs mobilières which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law. Copies of each Final Terms will be available from the specified office of each of the Paying Agents (as defined under "Form of the Notes"), subject to conditions set forth herein (see "Terms and Conditions of the Notes"). The relevant Final Terms will indicate the stock exchange or market, if any, on which each Tranche of Notes will be listed and/or admitted to trading.

The Notes of each Tranche will initially be represented by one or more temporary global Notes which will be deposited on the issue date thereof with (i) if the temporary global Note is intended to be issued in new global note ("NGN") form as specified in the applicable Final Terms, a common safekeeper for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") and, (ii) if the temporary global Note is intended to be issued in classic global note ("CGN") form as specified in the applicable Final Terms, a common depositary on behalf of Euroclear and Clearstream, Luxembourg and/or such other clearing system as otherwise agreed, as further described under "Form of the Notes" herein. Beneficial interests in a temporary global Note will be exchangeable for beneficial interests in a permanent global Note or, in certain circumstances described herein, for definitive Notes, and beneficial interests in a permanent global Note will be exchangeable for definitive Notes. Beneficial interests in temporary and permanent global Notes will be exchangeable only in the manner and upon compliance with the procedures described under "Form of the Notes" herein. Temporary and permanent global Notes and definitive Notes will be issued in bearer form only and in such denominations as may be agreed between the Company and the relevant Purchaser(s).

See "Risk Factors" on pages 13 to 25 for a discussion of certain risks that should be considered in connection with an investment in the Notes offered hereby.

The Program has been rated by Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's"), Ratings and Investment Information, Inc. ("R&I") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"). The Notes of each Tranche issued under the Program may be rated or unrated. Where the Notes of a Tranche are rated, such rating will not necessarily be the same as the rating(s) assigned to the Program. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. See "Ratings" in "Form of Retail Final Terms" on pages 81 to 82 for a brief explanation of the meaning of the ratings.

The Company may agree with any Purchaser(s) that the Notes may be issued in a form other than that contemplated under "Terms and Conditions of the Notes" herein, in which event a base prospectus or a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This base prospectus and all documents incorporated herein by reference will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Arranger

Merrill Lynch International

Dealers

Merrill Lynch International

Merrill Lynch Capital Markets AG

Merrill Lynch (Singapore) Pte. Ltd.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. This Base Prospectus has been approved by the CSSF as a Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive. This Base Prospectus is not a prospectus for purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.

Each of the Company and the Guarantor accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Company and the Guarantor (each of which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Dealers has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Company or the Guarantor in connection with the Notes. No Dealer accepts liability in relation to the information contained in this Base Prospectus or any other information provided by the Company or the Guarantor in connection with the Notes.

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied by the Company or the Guarantor in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Company, the Guarantor, or the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Guarantor, or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company and the Guarantor. Neither this Base Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Company, the Guarantor, or any of the Dealers to any person to purchase any Notes other than the Notes described in the relevant Final Terms to this Base Prospectus relating thereto.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Company or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. None of the Dealers undertakes to review the financial condition or affairs of the Company and the Guarantor and their respective subsidiaries during the life of the Program. Investors should review, inter alia, the most recent financial statements of the Company and the Guarantor when deciding whether or not to purchase any of the Notes.

The distribution of this Base Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of the Notes in the United States of America, the United Kingdom, Japan, France and Singapore (see "Subscription and Sale").

In this Base Prospectus, references to "U.S.\$", "USD" and "U.S. Dollars" are to United States dollars, references to "EUR", "Euro", "€" and "euro" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam (such first mentioned Treaty as so amended, the "Treaty"), references to "Danish Krone", "DKr" and "DKK" are to the lawful currency of the Kingdom of Denmark, references to "Norwegian Krone", "Nkr" and "NOK" are to the lawful currency of the Kingdom of Norway, references to "Sterling" and "£" are to United Kingdom Pounds Sterling, references to "Swedish Krona", "SKr" and "SEK" are to the lawful currency of the Kingdom of Sweden and references to "Yen" and "¥" are to Japanese Yen.

In connection with the issue of any Tranche of Notes, the Relevant Dealer(s) (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in the applicable Final Terms or Prospectus (as the case may be) (the "Stabilizing Manager") may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the London Stock Exchange's Regulated Market and/or the regulated market of the Luxembourg Stock Exchange and/or any other regulated market (within the meaning of the Markets in Financial Instruments Directive) (Directive 2004/39/EC) in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Tranche of Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of Notes and 60 days after the date of the allotment of the Tranche of Notes. Any stabilization action or over-allotment shall be conducted in accordance with all applicable laws and rules.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been previously published or are published simultaneously with the Base Prospectus shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the Guarantor's 2007 Annual Report on Form 10-K for the year ended December 28, 2007 (the "**2007 Annual Report**") (excluding the documents listed as Exhibits on pages E-1 to E-4 (*Exhibit Index*) except for Exhibit 99.8), which includes the audited consolidated balance sheets of the Guarantor and its subsidiaries as of December 28, 2007 and December 29, 2006, and the related consolidated statements of (loss)/earnings, changes in stockholders' equity, comprehensive (loss)/income and cash flows for each of the three years in the period ended December 28, 2007, the financial statement schedule (listed as Exhibit 99.8) and the auditors' reports dated February 25, 2008 thereon (the "**2007 Auditors' Report**");
- (b) the Guarantor's 2006 Annual Report on Form 10-K for the year ended December 29, 2006 (the "**2006 Annual Report**") (excluding the documents listed as Exhibits on pages E-1 to E-4 (*Exhibit Index*) except for Exhibit 99.9), which includes the audited consolidated balance sheets of the Guarantor and its subsidiaries as of December 29, 2006 and December 30, 2005, and the related consolidated statements of earnings, changes in stockholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 29, 2006, the financial statement schedule (listed as Exhibit 99.9) and the auditors' reports dated February 26, 2007 thereon (the "**2006 Auditors' Report**");
- (c) the Guarantor's Current Report on Form 8-K dated February 25, 2008, in relation to restatements of the Company's cash flows for each of the years ended December 30, 2005 and December 29, 2006 and the first, second and third quarters of 2007 (the "**February 2008 Current Report**") (except for any other documents or information incorporated by reference into the February 2008 Current Report);
- (d) the Guarantor's 2008 Proxy Statement dated March 14, 2008 in connection with its Annual Meeting of Shareholders (the "**Proxy Statement**"); and
- (e) the Company's audited financial statements for the year ended December 31, 2006 and the auditor's report dated March 22, 2007 thereon (the "**2006 Accounts**")

save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

To the extent that this document is used in connection with an issue or offering of Notes under the Program in circumstances where the Prospectus Directive does not apply, the following documents, which may be produced or issued from time to time after the date hereof, shall upon publication be deemed to form part of this document. For the avoidance of doubt, such documents will not form part of this Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive:

- (i) the most recent annual report on Form 10-K and proxy statement of the Guarantor filed with the United States Securities and Exchange Commission (the "**Commission**"); and
- (ii) any other reports filed by the Guarantor with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the rules and regulations thereunder subsequent to the date of the financial statements included in the annual report on Form 10-K referred to in sub-paragraph (a) above including, without limitation, any quarterly report on Form 10-Q.

This Base Prospectus should be read and construed with any supplement hereto and, in relation to any Series (as defined under “Terms and Conditions of the Notes” below), should be read and construed together with the relevant Final Terms.

The Company will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which or portions of which are incorporated by reference herein. Written or oral requests for such documents should be directed to the principal office of Deutsche Bank AG, London Branch, the issuing and principal paying agent for the Notes. In addition, if and for so long as any Notes are admitted to trading on the Luxembourg Stock Exchange’s regulated market and admitted to listing on the official list of the Luxembourg Stock Exchange, such documents will be available free of charge from the specified office of the Luxembourg Listing Agent. Copies of documents incorporated by reference in this Base Prospectus can also be obtained from the Guarantor’s Corporate Secretary’s office at 222 Broadway, 17th Floor New York, New York 10038-2510, USA.

The Guarantor’s 2007 Annual Report, 2007 Auditors’ Report, 2006 Annual Report, 2006 Auditors’ Report, Proxy Statement and the Company’s 2006 Accounts have been incorporated in their entirety. The Company’s audited financial statements for the year ended December 31, 2007 and the auditor’s report dated March 20, 2008 thereon (the “2007 Accounts”) are included in this Base Prospectus. The following table sets out the principal disclosure requirements which are satisfied by the information contained in the relevant document and is not exhaustive. Each page reference refers to the corresponding page in the 2007 Annual Report, the 2006 Annual Report, the 2007 Auditors’ Report, the 2006 Auditors’ Report, the Proxy Statement, and the 2006 Accounts, as indicated. Each reference to A4 refers to the corresponding rule in Annex IV “Minimum Disclosure Requirements for the Debt and Derivative Securities Registration Document (Schedule) (Debt and Derivative Securities with a Denomination per unit of less than EUR50,000).”

2007 Annual Report

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<i>Consolidated Statements of (Loss)/Earnings</i>	<i>page 81</i>	<i>A4.3.1/A4.13.1/A4.13.2</i>
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Any other information not listed above but contained in such document is incorporated by reference for informational purposes only.

SUMMARY

*This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference, by any investor. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area (each, an “**EEA Member State**”), the Company and the Guarantor disclaim civil liability in any and each such EEA Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a Court in an EEA Member State, the plaintiff may, under the national legislation of the EEA Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

Words and expressions defined under “Terms and Conditions of the Notes” shall have the same meanings in this summary.

Issuer:	Merrill Lynch S.A. (the “ Company ”).
Guarantor:	Merrill Lynch & Co., Inc.
Arranger:	Merrill Lynch International.
Dealers:	Merrill Lynch International. Merrill Lynch Capital Markets AG. Merrill Lynch (Singapore) Pte. Ltd.
	Notes may also be issued to other dealers and third parties.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch.
Amount:	Up to EUR15,000,000,000 (or its equivalent).
Distribution:	Notes may be distributed outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S under the Securities Act) by way of private or public placement on a syndicated or non-syndicated basis, subject to the selling restrictions under “Subscription and Sale”.
Form of Notes:	Each Tranche of Notes will initially be represented by one or more temporary global Notes deposited with a common safekeeper or a common depository (as the case may be) on behalf of Euroclear and/or Clearstream, Luxembourg. Beneficial interests in a temporary global Note will be exchangeable for a permanent global Note or for definitive Notes only in the manner and upon compliance with the procedures described under “Form of the Notes”. Notes will be issued in bearer form.

Terms of Notes:

General:

Notes may be issued on a fully-paid or partly-paid basis at an issue price which is at par or a discount to, or a premium over, par.

Notes may be denominated in any currency specified in the relevant Final Terms with any agreed maturity, subject to compliance with all applicable legal and/or regulatory restrictions. Notes with maturities of 183 days or less will have a minimum denomination of U.S.\$500,000 (or its equivalent).

Notes may: (i) bear interest at a fixed or floating rate; (ii) not bear interest; (iii) bear interest and/or provide that the redemption amount is calculated by reference to a specified factor such as movements in one or more indices or currency exchange rates, changes in share(s), fund or commodity prices or changes in the credit of one or more underlying entities or be linked to an index, portfolio or formula based on any combination thereof; (iv) be redeemed by physical delivery of specified asset(s) (each such specified factor or specified asset, a “**Reference Item**” and any Reference Item linked Notes, “**Reference Item Linked Notes**”); (v) include any combination of the foregoing; and/or (vi) have such other terms and conditions as specified in the applicable Final Terms.

Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms.

The Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable; for taxation reasons; following the occurrence of certain regulatory related events; following an Event of Default and acceleration of the Notes; in the case of Index Linked Notes, Equity Linked Notes and Fund Linked Notes, following the occurrence of certain events as described below), or that such Notes will be redeemable at the option of the Company and/or the Noteholders.

Index Linked Notes:

Index Linked Interest Notes and Index Linked Redemption Notes (“**Index Linked Notes**”) may, at the discretion of the Company, be subject to early redemption or adjustment if an Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, if the Index’s sponsor fails to calculate and announce the Index, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the Company’s hedging arrangements.

If certain disruption events occur with respect to valuation of an Index such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

Equity Linked Notes:

Equity Linked Interest Notes and Equity Linked Redemption Notes (“**Equity Linked Notes**”) may, at the discretion of the Company (as applicable), be subject to early redemption or adjustment (including valuation and in certain circumstances Share substitutions) if certain corporate events (such as events affecting the value of a Share (including Share divisions or consolidations, extraordinary dividends and capital calls); de-listing of a Share; insolvency, merger or nationalisation of a Share issuer; a tender offer or redenomination of a Share) occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the Company’s hedging arrangements, or if insolvency filings are made with respect to a Share issuer.

If certain disruption events occur with respect to valuation of a Share, such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

Fund Linked Notes:

Fund Linked Interest Notes and Fund Linked Redemption Notes (“**Fund Linked Notes**”) may, at the discretion of the Company, be subject to early redemption or adjustment (including as to valuations and Reference Fund substitutions) if certain corporate events (such as insolvency or nationalisation of a Reference Fund; litigation against, or regulatory events occurring with respect to, a Reference Fund; suspensions of Reference Fund subscriptions or redemptions; certain changes in net asset value or violations of leverage restrictions of a Reference Fund; Reference Fund reporting disruptions; or modifications to the investment objectives or changes in the nature or administration of a Reference Fund) occur, if certain valuation or settlement disruption events occur with respect to a Reference Fund, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the Company’s hedging arrangements.

Physical Delivery Notes:

In order to receive the relevant asset(s), a Noteholder must deliver an Asset Transfer Notice on or prior to a specified cut-off date and pay all taxes, duties and/or expenses arising from delivery. If certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the Company will be entitled to make payment of a cash amount in lieu of physical delivery.

	<p>The Guarantee provides that, in the case of Physical Delivery Notes, the Guarantor will have the right to elect not to make physical delivery, but rather to pay cash as specified in the applicable Final Terms.</p>
Negative Pledge:	<p>Terms of the Notes contain a negative pledge provision relating to indebtedness for borrowed money of the Guarantor or its subsidiaries secured by a pledge of, lien on or security interest in certain types of stock of certain subsidiaries.</p>
Events of Default:	<p>Terms of the Notes contain, among others, events of default covering non-payment and relating to the insolvency of the Company and Guarantor.</p>
Taxation:	<p>All payments with respect to Notes and the Guarantee will be made without withholding or deduction for or on account of any taxes or other charges imposed by any governmental authority or agency in the United States or Luxembourg, except as provided in Condition 8.</p>
Status of the Notes:	<p>Notes will constitute direct, unsecured, unsubordinated and general obligations of the Company and will rank <i>pari passu</i> with all other unsecured and unsubordinated indebtedness of the Company.</p>
Guarantee:	<p>All amounts payable or, subject as provided below, assets deliverable under the Notes will be unconditionally and irrevocably guaranteed by the Guarantor as and to the extent provided in the Guarantee. The Guarantor shall at all times have the right to deliver the Guaranteed Cash Settlement Amount. The Guarantee will constitute a direct, unconditional and unsecured obligation of the Guarantor and will, save for such exceptions as may be provided by applicable legislation or incidental order, rank <i>pari passu</i> with all other unsecured and unsubordinated indebtedness of the Guarantor.</p>
Rating:	<p>The Program has been rated by Fitch, Moody's, R&I and S&P. Notes of each Series may be rated or unrated. Where Notes are rated, such rating will not necessarily be the same as the rating(s) assigned to the Program. A rating is not a recommendation to buy or sell and may be subject to reduction or withdrawal at any time.</p>
Listing and Admission to Trading:	<p>Notes may be admitted to trading on the regulated market of the Luxembourg Stock Exchange and admitted to the official list of the Luxembourg Stock Exchange, and/or listed or admitted to trading on or by such other or additional stock exchange(s) or markets as may be agreed between the Company and the relevant Purchaser(s) or may be unlisted, as specified in the applicable Final Terms.</p>

Governing Law:

Both the Notes and the Guarantee will be governed by, and construed in accordance with, the laws of the State of New York, applicable to agreements made and to be performed wholly within such jurisdiction. Luxembourg law shall not apply to either the Notes or the Guarantee, including Articles 86 to 94-8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, which are specifically excluded.

Selling Restrictions:

The Notes and Guarantee have not been and will not be registered under the Securities Act and may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to United States Persons, as that term is defined in “United States Income and Estate Taxes”. See “Subscription and Sale” for further restrictions on offers.

Risk Factors:

Certain factors that may affect the Company’s ability to fulfill its obligations under Notes and are material for the purpose of assessing the risks associated with Notes are specified under “Risk Factors” and include market risk, credit risk, risks relating to the commodities business, international risk, liquidity risk, operational risk, litigation risk, regulatory and legislative risk, competitive risk, structural risks relating to particular Notes (including with respect to Reference Item Linked Notes (including Index Linked Notes, Equity Linked Notes, Fund Linked Notes, Credit Linked Notes, Reverse Floating Rate Notes, Zero Coupon Notes and Foreign Currency Notes)), market disruption, settlement disruption, expenses, hedging and potential conflicts of interest, modification, physical delivery requirements and settlement risk, early redemptions, possible illiquidity of Notes, exchange rate risks and credit ratings.

Risks Relating To Merrill Lynch’s* Business

Market Risk. Merrill Lynch is exposed to changes in the value of financial instruments caused by fluctuations in interest and currency exchange rates, equity and commodity prices, credit spreads, and/or other risks resulting from changes in economic conditions, investor sentiment, monetary and fiscal policies, the liquidity of global markets, availability and cost of capital, and rating agencies’ actions. Merrill Lynch has incurred losses and may incur additional losses as a result of increased market volatility or decreased

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market liquidity. A decline in volatility may adversely affect the results in Merrill Lynch's trading businesses.

Merrill Lynch recorded significant net write-downs in 2007, primarily related to U.S. ABS CDOs, sub-prime residential mortgages and credit valuation adjustments related to hedging transactions with financial guarantors on U.S. ABS CDOs. The markets for U.S. ABS CDOs and other sub-prime residential mortgage exposures remain extremely illiquid and as a result, valuation of these exposures is complex and will continue to be impacted by market factors. Merrill Lynch's ability to mitigate its risk by selling or hedging its exposures is limited by market environment.

Credit Risk. Merrill Lynch is exposed to potential credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honor its contractual obligations. These exposures may arise from a decline in the financial condition of a counterparty, entering into swap or other derivative contracts under which counterparties have obligations to make payments to Merrill Lynch, a decrease in the value of securities of third parties held by Merrill Lynch as collateral or extending credit to clients through loans or other arrangements.

Risks Related to Merrill Lynch's Commodities Business. Through its commodities business, Merrill Lynch enters into exchange-traded contracts, financially settled over-the-counter derivatives, contracts for physical delivery and contracts providing for the transportation, transmission and/or storage rights. Contracts relating to physical ownership, delivery and/or related activities can expose Merrill Lynch to numerous risks, including performance, environmental and reputational risks. Regulatory authorities have recently intensified scrutiny of certain energy markets, resulting in increased regulatory and legal enforcement, litigation and remedial proceedings involving companies engaged in activities in which Merrill Lynch is engaged.

International Risk. In past years, Merrill Lynch has expanded its international operations, and expects to continue to do so, which gives it greater exposure to a number of risks, including economic, market, reputational, litigation and regulatory risks.

Liquidity Risk. Merrill Lynch's liquidity may be impaired due to circumstances beyond its control, such as general market disruptions (including for a specific asset class), any disruption requiring Merrill Lynch to honor commitments to provide liquidity to off-balance sheet vehicles, or an operational problem that affects its trading clients or itself.

The inability to borrow funds or sell assets to meet obligations, a negative change in credit ratings that would have an adverse effect on its ability to borrow funds, increases in the amount of collateral required by counterparties, or regulatory capital restrictions imposed on the free flows of funds between Merrill Lynch and its affiliates, may have a negative effect on its business and financial condition.

Operational Risk. Merrill Lynch's business may be adversely impacted by operational failures or unfavorable external events, including exposure to theft and fraud, improper business practices, client suitability and servicing risks, product complexity and pricing risk or from improper recording, evaluating or accounting for transactions. Merrill Lynch could suffer financial loss, disruption of its business, liability to clients, regulatory intervention or reputational damage from such events.

Litigation Risk. Legal proceedings could adversely affect Merrill Lynch's operating results and financial condition for a particular period and impact its credit ratings. Merrill Lynch has been named as a defendant in various legal actions, including investigations and/or proceedings by governmental and self-regulatory agencies. Some legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. Some are likely to result in adverse judgments, penalties, injunctions, fines or other relief. Any prolonged decline in securities prices may lead to increased actions against Merrill Lynch and increased legal expenses and potential liability.

Regulatory and Legislative Risk. Merrill Lynch's businesses may be affected by various regulatory and exchange authorities, self-regulatory organizations and industry participants that continue to review and adopt changes to their established rules and policies.

Competitive Environment. Competitive pressures could adversely affect Merrill Lynch's business, which competes globally for clients with commercial banks and other broker-dealers in brokerage (where it has experienced intense price competition), underwriting, trading, financing and advisory businesses. Many of its non-U.S. competitors may have competitive advantages in their home markets.

Risks Relating to the Notes

An investment in Reference Item Linked Notes may entail significant risks not associated with investments in conventional debt or equity securities.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW THE FINAL REDEMPTION AMOUNT OR THE ENTITLEMENT, AS THE CASE MAY BE, AND ANY PERIODIC INTEREST PAYMENTS ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.

RISK FACTORS

Prospective investors should consult their own financial and legal advisors about risks associated with an investment in such Notes and the suitability of investing in such Notes in light of their particular circumstances. In particular, Notes where the amount payable or deliverable in respect thereof is determined by reference to one or more equity or debt securities, indices, funds or other assets or basis of reference or is dependent on the credit performance of one or more specified entities, are not an appropriate investment for investors who are unsophisticated with respect to such transactions.

Terms used in this section and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Notes”.

Risks Relating to Merrill Lynch’s* Business

In the course of conducting its business operations, Merrill Lynch is exposed to a variety of risks that are inherent to the financial services industry. A summary of some of the significant risks that could affect Merrill Lynch’s financial condition and results of operations is included below. Some of these risks are managed in accordance with established risk management policies and procedures, most of which are described in the Risk Management section under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the 2007 Annual Report.

Market Risk

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

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

Merrill Lynch may incur additional material losses in future periods due to write-downs in the value of financial instruments.

Merrill Lynch recorded significant net write-downs in the 2007 fiscal year, primarily related to U.S. collateralized debt obligations comprising of asset-backed securities (“U.S. ABS CDOs”), sub-prime residential mortgages, and credit valuation adjustments related to hedging transactions with financial guarantors on U.S. ABS CDOs. The markets for U.S. ABS CDOs and other sub-prime residential mortgage exposures remain extremely illiquid in early 2008 and as a result, valuation of these exposures is complex and involves a comprehensive process including the use of quantitative modelling and management judgment. Valuation of these exposures will also continue to be impacted by external market factors including default rates, a decline in the value of the underlying property, such as residential or commercial

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real estate, rating agency actions, the prices at which observable market transactions occur and the financial strength of counterparties, such as financial guarantors, with whom Merrill Lynch has economically hedged some of its exposure to these assets. Merrill Lynch's ability to mitigate its risk by selling or hedging its exposures is also limited by the market environment.

Merrill Lynch's business has been and may be adversely impacted by significant holdings of financial assets or significant loans or commitments to extend loans.

In the course of Merrill Lynch's business, Merrill Lynch often commits substantial amounts of capital to certain types of businesses or asset classes, including Merrill Lynch's trading, structured credit, residential and commercial real estate-related activities, investment banking, private equity and leveraged finance businesses. This commitment of capital exposes Merrill Lynch to a number of risks, including market risk, in the case of Merrill Lynch's holdings of concentrated or illiquid positions in a particular asset class as part of its trading, structured credit, residential and commercial real estate-related activities, and credit risk, in the case of its leveraged lending businesses. Any decline in the value of such assets may reduce Merrill Lynch's revenues or result in losses.

Credit Risk

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

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

Risks Related to Merrill Lynch's Commodities Business

Merrill Lynch is exposed to environmental, reputational and regulatory risk as a result of its commodities related activities.

Through Merrill Lynch's commodities business, Merrill Lynch enters into exchange-traded contracts, financially settled over-the-counter derivatives, contracts for physical delivery and contracts providing for the transportation, transmission and/or storage rights on or in vessels, barges, pipelines, transmission lines or storage facilities. Contracts relating to physical ownership, delivery and/or related activities can expose Merrill Lynch to numerous risks, including performance, environmental and reputational risks. For example, Merrill Lynch may incur civil or criminal liability under certain environmental laws and Merrill Lynch's business and reputation may be adversely affected. In addition, regulatory authorities have recently intensified scrutiny of certain energy markets, which has resulted in increased regulatory and legal enforcement, litigation and remedial proceedings involving companies engaged in the activities in which Merrill Lynch is engaged.

International Risk

Merrill Lynch has an increasing international presence and as a result, Merrill Lynch is increasingly subject to a number of risks in various jurisdictions.

In the past years, Merrill Lynch has expanded its international operations and expect to continue to do so in the future. This expansion, however, gives Merrill Lynch a greater exposure to a number of risks, including economic, market, reputational, litigation and regulatory risks. For example, in many emerging markets, the regulatory regime governing financial services firms is still developing, and the regulatory authorities may adopt restrictive regulation or policies, such as exchange, price or capital controls, that could have an adverse effect on Merrill Lynch's businesses. In addition, in virtually all markets, Merrill Lynch is competing with a number of established competitors that in some cases may have significant competitive advantages over Merrill Lynch in those markets.

Liquidity Risk

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

Financial services firms, including Merrill Lynch, are exposed to liquidity risk, which is the potential inability to repay short-term borrowings with new borrowings or liquid assets that can be quickly converted into cash while meeting other obligations and continuing to operate as a going concern. Merrill Lynch's liquidity may be impaired due to circumstances that it may be unable to control, such as general market disruptions, disruptions in the markets for any specific class of assets, including any disruption that would require Merrill Lynch to honor commitments to provide liquidity to certain off-balance sheet vehicles, or an operational problem that affects its trading clients or itself. Merrill Lynch's ability to sell assets may also be impaired if other market participants are seeking to sell similar assets at the same time. The inability of Merrill Lynch to borrow funds or sell assets to meet obligations, a negative change in its credit ratings that would have an adverse effect on its ability to borrow funds, increases in the amount of collateral required by counterparties, or regulatory capital restrictions imposed on the free flows of funds between Merrill Lynch and its affiliates, may have a negative effect on its business and financial condition.

Operational Risk

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

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

Litigation Risk

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

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

securities prices may lead to increased actions against many firms, including Merrill Lynch, and may lead to increased legal expenses and potential liability. In some cases, the issuers who would otherwise be the primary defendants are bankrupt or otherwise in financial distress. Given the number of these matters, some are likely to result in adverse judgments, penalties, injunctions, fines, or other relief. Merrill Lynch is also involved in investigations and/or proceedings by governmental and self-regulatory agencies.

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

Regulatory and Legislative Risks

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

Merrill Lynch’s businesses may be affected by various U.S. and non-U.S. legislative bodies and regulatory and exchange authorities, such as federal and state securities and bank regulators including the Commission, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the Utah Department of Finance Institutions; and self-regulatory organizations including the Financial Industry Regulatory Authority, The Commodity Futures Trading Commission, the FSA, the Japan Financial Services Agency and the Irish Financial Regulator; and industry participants that continue to review and, in many cases, adopt changes to their established rules and policies. New laws or regulations or changes in the enforcement of existing laws and regulations may also adversely affect Merrill Lynch’s businesses. As Merrill Lynch expands globally, Merrill Lynch will encounter new laws, regulations and requirements that could impact its ability to operate in new local markets.

Competitive Environment

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

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

successful financial advisors, investment bankers, trading and risk management professionals and other revenue-producing or support personnel.

Risks Relating to the Notes

Credit Ratings

The credit ratings assigned to the Program are a reflection of the rating agencies' respective assessment of the Guarantor's ability to pay its obligations and may not reflect the potential impact of all risks related to structure, market or other factors discussed above on the value of the Notes. A reduction in any such rating by one of these rating agencies could result in a reduction in the market value of the Notes. In addition, real or anticipated changes in the credit ratings will generally affect the market value of the Notes.

The Notes may not be a suitable investment for all investors

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

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

In addition, an investment in Reference Item Linked Notes (as defined in "Summary" above) may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Notes*" set out below.

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

Risks related to the structure of a particular issue of Notes

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

Risks relating to Reference Item Linked Notes

Reference Item Linked Notes involve a high degree of risk. Prospective investors in Reference Item Linked Notes should understand the risks of transactions involving Reference Item Linked Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) (as defined in “Summary” above) to which the value of, or payments or deliveries in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

As the amount of interest payable periodically and/or the Final Redemption Amount payable at maturity may be linked to the performance of the relevant Reference Item(s) and/or a Reference Item Linked Note may be redeemed by physical delivery of the relevant Reference Item(s), an investor in a Reference Item Linked Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s).

Where the applicable Final Terms specify one or more Reference Item(s), the relevant Reference Item Linked Notes will represent an investment linked to the economic performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in Reference Item Linked Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Reference Item Linked Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Reference Item Linked Notes represent the right to receive payment or delivery, as the case may be, of the Final Redemption Amount(s) or the Entitlement on the relevant Maturity Date as well as periodic payments of interest (if specified in the applicable Final Terms), all or some of which and the value of which will be determined by reference to the performance of the relevant Reference Item(s). The applicable Final Terms will set out the provisions for the determination of the Final Redemption Amount or the Entitlement, as the case may be, and of any periodic interest payments.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW THE FINAL REDEMPTION AMOUNT OR THE ENTITLEMENT, AS THE CASE MAY BE, AND ANY PERIODIC INTEREST PAYMENTS ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.

Fluctuations in the value and/or volatility of the relevant Reference Item(s) may affect the value of the relevant Reference Item Linked Notes. Reference Item Linked Notes may be principal protected or non-principal protected. Investors in Reference Item Linked Notes that are non-principal protected may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

There may be no return on the Reference Item Linked Notes other than the potential payment or delivery, as the case may be, of the Final Redemption Amount or the Entitlement on the Maturity Date and payment of any periodic interest payments.

Other factors which may influence the market value of Reference Item Linked Notes include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the relevant Reference Item(s) from time to time and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Reference Item Linked Notes.

If any of the relevant Reference Item(s) is an index, the value of such Reference Item on any day will reflect the value of its constituents on such day. Changes in the composition of such Reference Item and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of the Reference Item and therefore may affect the return on an investment in Reference Item Linked Notes.

The Company may issue several issues of Reference Item Linked Notes relating to particular Reference Item(s). However, no assurance can be given that the Company will issue any Reference Item Linked Notes other than the Reference Item Linked Notes to which the applicable Final Terms relate. At any given time, the number of Reference Item Linked Notes outstanding may be substantial. Reference Item Linked Notes provide opportunities for investment and pose risk to investors as a result of fluctuations in the value of the Reference Item(s) to which such Reference Item Linked Notes relate.

Risks relating to Index Linked Notes

An investment in any series of Index Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Index Linked Redemption Notes may be redeemable by the Company by payment of the par value amount and/or by payment of an amount determined by reference to the value of the index/indices. Interest payable on Index Linked Interest Notes may be calculated by reference to the value of one or more indices.

Risks relating to Equity Linked Notes

An investment in any series of Equity Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Equity Linked Redemption Notes may be redeemable by the Company by payment of the par value amount and/or by the physical delivery of a given number of share(s) and/or by payment of an amount determined by reference to the value of the share(s). Accordingly, an investment in Equity Linked Redemption Notes may bear similar market risks to a direct equity investment and investors should take advice accordingly. Interest payable on Equity Linked Interest Notes may be calculated by reference to the value of one or more share(s).

Risks relating to Fund Linked Notes

An investment in any series of Fund Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Fund Linked Redemption Notes may be redeemable by the Company by payment of the par value amount and/or by the physical delivery of a given number of fund share(s) or unit(s) and/or by payment of an amount determined by reference to the value of the fund(s). Accordingly, an investment in Fund Linked Redemption Notes may bear similar market risks to a direct fund investment and investors should take advice accordingly. Interest payable on Fund Linked Interest Notes may be calculated by reference to the value of one or more fund(s).

Risks relating to Credit Linked Notes

An investment in any series of Credit Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include exposure to the credit risk of the particular reference entity or basket of reference entities in addition to that of Merrill Lynch. Depending on

the manner in which the particular series of Credit Linked Notes is linked to the credit of a reference entity or basket of reference entities, a fall in the creditworthiness of a particular reference entity (or perceptions worsen regarding the creditworthiness of a particular reference entity), may greatly reduce the market value of the related Credit Linked Notes and any payments of principal or interest then due. If a series of Credit Linked Notes is linked to a basket of reference entities, a credit deterioration in one reference entity may be strongly correlated with credit deterioration of other reference entities included in the basket, resulting in substantial decreases over a relatively short period of time in the market value of the related Credit Linked Notes and any payments of principal or interest then due.

Reverse Floating Rate Notes are subject to sharp price fluctuations

The interest income of Reverse Floating Rate Notes is calculated in reverse proportion to the reference rate: if the reference rate increases, interest income decreases whereas it increases if the reference rate decreases. Unlike the price of ordinary Floating Rate Notes, the price of Reverse Floating Rate Notes is highly dependent on the yield of Fixed Rate Notes having a similar maturity. Price fluctuations of Reverse Floating Rate Notes are parallel but are substantially sharper than those of Fixed Rate Notes having a similar maturity. Investors are exposed to the risk that long-term market interest rates will increase even if short-term interest rates decrease. In this case, increasing interest income cannot adequately offset the decrease in the reverse floater's price because such decrease is disproportionate.

Zero Coupon Notes are subject to higher price fluctuations than non-discounted notes

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other securities having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

Foreign Currency Notes expose investors to foreign-exchange risk as well as to issuer risk

As purchasers of Foreign Currency Notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to the Issuer or the type of Note being issued.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

Market Disruption Event and Disrupted Day

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

Settlement Disruption Event

In the case of Physical Delivery Notes, if a Settlement Disruption Event occurs or exists on the Delivery Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The Company in these circumstances also has the right to pay the Disruption Cash

Redemption Amount (as defined in the Physical Delivery Note Conditions) in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Notes.

Expenses

A holder of Notes must pay all Expenses relating to the Physical Delivery Notes. As used in the Physical Delivery Note Conditions, “**Expenses**” includes all costs, taxes, duties and/or expenses, including any applicable depository charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other costs, taxes or duties arising from the redemption of the Notes and/or the delivery or transfer of the Entitlement or sale of Relevant Assets as more fully set out in the Physical Delivery Note Conditions.

No claim against any Reference Item

A Reference Item Linked Note will not represent a claim against any Reference Item and, in the event of any loss, a Noteholder will not have recourse under a Reference Item Linked Note to any Reference Item.

Modification

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Hedging and other Potential Conflicts of Interest

The Company, the Guarantor and/or any of their respective Affiliates may engage in activities that may result in conflicts of interests between their and their respective Affiliates’ financial interests on the one hand and the interests of the Note holders on the other hand. The Company, the Guarantor and/or any of their respective Affiliates may also engage in trading activities (including hedging activities) related to the Reference Item(s) underlying any Reference Item Linked Notes and other instruments or derivative products based on or related to the Reference Item(s) underlying any Reference Item Linked Note for their proprietary accounts or for other accounts under their management. The Company, the Guarantor and/or any of the Guarantor’s Affiliates may also issue other derivative instruments in respect of the Reference Item(s) underlying Reference Item Linked Notes. The Company, the Guarantor and/or any of the Guarantor’s Affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Notes or may act as financial adviser to certain companies, companies whose shares are included in a basket of shares, a company which is a reference entity, or in a commercial banking capacity for any such companies. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Notes. The Company also may enter into arrangements with Affiliates to hedge market risks associated with its obligations under the Notes. Any such Affiliate would expect to make a profit in connection with such arrangements. The Company would not seek competitive bids for such arrangements from unaffiliated parties.

In addition, the Company may appoint an Affiliate of the Company or the Guarantor as its calculation agent for the purposes of calculating amounts payable or deliverable to holders under a Series of Notes. Under certain circumstances, the agent as an Affiliate of the Company or the Guarantor and its responsibilities as Calculation Agent for the Notes could give rise to potential conflicts of interest between the Calculation Agent and the holders of the Notes. As the Company or, as the case may be, the Guarantor controls the Affiliate, potential conflicts of interest could arise.

Physical Delivery Requirements and Settlement Risk

In order to receive the Entitlement in respect of a Physical Delivery Note, the holder of such Note must (1) duly deliver a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-Off Date and (2) pay the relevant Expenses.

In connection with the redemption of Physical Delivery Notes, unless otherwise indicated in the applicable Final Terms, the Calculation Agent may determine that a Settlement Disruption Event or, if applicable, a Failure to Deliver due to Illiquidity is subsisting. Any such determination may affect the value of the Notes and/or may delay settlement and/or lead to cash settlement rather than physical settlement in respect of the Notes.

Early Redemption

If the Notes are redeemable early at the Company's option or are otherwise subject to mandatory redemption, the Company may choose to (in the case of optional redemption) or must (in the case of mandatory redemption) redeem such Notes at times when prevailing interest rates may be relatively low. Accordingly, the holder generally may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes redeemed. Certain Notes may be redeemed early at their then market value less associated costs, in each case in accordance with the terms and conditions of such Notes. The market value of such Notes upon early redemption may be substantially less than par or even zero.

Notes are Unsecured Obligations

The Notes constitute direct, unsecured, unsubordinated and general obligations of the Company and rank equally among themselves and rank *pari passu* (subject to such exceptions as may be provided by applicable legislation or judicial order) with all other unsecured and unsubordinated debt of the Company.

The obligations of the Guarantor under the Guarantee, save for such exceptions as may be provided by applicable legislation or judicial order, rank *pari passu* with all other unsecured and unsubordinated debt of the Guarantor.

Since the Guarantor is a holding company, the right of the Guarantor, and hence the right of creditors of the Guarantor (including the Noteholders), to participate in any distribution of the assets of any subsidiary (including the Company) upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Guarantor itself as a creditor of the subsidiary may be recognized. In addition, dividends, loans and advances from certain subsidiaries to the Guarantor are restricted by net capital requirements under the Exchange Act and under the rules of certain exchanges and other regulatory bodies.

Risks Related to the Market Generally

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

Possible Illiquidity of the Notes in the Secondary Market

It is not possible to predict the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. The Company may, but is not obliged to, list or admit to trading Notes on a stock exchange or market. If the Notes are not listed or admitted to trading on any stock exchange or market, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. If the Company does list or admit to trading an issue of Notes, there can be no

assurance that at a later date, the Notes will not be delisted or that trading on such stock exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Company will use its reasonable efforts to list or admit to trading the Notes on another stock exchange or market.

The Company cannot assure holders of the Notes that a trading market for their Notes will ever develop or be maintained. Many factors independent of the creditworthiness of the Company or the Guarantor affect the trading market of the Notes. These factors include:

- (a) the complexity and volatility of the index or formula or other basis of reference applicable to the Notes,
- (b) the method of calculating the principal, premium and interest, if any, or other consideration, if any, in respect of the Notes,
- (c) the time remaining to the maturity of the Notes,
- (d) the outstanding amount of the Notes,
- (e) the redemption features of the Notes,
- (f) the amount of other debt securities linked to the index or formula or other basis of reference applicable to the Notes, and
- (g) the level, direction and volatility of market interest rates generally (and, in the case of the Credit Linked Notes, the credit quality of the specified entity or entities to which payments on any such Notes are linked).

In addition, certain Notes may be designed for specific investment objectives or strategies and, therefore, may have a more limited secondary market and experience more price volatility than conventional debt securities. Holders may not be able to sell such Notes readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Notes unless such investor understands and is able to bear the risk that such Notes may not be readily saleable, that the value of such Notes will fluctuate over time, that such fluctuations may be significant and that such investor may lose all or a substantial portion of its investment in the Notes.

The Company, the Guarantor, or any of the Guarantor's Affiliates may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private treaty for their own account for business reasons or in connection with their hedging arrangements. Any Notes so purchased may be held or resold or surrendered for cancellation. The Company, the Guarantor, or any of the Guarantor's Affiliates may, but is not obliged to, be a market-maker for an issue of Notes. Even if the Company or such other entity is a market-maker for an issue of Notes, the secondary market for such Notes may be limited. To the extent that an issue of Notes becomes illiquid, an investor may have to wait until the Maturity Date of such Notes to realise value. These activities may affect the price of such obligations or securities in a manner that would be adverse to a Noteholder's investment in the Notes. The Company and the Guarantor and its Affiliates have not considered, and are not required to consider, the interests of investors as Noteholders in connection with entering into any of the above mentioned transactions.

Exchange rate risks and exchange controls

The Company will pay the Final Redemption Amount in respect of the Notes in the Specified Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly

change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the Final Redemption Amount in respect of the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

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

Exchange Listing

When the Company specifies in the applicable Final Terms that a Series of Notes is to be admitted to trading on the Luxembourg Stock Exchange's regulated market and admitted to listing on the official list of the Luxembourg Stock Exchange and/or listed on or admitted to trading by any other relevant stock exchange or market within the European Union ("EU"), which qualifies as a regulated market within the meaning of Article 4(14) of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (each an "EU Exchange"), the Company expects, but is not obligated to Noteholders (as defined under "Terms and Conditions of the Notes" below), to maintain such listing of the Notes on such EU Exchange(s). Changed circumstances, including changes in listing requirements, could result in a suspension or removal of any such listing, or cause the Company to conclude that continued listing of the Notes on such EU Exchange(s) is unduly burdensome.

For example, Directive 2004/109/EC (the "**Transparency Directive**") was adopted in December 2004 and relates to information about issuers and guarantors of such issuers whose securities are admitted to trading on a regulated market in the EU. The Transparency Directive was required to be implemented in EU Member States by January 20, 2007. It will have the effect of requiring U.S. companies (such as the Guarantor) preparing their financial statements in accordance with United States Generally Accepted Accounting Principles ("**U.S. GAAP**") to prepare financial statements in respect of any financial year starting on or after January 1, 2009 in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"), in order for Notes issued or guaranteed by such entities to remain listed on such EU Exchange(s), unless it is determined that U.S. law imposes "equivalent" requirements. The European Commission is required to determine equivalence of GAAP of third countries, including the United States, by six months before January 1, 2009. It is unknown as of the date of this Base Prospectus whether the requirement to prepare financial statements in accordance with U.S. GAAP will be determined to be "equivalent" in all respects to the requirements of the Transparency Directive.

Because, the proposed Transparency Directive may be implemented in a manner which could be unduly burdensome for the Guarantor, the Company is under no obligation to maintain any listing or admission to trading of the Notes. Accordingly, Noteholders should be aware that, in circumstances where a listing or admission to trading on any EU Exchange(s) would require preparation of financial statements in accordance with standards other than U.S. GAAP or require the Guarantor to provide additional information and/or a report from its auditors as a result of differences between U.S. GAAP and IFRS, or in any other circumstances where the EU Financial Services Action Plan is implemented in a manner that, in the opinion of the Guarantor, is unduly burdensome, Notes issued under the Program may be de-listed. The Company may, but is not obliged to, seek an alternative listing for such Notes. However, if such an alternative listing is not available to the Company or is, in the opinion of the Company, unduly burdensome, an alternative listing for such Notes may not be obtained. Although no assurance is made as to the liquidity of such Notes as a result of a listing on any EU Exchange(s), de-listing of Notes from any EU Exchange(s) may have a material affect on the ability of Noteholders to resell such Notes in the secondary market.

State Law Limits on Interest Paid

The Notes will be governed by and construed in accordance with the laws of the State of New York. The State of New York has usury laws that limit the amount of interest that can be charged and paid on loans, which include debt securities like the Notes. Under present New York law, the maximum rate of interest is 25 per cent. per annum on a simple interest basis. This limit may not apply to Notes in which U.S.\$2,500,000 or more has been invested. While the Company believes that New York law would be given effect by a state or federal court sitting outside of New York, state laws frequently regulate the amount of interest that may be charged to and paid by a borrower (including, in some cases, corporate borrowers). It is suggested that prospective investors consult their personal advisors with respect to the applicability of such laws. The Company has covenanted for the benefit of the beneficial owners of the Notes, to the extent permitted by law, not to claim voluntarily the benefits of any laws concerning usurious rates of interest against a beneficial owner of the Notes.

GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, the Company may from time to time issue Notes denominated in any currency agreed by the Company and the relevant Purchaser(s) having maturities of one week or longer (or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency). The Company may issue Notes (i) that bear interest at fixed rates or floating rates or no interest at all, (ii) whose principal, interest or other consideration (which may include cash, securities and/or other property) payable thereon or deliverable pursuant thereto are linked to the level of one or more indices, currencies, equities, debt securities, commodities or funds, or the credit of one or more specified entities or any combination thereof, or to an index, portfolio or formula based on any combination thereof, and (iii) the terms of which permit the Company to pay and/or discharge its obligations with respect to such Notes by the payment or delivery of cash, shares, securities and/or other property or any combination of cash, shares, securities and/or other property. The Notes will be fully, unconditionally and irrevocably guaranteed as to payment of principal (or delivery of other consideration), interest and any additional amounts by the Guarantor. A summary of the terms and conditions of the Program and the Notes appears on pages 5 to 12. The applicable terms of any Notes will be agreed between the Company and the relevant Purchaser(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes attached to, incorporated by reference into, or endorsed on the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “Form of the Notes”.

Subject as set out herein, this Base Prospectus and any supplement hereto may only be used for admitting Notes to trading on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission and admitting to listing on the official list of the Luxembourg Stock Exchange and/or obtaining the listing and/or admission to trading of Notes on or by any other relevant stock exchange and/or market in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under this Program (including unlisted Notes), does not exceed EUR15,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate principal amount of Notes issued under the Program from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms) shall be determined by the Agent (as defined under “Form of the Notes”) as at 11:00 a.m. (Brussels time) either on the Issue Date (as specified in the applicable Final Terms) for such Notes or on the immediately preceding day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and a TARGET Day (as defined under “Terms and Conditions of the Notes”), in each case on the basis of the spot rate displayed on a page on Reuters, or any successor service (“**Reuters**”) or such other service as is agreed between the Agent and the Company from time to time;
- (b) the euro equivalent of Dual Currency Notes (as specified in the applicable Final Terms), Index Linked Redemption Notes (as specified in the applicable Final Terms), Equity Linked Redemption Notes (as specified in the applicable Final Terms) and Fund Linked Redemption Notes (as specified in the applicable Final Terms) shall each be determined in the manner specified above by reference to the original principal amount of such Notes; and
- (c) the principal amount of Zero Coupon Notes (as specified in the applicable Final Terms) and other Notes issued at a discount shall be deemed to be the aggregate issue price for the relevant issue.

The aggregate principal amount of Notes outstanding at any time under the Program is subject to, and will be limited by, the then existing grant of authority by the Board of Directors of the Company and the Board of Directors of the Guarantor. The grant of authority existing from time to time may permit the Company to issue and have outstanding more or less than EUR15,000,000,000 aggregate principal amount of Notes. This Base Prospectus will be supplemented to indicate any such increase which may result in Notes outstanding in an aggregate principal amount in excess of EUR15,000,000,000.

FORM OF THE NOTES

Each Tranche (as defined under “Terms and Conditions of the Notes”) of Notes will initially be represented by one or more temporary global Notes, without Receipts, Coupons or Talons, or, if so specified in the applicable Final Terms, a permanent global Note (together the temporary global Note and the permanent global Note, the “**Global Notes**”), which in either case (i) if the Global Notes are intended to be issued in NGN form as specified in the applicable Final Terms, will be delivered on or prior to the Issue Date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg and, (ii) if the Global Notes are intended to be issued in CGN form as specified in the applicable Final Terms, will be delivered on or prior to the Issue Date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg. Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits and only if the Global Notes are to be issued in CGN form, be deemed to include a reference to any additional or alternative clearing system approved by the Company and the Agent (as defined below) and set forth in the applicable Final Terms.

If a Fixed Interest Date or an Interest Payment Date (each as defined under “Terms and Conditions of the Notes”) for any Notes occurs while such Notes are represented by a temporary global Note, the related interest payment will be made (against presentation of the temporary global Note if the temporary global Note is issued in CGN form) only to the extent that appropriate certification of non-U.S. beneficial ownership that, in the sole judgment of the Agent, satisfies the requirements of the applicable Treasury (as defined below) regulations, has been received by Euroclear or Clearstream, Luxembourg. On or after the date (the “**Exchange Date**”), which is 40 days after the date on which the temporary global Note is issued, provided that in the case of Notes with maturities that exceed 183 days the appropriate certification of non-U.S. beneficial ownership has been received, interests in the temporary global Note will be exchangeable for interests in a permanent global Note; provided, however, that if so stated in the applicable Final Terms, a temporary global Note will be exchangeable only for definitive Notes on and after the Exchange Date, in which event no permanent global Note will be issued. No payments will be made on a temporary global Note after the Exchange Date. Payments of principal or interest (if any) with respect to a permanent global Note will be made through Euroclear and Clearstream, Luxembourg (against presentation or surrender, as the case may be, of the permanent global Note if the permanent global Note is issued in CGN form) without any requirement for further certification.

If a permanent global Note is issued, upon 60 days written notice expiring at least 30 days after the Exchange Date from Euroclear or Clearstream, Luxembourg (as the case may be) acting on instructions from any holder of an interest in the permanent global Note, security printed definitive Notes with, where applicable, Receipts, Coupons and Talons attached will be issued and delivered, in full exchange for the permanent global Note, to Euroclear and Clearstream, Luxembourg for the accounts of the holders of interests in the permanent global Note. A permanent global Note may be exchanged, in whole only, for security-printed definitive Notes if at any time during the term of the Notes but after the Exchange Date both Euroclear and Clearstream, Luxembourg have been closed for over 14 days and there is no successor clearing system, or if the Conditions so permit. All definitive Notes will be security-printed and, where applicable, will have attached Receipts with respect to installments of principal (if any) and (unless they are Zero Coupon Notes) Coupons and Talons (if any). No definitive Note delivered in exchange for a permanent global Note will be mailed or otherwise delivered to any location in the United States in connection with such exchange. An exchange for definitive Notes will be made at no charge to the holders of the interests in the permanent global Note being exchanged. Notwithstanding the foregoing, from and after such time as definitive Notes are issued in exchange for a permanent global Note, any remaining interest in the temporary global Note will be exchangeable only for definitive Notes.

Temporary and permanent global Notes and definitive Notes will be issued by Deutsche Bank AG, London Branch, as issuing and principal paying agent (the “**Agent**”, which expression includes any successor to Deutsche Bank AG, London Branch, in its capacities as such) pursuant to an Amended and Restated Agency Agreement, dated April 1, 2008 (as the same may be amended or supplemented, from time to time, in accordance with the terms thereof, the “**Agency Agreement**”), among the Company, the Guarantor, the Agent and Deutsche Bank Luxembourg S.A. (together with the Agent, the “**Paying Agents**”, which expression includes any additional or successor paying agents). Until exchanged in full, the holder of an interest in any global Note shall in all respects be entitled to the same benefits as the holder of Notes, Receipts and Coupons, except as set out in the terms and conditions applicable thereto.

Temporary and permanent global Notes and definitive Notes will be issued in bearer form only.

Notes with maturities of 183 days or less are required to be issued in minimum denominations of U.S.\$500,000 (or its equivalent).

The following legend will appear on all global Notes, definitive Notes, Receipts and Coupons where such Notes have maturities that exceed 183 days:

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

The sections of the Internal Revenue Code of 1986, as amended (the “**Code**”), referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, Receipts or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition or payment of principal with respect to Notes, Receipts or Coupons.

The following legend will appear on all global Notes, definitive Notes, Receipts and Coupons where such Notes have maturities of 183 days or less and have denominations of U.S.\$500,000 or more (or its equivalent in other currencies):

“By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and the regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and the regulations thereunder).”

FORM OF WHOLESALE FINAL TERMS

The Final Terms applicable to each Tranche of Notes with a denomination of at least EUR50,000 (or its equivalent in other currencies) to be admitted to trading on an EU regulated market, will be in the following form and will contain such information as is applicable in respect of such Notes (all references to numbered Conditions being to the Terms and Conditions of the relevant Notes):

Final Terms dated []

MERRILL LYNCH S.A.
société anonyme

Registered Office: Ballade B2, 4, rue Albert Borschette, L-1246 Luxembourg
(Incorporated under the laws of Luxembourg with registration number RCS Luxembourg B-39046)

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

Payment of principal and interest on the Notes will be unconditionally and irrevocably guaranteed by

MERRILL LYNCH & CO., INC.
(Incorporated under the laws of the State of Delaware)

under the EUR15,000,000,000 Euro Medium Term Note Program

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Base Prospectus dated April 1, 2008 [and the supplement[s] to the Base Prospectus dated []] which [together] constitute[s] 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 Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Company and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] and these Final Terms are available for viewing during normal office hours at the office of the Paying Agent in Luxembourg and copies may be obtained from the principal office of the Company. These Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange, www.bourse.lu.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [] [and the supplement[s] to the Base Prospectus dated []]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated April 1, 2008 [and the supplement[s] to the Base Prospectus dated []], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive save in respect of the Terms and Conditions which are extracted from the Base Prospectus dated [] [and the supplement[s] to the Base Prospectus dated []] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [] and April 1, 2008 [and the supplement[s] to the Base Prospectuses dated [] and []]. The Base Prospectuses [and the supplement[s] to the Base Prospectuses] are available for viewing during normal office hours at the office of the Paying Agent in Luxembourg and copies may be obtained from the principal office of the Company. These Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange, www.bourse.lu.

[If the Notes have a maturity of less than one year from their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other Specified Currency.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms]

[When completing Final Terms or adding any other Final Terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note.]

1. (i) Issuer: Merrill Lynch S.A. (the “**Company**”)
(ii) Guarantor: Merrill Lynch & Co., Inc. (the “**Guarantor**”)
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible and the Aggregate Principal Amount of the Series)
3. Specified Currency or Currencies (in the case of Dual Currency Notes): []
4. Aggregate Principal Amount: []
[(i)] Series: []
[(ii)] Tranche: []
5. Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (if applicable)]
6. Specified Denominations: []
(Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Company in the United Kingdom, or whose issue otherwise constitutes a contravention of section 19 FSMA and which have a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other Specified Currencies))
7. (i) Issue Date: []
(ii) Interest Commencement Date: [Specify/Issue Date/Not applicable]
8. Maturity Date [or Redemption Month]: []

(Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. Redemption Month should only be used where the term of the Notes is an even number of years from the Issue Date.)

9. Interest Basis: [] per cent. Fixed Rate]
[] Month LIBOR/EURIBOR [] per cent.
[Floating Rate]
[Zero Coupon]
[Index Linked]
[Dual Currency]
[Equity Linked]
[Fund Linked]
[Credit Linked]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at Par]
[Index Linked Redemption]
[Dual Currency]
[Equity Linked Redemption]
[Fund Linked Redemption]
[Credit Linked Redemption]
[Partly Paid]
[Physical Delivery]
[Other (specify)]
11. Change of Interest or Redemption/Payment Basis: [Not Applicable/Applicable] (If applicable, specify details of any provision for convertibility of Notes into another Interest or Redemption/Payment Basis)
12. Put/Call Options: [Redemption at the Option of the Company]
[Redemption at the Option of the Noteholders]
[(further particulars specified below)]
13. (i) Status of the Notes: The Notes will constitute direct, unsecured, unsubordinated and general obligations of the Company and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Company
- (ii) Status of the Guarantee: The Guarantee will constitute a direct unconditional, unsecured and unsubordinated obligation of the Guarantor and will, save for such exceptions as may be provided by applicable legislation or incidental order, rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Guarantor.

- (iii) Date of corporate authorization for []
issuance of Notes and Guarantee:

(N.B.: Only relevant where Board (or similar) authorization is required for the particular Tranche of Notes or related Guarantee)

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Fixed Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] *(If payable other than per annum, consider amending Condition 3(a))* [subject as provided in (iii) below]
- (ii) Fixed Interest Date(s): [[] in each year, up to and including the Maturity Date]/*[specify other]*
- (iii) Fixed Coupon Amount(s): [Not Applicable]/*[If applicable, specify [] per Note of [] Specified Denomination]* [(For the avoidance of doubt, the amount of interest payable on the Fixed Interest Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].
- (iv) Initial/Final Broken Amount(s): [] per Note of [] Specified Denomination payable on the Fixed Interest Date falling [in/on] [] *[Insert particulars of any Initial or Final Broken Interest Amount(s) which do not correspond with the Fixed Coupon Amount(s)]*
- (v) Fixed Day Count Fraction: [30/360]
[30E/360 or Eurobond Basis]
[Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[or specify other]
- (vi) Determination Date(s): [] in each year
[Insert regular Fixed Interest Dates, ignoring the issue date or the maturity date in the case of a long or short first or last Coupon. N.B.: only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (vii) Other items relating to the method of calculating the interest for Fixed Rate Notes: [Not Applicable/other *(give details)*]

- (viii) Additional Business Centre(s): [None/specify]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s)/Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: [Screen Rate Determination / ISDA Determination / other (give details)]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent): [Not Applicable/specify]
- (vi) Reference Banks (if any): [Not Applicable/specify]
- (vii) Screen Rate Determination: [Condition 3(b)(iii)(B) applies/Not Applicable]
- Reference Rate(s): [Not Applicable/specify]
- (Either LIBOR, EURIBOR or other, although additional information is required if other—including fallback provisions)*
- Interest Determination Date(s): [Not Applicable/specify]
- (Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day which is also a TARGET Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [Not Applicable/specify]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (viii) ISDA Determination: [Condition 3(b)(iii)(A) applies/Not Applicable]
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

- (ix) Margin(s): [+/–] [] per cent. per annum
- (x) Minimum Rate of Interest: [] per cent. per annum
- (xi) Maximum Rate of Interest: [] per cent. per annum
- (xii) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
 [Actual/365 (Fixed)]
 [Actual/360]
 [30/360 or 360/360 or Bond Basis]
 [30E/360 or Eurobond Basis]
 [Other (specify)]
(See Condition 3 for alternatives)
- (xiii) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating the interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortization/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
(Consider applicable day count fraction if euro denominated)
18. Dual Currency Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Exchange/method of calculating Rate(s) of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: []
- (iii) Provisions applicable where calculation by reference to Rate(s) of Exchange is impossible or impractical: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option any Specified Currency or Currencies is or are to be or may be payable: []
19. Credit Linked Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

[If applicable, insert all relevant additional provisions for such Notes or set out in full in an annex to these Final Terms]

- (i) Reference Entity/Credit/Formula/variable: [Give or annex details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: []
- (iii) Provisions for determining Coupon where calculated by reference to the Reference Entity/Credit and/or Formula and/or other variable: []
- (iv) Provisions for determining Coupon where calculation by reference to the Reference Entity/Credit and/or Formula and/or other variable is impossible or impractical or otherwise disrupted: []
- (v) Interest Period(s)/Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 or 360/360 or Bond Basis]
[30E/360 or Eurobond Basis]
[Other (*specify*)]
(See Condition 3 for alternatives)
- (xi) Exercise Price/Final Reference Price: []
20. Equity Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Calculation Agent, if any, responsible for calculating the interest payable: []
- (ii) Rate of Interest: []
- (iii) Interest Period(s)/Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Additional Business Centre(s): []
- (vi) Minimum Rate of Interest: [] per cent. per annum
- (vii) Maximum Rate of Interest: [] per cent. per annum
- (viii) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 or 360/360 or Bond Basis]
[30E/360 or Eurobond Basis]
[Other (*specify*)]
(*See Condition 3 for alternatives*)
- (ix) Averaging: Averaging [applies/does not apply] to the Notes. [The relevant Averaging Dates are [].]

[In the event that an Averaging Date is a Disrupted Day (as defined in the Equity Linked Conditions) [Omission / Postponement / Modified Postponement] (as defined in the Equity Linked Conditions) will apply.]
- (x) Initial Valuation Date: []
- (xi) Valuation Date: []
- (xii) Valuation Time: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (xiii) Share(s)/Basket of Shares: []
- (xiv) Exchange(s): []
- (xv) Related Exchange(s): []/[All Exchanges]
- (xvi) Exchange Business Day: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (xvii) Tender Offer: [Applicable/Not Applicable]

- (xviii) Basket Performance: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (xix) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Equity Linked Conditions), is a Disrupted Day, the relevant price will be calculated [*insert calculation method*].

(*N.B. Only applicable where provisions in Equity Linked Conditions not appropriate*).
- (xx) Exchange Rate: []
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions. (*N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance*).
- (xxii) Trade Date: []
- (xxiii) Share Substitution: [Applicable/Not Applicable]

[If Applicable: Share Substitution Criteria is [].]
- (xxiv) Additional Disruption Events: [(a) The following Additional Disruption Events apply to the Notes:

(*Specify each of the following which applies*).

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Insolvency Filing]

[Loss of Stock Borrow]

(b) The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [].

(N.B. Only applicable if Loss of Stock Borrow is applicable).]

[(c) The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [].

(N.B. Only applicable if Increased Cost of Stock Borrow is applicable).]

- (xxv) Other terms or special conditions: []
21. Index Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Calculation Agent responsible for calculating the interest payable: []
- (ii) Rate of Interest: []
- (iii) Interest Period(s)/Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention / Preceding Business Day Convention/other (give details)]
- (v) Additional Business Centre(s): []
- (vi) Minimum Rate of Interest: [] per cent. per annum
- (vii) Maximum Rate of Interest: [] per cent. per annum
- (viii) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 or 360/360 or Bond Basis]
[30E/360 or Eurobond Basis]
[Other (specify)]
(See Condition 3 for alternatives)
- (ix) Averaging: Averaging [applies/does not apply] to the Notes. [The relevant Averaging Dates are [].]

[In the event that an Averaging Date is a Disrupted Day (as defined in the Index Linked Conditions) [Omission / Postponement / Modified Postponement] (as defined in the Index Linked Conditions) will apply.]
- (x) Initial Valuation Date: []
- (xi) Valuation Date: []

- (xii) Valuation Time: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (xiii) Index/Basket of Indices: []
- (xiv) Exchange(s), Index Sponsor and whether Index is a Designated Multi-Exchange Indices: [(a) the relevant Exchange[s] [is/are] [];]
[(b) the relevant Index Sponsor is []; [and]]
[(c) the Index Currency is []; and]
[[d) []/[the Index] is a Designated Multi-Exchange Index.] (*N.B. Designated Multi-Exchange Indices applies in relation to Euro Stoxx Indices*).
- (xv) Related Exchange(s): []/[All Exchanges]
- (xvi) Exchange Business Day: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (xvii) Basket Performance: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (xviii) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Index Linked Conditions), is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*].

(*N.B. Only applicable where provisions in Index Linked Conditions not appropriate*).
- (xix) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions. (*N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance*).
- (xx) Trade Date: []
- (xxi) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:

(*Specify each of the following which applies*).

- [Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
- (xxii) Other terms or special conditions: []
22. Fund Linked Interest Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Calculation Agent responsible for calculating the interest payable: []
- (ii) Rate of Interest: []
- (iii) Fund Interest(s): []
- (iv) Reference Fund(s): []
- (v) Trade Date: []
- (vi) Other terms or special conditions: []

PROVISIONS RELATING TO REDEMPTION

23. Company's Optional Redemption: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): *[If applicable, specify any change in the notice period]*
24. Redemption at the option of the Noteholders: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination

- (iii) Notice period (if other than as set out in the Conditions): *[If applicable, specify any change in the notice period]*
25. Final Redemption Amount:
- [(i) Fixed Rate Notes: *[Applicable/Not Applicable] [If applicable, specify or annex details]*
- [(ii) Floating Rate Notes: *[Applicable/Not Applicable] [If applicable, specify or annex details]*
- [(iii) Dual Currency Notes: *[Applicable/Not Applicable] [If applicable, specify or annex details]]*
- (a) Rate(s) of Exchange/method of calculating Rate(s) of Exchange: *[Give details]*
- (b) Calculation Agent, if any, responsible for calculating the Final Redemption Amount: []
- (c) Provisions for determining Final Redemption Amount where calculated by reference to Rate(s) of Exchange: []
- (d) Provisions for determining Final Redemption Amount where calculation by reference to Rate(s) of Exchange is impossible or impracticable or otherwise disrupted: []
- [(e) Payment Date: []]
- [(f) Minimum Final Redemption Amount: []]
- [(g) Maximum Final Redemption Amount: []]
- [(iv) Equity Linked Redemption Notes: *[Applicable/Not Applicable]*
- (a) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (b) Final Redemption Amount: []
- (c) Averaging: Averaging *[applies/does not apply]* to the Notes. *[The relevant Averaging Dates are [].]*
- [In the event that an Averaging Date is a Disrupted Day (as defined in the Equity Linked Conditions) [Omission / Postponement /*

- Modified Postponement] (as defined in the Equity Linked Conditions) will apply.]
- (d) Initial Valuation Date: []
- (e) Valuation Date: []
- (f) Valuation Time: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (g) Share(s)/Basket of Shares: []
- (h) Exchange(s): []
- (i) Related Exchange(s): []/[All Exchanges]
- (j) Exchange Business Day: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (k) Tender Offer: [Applicable/Not Applicable]
- (l) Basket Performance: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (m) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Equity Linked Conditions), is a Disrupted Day, the relevant price will be calculated [*insert calculation method*].

(*N.B. Only applicable where provisions in Equity Linked Conditions not appropriate*).
- (n) Exchange Rate: []
- (o) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions. (*N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance*).
- (p) Trade Date: []
- (q) Share Substitution: [Applicable/Not Applicable]

[If Applicable: Share Substitution Criteria is [].]

- (r) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Notes:
(Specify each of the following which applies).
 [Change in Law]
 [Hedging Disruption]
 [Increased Cost of Hedging]
 [Increased Cost of Stock Borrow]
 [Insolvency Filing]
 [Loss of Stock Borrow]
 [(b)] The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [].
(N.B. Only applicable if Loss of Stock Borrow is applicable).
 [(c)] The Initial Stock Loan rate in respect of [*specify in relation to each relevant Share*] is [].
(N.B. Only applicable if Increased Cost of Stock Borrow is applicable).
- (s) Other terms or special conditions: []
- [(v)] Index Linked Redemption Notes: Applicable/Not Applicable]]
- (a) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (b) Final Redemption Amount: []
- (c) Averaging: Averaging [applies/does not apply] to the Notes. [The relevant Averaging Dates are [].]
 [In the event that an Averaging Date is a Disrupted Day (as defined in the Index Linked Conditions) [Omission / Postponement / Modified Postponement] (as defined in the Index Linked Conditions) will apply.]
- (d) Initial Valuation Date: []
- (e) Valuation Date: []
- (f) Valuation Time: [] (*Only applicable if different from the definition in the Index Linked Conditions*)

- (g) Index/Basket of Indices: []
- (h) Exchange(s), Index Sponsor and whether Index is a Designated Multi-Exchange Indices: [(a) the relevant Exchange[s] [is/are] [];
[(b) the relevant Index Sponsor is [];
[and]]
[(c) the Index Currency is []; and]
[[d) []/[the Index] is a Designated Multi-Exchange Index.].] (*N.B. Designated Multi-Exchange Indices applies in relation to Euro Stoxx Indices*).
- (i) Related Exchange(s): []/[All Exchanges]
- (j) Exchange Business Day: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (k) Basket Performance: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (l) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Index Linked Conditions), is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*].

(*N.B. Only applicable where provisions in Index Linked Conditions not appropriate*).
- (m) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions. (*N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance*).
- (n) Trade Date: []
- (o) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:

(*Specify each of the following which applies*).

[Change in Law]

[Hedging Disruption]

- [Increased Cost of Hedging]
- (p) Other terms or special conditions: []
- [(vi) Fund Linked Redemption Notes: [Applicable/Not Applicable]]
- (a) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (b) Final Redemption Amount: []
- (c) Fund Interest(s): []
- (d) Reference Fund(s): []
- (e) Trade Date: []
- (f) Other terms or special conditions: []
- [(vii) Credit Linked Notes: [*Specify or annex details*]]
- (a) Reference Entity / Credit / Formula / variable: []
- (b) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (c) Provisions for determining Final Redemption Amount where calculated by reference to Reference Entity/Credit and/or Formula and/or other variable: []
- (d) Provisions for determining Final Redemption Amount where calculation by reference to Reference Entity/Credit and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- [(e) Payment Date: []]
- [(f) Minimum Final Redemption Amount: []]
- [(g) Maximum Final Redemption Amount: []]
- [(viii) Zero Coupon Notes: [*Specify or annex details*]]

26. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon the other circumstances described in Condition 8 or upon acceleration of the Notes pursuant to Condition 12 and/or the method of calculating the same (if required or if different from that set out in Condition 4(f)): [] per Note of [] Specified Denomination

27. Guaranteed Cash Settlement Amount: [Applicable/Not Applicable]
[The Guaranteed Cash Settlement Amount (as defined in Condition 15) is calculated in the following manner: *[specify calculation method]*
(N.B.: This item must be completed in every case the terms of the Notes include any option to deliver non-cash consideration to Holders)

PROVISIONS RELATING TO PHYSICAL DELIVERY NOTES

28. Provisions relating to Physical Delivery: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Entitlement: (a) The Entitlement (as defined in the Physical Delivery Note Conditions) in relation to each Note is [].
(b) The Entitlement will be evidenced by *[insert details of how the Entitlement will be evidenced]*.
(c) The Entitlement will be delivered *[insert details of the method of delivery of the Entitlement]*.

(ii) Relevant Asset(s): The relevant asset to which the Notes relate [is/are] [].

(iii) Cut-Off Date: []

(iv) Settlement Business Day: “Settlement Business Day” for the purposes of the Physical Delivery Note Conditions means [].

(v) Company’s Option to Vary Settlement: The Company [has/does not have] the option to vary settlement in respect of the Notes.

(vi) Failure to Deliver due to Illiquidity: Failure to Deliver due to Illiquidity [applies/does not apply] to the Notes. *(N.B. Failure to Deliver due to Illiquidity is applicable to certain Equity Linked Notes. Careful consideration should be given to*

whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Notes)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes:

(i) Classic Global Note or New Global Note: [Classic Global Note] [New Global Note]

(ii) Bearer Notes: [Not Applicable] [The Notes will initially be represented by a temporary global Note in bearer form, without interest coupons attached, which will be deposited with a common [safekeeper] [depository] for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) on or about the Issue Date. Interests in the temporary global Note will be exchangeable for interests in a permanent global Note, without interest coupons attached, on a date (the “**Exchange Date**”) not earlier than 40 days after the closing date upon appropriate certification as to non-U.S. beneficial ownership. The permanent global Note will be exchangeable in whole, but not in part, for definitive Notes in bearer form in denominations of [specify denominations of Notes] each with interest coupons attached upon 60 days’ written notice expiring at least 30 days after the Exchange Date.]

30. Additional Financial Centre(s) or other special provisions relating to Payment Business Day: [Condition 5(c) [(i)][(ii)] (*delete as applicable*) applies/Not Applicable/*give details*. Note that this item relates to the date and place of payment, and not the Additional Business Centre to which items 15(viii), 16(iii), 18(vii), 20(vii) and 21(vii) relate]

31. Talons for future Coupons or Receipts to be attached to definitive Notes in bearer form (and dates on which such Talons mature): [Yes/No. *If yes, give details*]

32. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Company to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*] (*N.B.: a new form of temporary Global Note and/or permanent Global Note may be required for issues of Partly Paid Notes*)

33. Details relating to Installment Notes:

(i) Installment Amount(s): [Not Applicable/*give details*]

- (ii) Installment Date(s): [Not Applicable/*give details*]
34. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to these Final Terms apply]
35. Other terms or specified conditions: [Not Applicable/*give details*]
- (When adding any other final terms, consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note.)*
36. Further Issue provisions: [Not Applicable/Condition 17 applies. If the Company issues further Notes of the same Series during the initial 40-day restricted period applicable to the outstanding Notes of such Series, then such 40-day period will be extended until 40 days after the later of the commencement of the offering and the Issue Date of such further issue of Notes. In addition, if the Company issues further Notes of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of Notes without applying to the outstanding Notes. After the expiration of the new 40-day restricted period, all such Notes will be consolidated and form a single Series with the outstanding Notes.]
37. Details relating to Notes that are payable and/or for which the obligations of the Company may be discharged by the delivery of securities and/or other property or any combination of cash, securities and/or other property where the provisions relating to such Notes amend and/or supplement the Physical Delivery Note Conditions: [Not Applicable/*give details*]
- (Only applicable if different from the Physical Delivery Note Conditions)*

DISTRIBUTION

38. (i) If syndicated, names of Dealers: [Not Applicable/*give names*]
- (ii) Stabilizing Manager (if any): [Not Applicable] [In connection with the issue of any Tranche of Notes, the Relevant Dealer (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in the applicable Final Terms or Prospectus (as the case may be) (the “**Stabilizing Manager**”) may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the London Stock Exchange’s Regulated Market and/or the regulated market of the Luxembourg Stock Exchange and/or any other regulated market (within the meaning of the Markets in Financial Instruments Directive (Directive 2004/39/EC)) in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Tranche of Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of Notes and 60 days after the date of the allotment of the Tranche of Notes. Any stabilization action or over-allotment shall be conducted in accordance with all applicable laws and rules.]
39. If non-syndicated, name of Relevant Dealer: [Merrill Lynch International/Merrill Lynch Capital Markets AG/ Merrill Lynch (Singapore) Pte. Ltd./*other*]
40. Additional selling restrictions: [Not Applicable/*give details*]

[Under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”), all foreign-sourced income received in Singapore on or after January 1, 2004 by resident individuals will be exempted from tax, provided such foreign-sourced income is not received through a partnership in Singapore. Income which is considered to be gains or profits from any trade, business or profession carried on in Singapore may be considered as Singapore-sourced income and may not be covered by this exemption.]

As Merrill Lynch (Singapore) Pte. Ltd., which is a Financial Sector Incentive (Bond Market) Company (as defined in the Income Tax Act), is the dealer for more than half of this Tranche of Notes (“**Relevant Notes**”) and the Relevant Notes will be issued before December 31, 2008, the Relevant Notes are “**qualifying debt securities**” for the purposes of the Income Tax Act. Accordingly, subject to certain conditions having been fulfilled (including the submission of a return on debt securities for the Relevant Notes within such period as the Comptroller of Income Tax in Singapore (“**Comptroller**”) may specify and such other particulars in connection with the Relevant Notes to the Comptroller and the Monetary Authority of Singapore), interest on the Relevant Notes, and discount income (not including discount income arising from secondary trading) on the Relevant Notes derived by a company or body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10 per cent.

However, notwithstanding the foregoing:

(i) if during the primary launch of the Relevant Notes, the Relevant Notes are issued to less than four persons and 50 per cent. or more of the principal amount of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Company, the Relevant Notes would not qualify as “qualifying debt securities”; and

(ii) even though the Relevant Notes are “qualifying debt securities”, if at any time during the tenure of the Relevant Notes, 50 per cent. or more of the principal amount of the Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Company, interest or discount income derived from the Relevant Notes held by (1) any related party of the Company, or (2) any other person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of the Company, shall not be eligible for the concessionary tax rate of 10 per cent.

“Related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Any person whose interest and discount income derived from the Relevant Notes is not exempt from tax is required to include such interest and discount income in a return of income made under the Income Tax Act.

The Income Tax (Amendment No. 2) Act 2007 was enacted to provide, *inter alia*, that the tax incentives for qualifying debt securities will be extended to accord tax exemption or concessionary tax rates on “prepayment fee, redemption premium and break cost” that are derived by investors from qualifying debt securities issued during the period from February 15, 2007 to December 31 2008, subject to conditions to be prescribed by regulations.

It was announced in the Singapore Budget Statement 2008 that the Qualifying Debt Securities Scheme will be renewed for a period of five years from January 1, 2009 to December 31, 2013. In addition, the Qualifying Debt Securities Scheme is enhanced to exempt all investors from income tax on qualifying income derived from qualifying debt securities issued during the period from February 16, 2008 to December 31, 2013 that, *inter alia*, have a tenure of at least 10 years. The Monetary Authority of Singapore is expected to release further details by end May 2008.]¹

¹ Insert where Merrill Lynch (Singapore) Pte. Ltd. is the dealer for more than half of the Notes and the Notes are issued on or before December 31, 2013.

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the [Luxembourg][London][other] Stock Exchange of the Notes described herein pursuant to the Company’s EUR15,000,000,000 Euro Medium Term Note Program.]

RESPONSIBILITY

Each of the Company and the Guarantor accepts responsibility for the information contained in these Final Terms. [[] has been extracted from []. Each of the Company and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from the information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Company:

By: _____
Name:
Title:

Signed on behalf of the Guarantor:

By: _____
Name:
Title:

If the applicable Final Terms specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 3, 4 (except Condition 4(b)) and 5, they may not necessitate the use of a Securities Note. If the Terms and Conditions of the Notes are to be modified in any other respect that constitutes the addition of “significant new factors” (as would be the case, for example, for an issue of Credit Linked Notes, which are to be issued in circumstances where they are to be listed and/or admitted to trading), a supplement to this Base Prospectus as required under Article 16 of the Prospectus Directive will be prepared or the form of Securities Note will be used, as appropriate.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING:

- (i) Listing: [Application [has been][will be] made for the Notes to be listed on the official list of the Luxembourg Stock Exchange] [Application [has been][will be] made for the Notes to be admitted to the Official List of the UK Listing Authority] [other (*specify*)] [Not Applicable]
- (ii) Admission to trading: [Application [has been][will be] made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect [on or about the Issue Date][from []].]
- [Application [has been][will be] made for the Notes to be admitted to trading on the London Stock Exchange’s Regulated Market with effect [on or about the Issue Date][from []].]
- [Application [has been][will be] made for the Notes to be admitted to trading on [] with effect [on or about the Issue Date][from []].]
- [Not Applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [The Notes will be issued under the Program, which has been rated:]
- [Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.: [A+/A-1]]
- [Ratings and Investment Information, Inc.: [AA-]]
- [Moody’s Investors Service, Inc.: [A1]]
- [Fitch Ratings: [A+]]
- [Other: (*specify*) []]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Not Applicable] / [Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

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

(i) Reasons for the offer []

(See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer differ from general corporate purposes and/or making profit and/or hedging certain risks will need to include those reasons here.)

(i)(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(ii)(iii) Estimated total expenses: []

(If the Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. [Fixed Rate Notes only – YIELD]

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/SHARE/FUND/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING (to be included for derivative securities to which Annex XII of the Prospectus Directive Regulation applies)].

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Need to include any adjustment rules in relation to events concerning the underlying (if applicable). [Where the underlying is not a share, index or fund, need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable)]. [Where the underlying is an index need to include the name of the index and description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security, need to include the name of the Issuer of the security and the ISIN, or equivalent identification number. Where the underlying is an interest rate, need to include a description of the interest rate. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

7. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE

Need to include details of where past and future performance and volatility of relevant rate[s] can be obtained.]

8. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank S.A./N.V., and Clearstream Banking, *société anonyme*, and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositaries (“ICSDs”) as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

(include this text if “yes” selected in which case the Notes must be issued in NGN form)

Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) if any:	[Not Applicable/ <i>give name(s) and number(s)</i>]
Governing Law:	New York. For greater certainty, Luxembourg law shall not apply, including Articles 86 to 94.8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, which are specifically excluded.
Additional investment considerations:	[Applicable. See Annex [] hereto/Not Applicable] <i>(If applicable, set out in an annex all additional risk factors or other investment considerations applicable to the particular Tranche of Notes to be issued.)</i>

FORM OF RETAIL FINAL TERMS

The Final Terms applicable to each Tranche of Notes, with a denomination of below EUR50,000 (or its equivalent in other currencies) to be admitted to trading on an EU regulated market, will be in the following form and will contain such information as is applicable in respect of such Notes (all references to numbered Conditions being to the Terms and Conditions of the relevant Notes):

Final Terms dated []

MERRILL LYNCH S.A.

société anonyme

Registered Office: Ballade B2, 4, rue Albert Borschette, L-1246 Luxembourg

(Incorporated under the laws of Luxembourg with registration number RCS Luxembourg B-39046)

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

Payment of principal and interest on the Notes will be unconditionally and irrevocably guaranteed by

MERRILL LYNCH & CO., INC.

(Incorporated under the laws of the State of Delaware)

under the EUR15,000,000,000 Euro Medium Term Note Program

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Base Prospectus dated April 1, 2008 [and the supplement[s] to the Base Prospectus dated []] which [together] constitute[s] 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 Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Company and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] and these Final Terms are available for viewing during normal office hours at the office of the Paying Agent in Luxembourg and copies may be obtained from the principal office of the Company. These Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange, www.bourse.lu.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [] [and the supplement[s] to the Base Prospectus dated []]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated April 1, 2008 [and the supplement[s] to the Base Prospectus dated []], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive save in respect of the Terms and Conditions which are extracted from the Base Prospectus dated [] [and the supplement[s] to the Base Prospectus dated []] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [] and April 1, 2008 [and the supplement[s] to the Base Prospectuses dated [] and []]. The Base Prospectuses [and the supplement[s] to the Base Prospectuses] are available for viewing during normal office hours at the office of the Paying Agent in Luxembourg and copies may be obtained from the principal office of the Company. These Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange, www.bourse.lu.

[If the Notes have a maturity of less than one year from their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other Specified Currency.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms]

[When completing Final Terms or adding any other Final Terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note.]

1. (i) Issuer: Merrill Lynch S.A. (the “**Company**”)
(ii) Guarantor: Merrill Lynch & Co., Inc. (the “**Guarantor**”)
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible and the Aggregate Principal Amount of the Series)
3. Specified Currency or Currencies (in the case of Dual Currency Notes): []
4. Aggregate Principal Amount: []
[(i)] Series: []
[(ii)] Tranche: []
5. Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. Specified Denominations: []
(Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Company in the United Kingdom, or whose issue otherwise constitutes a contravention of section 19 FSMA and which have a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other Specified Currencies))
7. (i) Issue Date: []
(ii) Interest Commencement Date: [Specify/Issue Date/Not applicable]
8. Maturity Date [or Redemption Month]: []

(Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. Redemption Month should only be used where the term of the Notes is an even number of years from the Issue Date.)

9. Interest Basis: [] per cent. Fixed Rate]
 [] Month LIBOR/EURIBOR [] per cent.
 [Floating Rate]
 [Zero Coupon]
 [Index Linked]
 [Dual Currency]
 [Equity Linked]
 [Fund Linked]
 [Credit Linked]
 [Other (*specify*)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at Par]
 [Index Linked Redemption]
 [Dual Currency]
 [Equity Linked Redemption]
 [Fund Linked Redemption]
 [Credit Linked Redemption]
 [Partly Paid]
 [Physical Delivery]
 [Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [Not Applicable/Applicable] (*If applicable, specify details of any provision for convertibility of Notes into another Interest or Redemption/Payment Basis*)
12. Put/Call Options: [Redemption at the Option of the Company]
 [Redemption at the Option of the Noteholders]
 [(further particulars specified below)]
13. (i) Status of the Notes: The Notes will constitute direct, unsecured, unsubordinated and general obligations of the Company and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Company
- (ii) Status of the Guarantee: The Guarantee will constitute a direct unconditional, unsecured and unsubordinated obligation of the Guarantor and will, save for such exceptions as may be provided by applicable legislation or incidental order, rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Guarantor.

- (iii) Date of corporate authorization for []
issuance of Notes and Guarantee:

(N.B.: Only relevant where Board (or similar) authorization is required for the particular Tranche of Notes or related Guarantee)

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Fixed Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] *(If payable other than per annum, consider amending Condition 3(a))* [subject as provided in (iii) below]

- (ii) Fixed Interest Date(s): [[] in each year, up to and including the Maturity Date]/*[specify other]*

- (iii) Fixed Coupon Amount(s): [Not Applicable]/*[If applicable, specify [] per Note of [] Specified Denomination]* [(For the avoidance of doubt, the amount of interest payable on the Fixed Interest Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].

- (iv) Initial/Final Broken Amount(s): [] per Note of [] Specified Denomination payable on the Fixed Interest Date falling [in/on] [] *[Insert particulars of any Initial or Final Broken Interest Amount(s) which do not correspond with the Fixed Coupon Amount(s)]*

- (v) Fixed Day Count Fraction: [30/360]
[30E/360 or Eurobond Basis]
[Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[or specify other]

- (vi) Determination Date(s): [] in each year

[Insert regular Fixed Interest Dates, ignoring the issue date or the maturity date in the case of a long or short first or last Coupon. N.B.: only relevant where Day Count Fraction is Actual/Actual (ICMA)]

- (vii) Other items relating to the method of calculating the interest for Fixed Rate [Not Applicable/other (*give details*)]
- (viii) Additional Business Centre(s): [None/*specify*]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s)/Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: [Screen Rate Determination/ISDA Determination / other (*give details*)]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent): [Not Applicable/*specify*]
- (vi) Reference Banks (if any): [Not Applicable/*specify*]
- (vii) Screen Rate Determination: [Condition 3(b)(iii)(B) applies/Not Applicable]
- Reference Rate(s): [Not Applicable/*specify*]
- (Either LIBOR, EURIBOR or other, although additional information is required if other—including fallback provisions)*
- Interest Determination Date(s): [Not Applicable/*specify*]
- (Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day which is also a TARGET Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [Not Applicable/*specify*]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (viii) ISDA Determination: [Condition 3(b)(iii)(A) applies/Not Applicable]
- Floating Rate Option: []

- Designated Maturity: []
- Reset Date: []
- (ix) Margin(s): [+/-][] per cent. per annum
- (x) Minimum Rate of Interest: [] per cent. per annum
- (xi) Maximum Rate of Interest: [] per cent. per annum
- (xii) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
 [Actual/365 (Fixed)]
 [Actual/360]
 [30/360 or 360/360 or Bond Basis]
 [30E/360 or Eurobond Basis]
 [Other (*specify*)]
 (*See Condition 3 for alternatives*)
- (xiii) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating the interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) [Amortization/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
(Consider applicable day count fraction if euro denominated)
18. Dual Currency Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Exchange/method of calculating Rate(s) of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: []
- (iii) Provisions applicable where calculation by reference to Rate(s) of Exchange is impossible or impractical: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]

- (iv) Person at whose option any Specified Currency or Currencies is or are to be or may be payable: []
19. Credit Linked Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- [If applicable, insert all relevant additional provisions for such Notes or set out in full in an annex to these Final Terms]*
- (i) Reference Entity/Credit/Formula/variable: [Give or annex details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: []
- (iii) Provisions for determining Coupon where calculated by reference to the Reference Entity/Credit and/or Formula and/or other variable: []
- (iv) Provisions for determining Coupon where calculation by reference to the Reference Entity/Credit and/or Formula and/or other variable is impossible or impractical or otherwise disrupted: []
- (v) Interest Period(s)/Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 or 360/360 or Bond Basis]
[30E/360 or Eurobond Basis]
[Other (*specify*)]
(See Condition 3 for alternatives)
- (xi) Exercise Price/Final Reference Price: []

20. Equity Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Calculation Agent, if any, responsible for calculating the interest payable: []
- (ii) Rate of Interest: []
- (iii) Interest Period(s)/Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Additional Business Centre(s): []
- (vi) Minimum Rate of Interest: [] per cent. per annum
- (vii) Maximum Rate of Interest: [] per cent. per annum
- (viii) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 or 360/360 or Bond Basis]
[30E/360 or Eurobond Basis]
[Other (*specify*)]
(See Condition 3 for alternatives)
- (ix) Averaging: Averaging [applies/does not apply] to the Notes. [The relevant Averaging Dates are [].]

[In the event that an Averaging Date is a Disrupted Day (as defined in the Equity Linked Conditions) [Omission / Postponement / Modified Postponement] (as defined in the Equity Linked Conditions) will apply.]
- (x) Initial Valuation Date: []
- (xi) Valuation Date: []
- (xii) Valuation Time: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (xiii) Share(s)/Basket of Shares: []
- (xiv) Exchange(s): []
- (xv) Related Exchange(s): []/[All Exchanges]
- (xvi) Exchange Business Day: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)

- (xvii) Tender Offer: [Applicable/Not Applicable]
- (xviii) Basket Performance: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (xix) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Equity Linked Conditions), is a Disrupted Day, the relevant price will be calculated [*insert calculation method*].

(*N.B. Only applicable where provisions in Equity Linked Conditions not appropriate*).
- (xx) Exchange Rate: []
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions. (*N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance*).
- (xxii) Trade Date: []
- (xxiii) Share Substitution: [Applicable/Not Applicable]

[If Applicable: Share Substitution Criteria is [].]
- (xxiv) Additional Disruption Events: [(a) The following Additional Disruption Events apply to the Notes:

(*Specify each of the following which applies*).

[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Insolvency Filing]
[Loss of Stock Borrow]

(b) The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [].

(N.B. Only applicable if Loss of Stock Borrow is applicable).]

[(c) The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [].

(N.B. Only applicable if Increased Cost of Stock Borrow is applicable).]

- (xxv) Other terms or special conditions: []
21. Index Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Calculation Agent responsible for calculating the interest payable: []
- (ii) Rate of Interest: []
- (iii) Interest Period(s)/Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Additional Business Centre(s): []
- (vi) Minimum Rate of Interest: [] per cent. per annum
- (vii) Maximum Rate of Interest: [] per cent. per annum
- (viii) Day Count Fraction: [Actual/365 or Actual/Actual or Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 or 360/360 or Bond Basis]
[30E/360 or Eurobond Basis]
[Other (specify)]
(See Condition 3 for alternatives)
- (ix) Averaging: Averaging [applies/does not apply] to the Notes. [The relevant Averaging Dates are [].]

[In the event that an Averaging Date is a Disrupted Day (as defined in the Index Linked Conditions) [Omission / Postponement / Modified Postponement] (as defined in the Index Linked Conditions) will apply.]
- (x) Initial Valuation Date: []

- (xi) Valuation Date: []
- (xii) Valuation Time: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (xiii) Index/Basket of Indices: []
- (xiv) Exchange(s), Index Sponsor and whether Index is a Designated Multi-Exchange Indices: [(a) the relevant Exchange[s] [is/are] [];]
[(b) the relevant Index Sponsor is []; [and]]
[(c) the Index Currency is []; and]
[[d) []/[the Index] is a Designated Multi-Exchange Index].] (*N.B. Designated Multi-Exchange Indices applies in relation to Euro Stoxx Indices*).
- (xv) Related Exchange(s): []/[All Exchanges]
- (xvi) Exchange Business Day: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (xvii) Basket Performance: [] (*Only applicable if different from the definition in the Index Linked Conditions*)
- (xviii) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Index Linked Conditions), is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*].
(N.B. Only applicable where provisions in Index Linked Conditions not appropriate).
- (xix) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions. (*N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance*).
- (xx) Trade Date: []
- (xxi) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:
(Specify each of the following which applies).
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]

- (xxii) Other terms or special conditions: []
22. Fund Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Calculation Agent responsible for calculating the interest payable: []
- (ii) Rate of Interest: []
- (iii) Fund Interest(s): []
- (iv) Reference Fund(s): []
- (v) Trade Date: []
- (vi) Other terms or special conditions: []

PROVISIONS RELATING TO REDEMPTION

23. Company's Optional Redemption: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): *[If applicable, specify any change in the notice period]*
24. Redemption at the option of the Noteholders: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination
- (iii) Notice period (if other than as set out in the Conditions): *[If applicable, specify any change in the notice period]*

25. Final Redemption Amount:

- [(i) Fixed Rate Notes: [Applicable/Not Applicable] *[If applicable, specify or annex details]*
- [(ii) Floating Rate Notes: [Applicable/Not Applicable] *[If applicable, specify or annex details]*
- [(iii) Dual Currency Notes: [Applicable/Not Applicable] *[If applicable, specify or annex details]*
- (a) Rate(s) of Exchange/method of calculating Rate(s) of Exchange: *[Give details]*
- (b) Calculation Agent, if any, responsible for calculating the Final Redemption Amount: []
- (c) Provisions for determining Final Redemption Amount where calculated by reference to Rate(s) of Exchange: []
- (d) Provisions for determining Final Redemption Amount where calculation by reference to Rate(s) of Exchange is impossible or impracticable or otherwise disrupted: []
- [(e) Payment Date: []]
- [(f) Minimum Final Redemption Amount: []]
- [(g) Maximum Final Redemption Amount: []]
- [(iv) Equity Linked Redemption Notes: [Applicable/Not Applicable]]
- (a) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (b) Final Redemption Amount: []
- (c) Averaging: Averaging [applies/does not apply] to the Notes. [The relevant Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day (as defined in the Equity Linked Conditions) [Omission / Postponement / Modified Postponement] (as defined in the Equity Linked Conditions) will apply.]
- (d) Initial Valuation Date: []
- (e) Valuation Date: []

- (f) Valuation Time: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (g) Share(s)/Basket of Shares: []
- (h) Exchange(s): []
- (i) Related Exchange(s): []/[All Exchanges]
- (j) Exchange Business Day: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (k) Tender Offer: [Applicable/Not Applicable]
- (l) Basket Performance: [] (*Only applicable if different from the definition in the Equity Linked Conditions*)
- (m) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Equity Linked Conditions), is a Disrupted Day, the relevant price will be calculated [*insert calculation method*].

(*N.B. Only applicable where provisions in Equity Linked Conditions not appropriate*).
- (n) Exchange Rate: []
- (o) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions. (*N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance*).
- (p) Trade Date: []
- (q) Share Substitution: [Applicable/Not Applicable]

[If Applicable: Share Substitution Criteria is [].]
- (r) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Notes:

(*Specify each of the following which applies*).

[Change in Law]

[Hedging Disruption]

- [Increased Cost of Hedging]
- [Increased Cost of Stock Borrow]
- [Insolvency Filing]
- [Loss of Stock Borrow]
- [(b) The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share]* is [].
- (N.B. Only applicable if Loss of Stock Borrow is applicable).*
- [(c) The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share]* is [].
- (N.B. Only applicable if Increased Cost of Stock Borrow is applicable).*
- (s) Other terms or special conditions: []
- [(v) Index Linked Redemption Notes: [Applicable/Not Applicable]]
- (a) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (b) Final Redemption Amount: []
- (c) Averaging: Averaging [applies/does not apply] to the Notes. [The relevant Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day (as defined in the Index Linked Conditions) [Omission / Postponement / Modified Postponement] (as defined in the Index Linked Conditions) will apply.]
- (d) Initial Valuation Date: []
- (e) Valuation Date: []
- (f) Valuation Time: [] *(Only applicable if different from the definition in the Index Linked Conditions)*
- (g) Index/Basket of Indices: []
- (h) Exchange(s), Index Sponsor and whether Index is a Designated Multi-Exchange Indices: [(a) the relevant Exchange[s] [is/are] [];]
- [(b) the relevant Index Sponsor is []; [and]]
- [(c) the Index Currency is []; and]

- [[d)] []/[the Index] is a Designated Multi-Exchange Index.] (N.B. Designated Multi-Exchange Indices applies in relation to Euro Stoxx Indices).
- (i) Related Exchange(s): []/[All Exchanges]
- (j) Exchange Business Day: [] (Only applicable if different from the definition in the Index Linked Conditions)
- (k) Basket Performance: [] (Only applicable if different from the definition in the Index Linked Conditions)
- (l) Disrupted Day: If the Initial Valuation Date, a Valuation Date or an Averaging Date, as the case may be (in each case as defined in the Index Linked Conditions), is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*].

(N.B. Only applicable where provisions in Index Linked Conditions not appropriate).
- (m) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Basket Performance is []. Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions. (N.B. Only applicable in relation to Notes relating to a Basket. The Weighting is used to apply the weightings (if any) of each item comprising the Basket in order to ascertain the Basket Performance).
- (n) Trade Date: []
- (o) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:

(Specify each of the following which applies).

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]
- (p) Other terms or special conditions: []
- [(vi) Fund Linked Redemption Notes: [Applicable/Not Applicable]]
- (a) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (b) Final Redemption Amount: []

- (c) Fund Interest(s): []
- (d) Reference Fund(s): []
- (e) Trade Date: []
- (f) Other terms or special conditions: []
- [(vii) Credit Linked Notes: *[Specify or annex details]*]
- (a) Reference Entity / Credit / Formula / variable: []
- (b) Calculation Agent responsible for calculating the Final Redemption Amount: []
- (c) Provisions for determining Final Redemption Amount where calculated by reference to Reference Entity/Credit and/or Formula and/or other variable: []
- (d) Provisions for determining Final Redemption Amount where calculation by reference to Reference Entity/Credit and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- [(e) Payment Date: []]
- [(f) Minimum Final Redemption Amount: []]
- [(g) Maximum Final Redemption Amount: []]
- [(viii) Zero Coupon Notes: *[Specify or annex details]*]
26. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon the other circumstances described in Condition 8 or upon acceleration of the Notes pursuant to Condition 12 and/or the method of calculating the same (if required or if different from that set out in Condition 4(f)): [] per Note of [] Specified Denomination
27. Guaranteed Cash Settlement Amount: [Applicable/Not Applicable]
- [The Guaranteed Cash Settlement Amount (as defined in Condition 15) is calculated in the following manner: *[specify calculation method]*]
- (N.B.: This item must be completed in every case the terms of the Notes include any option to deliver non-cash consideration to Holders)*

PROVISIONS RELATING TO PHYSICAL DELIVERY NOTES

28. Provisions relating to Physical Delivery: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Entitlement: (a) The Entitlement (as defined in the Physical Delivery Note Conditions) in relation to each Note is [].
- (b) The Entitlement will be evidenced by *[insert details of how the Entitlement will be evidenced]*.
- (c) The Entitlement will be delivered *[insert details of the method of delivery of the Entitlement]*.
- (ii) Relevant Asset(s): The relevant asset to which the Notes relate [is/are] [].
- (iii) Cut-Off Date: []
- (iv) Settlement Business Day: “Settlement Business Day” for the purposes of the Physical Delivery Note Conditions means [].
- (v) Company’s Option to Vary Settlement: The Company [has/does not have] the option to vary settlement in respect of the Notes.
- (vi) Failure to Deliver due to Illiquidity: Failure to Deliver due to Illiquidity [applies/does not apply] to the Notes. *(N.B. Failure to Deliver due to Illiquidity is applicable to certain Equity Linked Notes. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Notes)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes:
- (i) Classic Global Note or New Global Note: [Classic Global Note] [New Global Note]
- (ii) Bearer Notes: [Not Applicable] [The Notes will initially be represented by a temporary global Note in bearer form, without interest coupons attached, which will be deposited with a common [safekeeper] [depository] for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) on or about the Issue Date. Interests in the temporary global Note will be exchangeable for interests in a permanent

- global Note, without interest coupons attached, on a date (the “**Exchange Date**”) not earlier than 40 days after the closing date upon appropriate certification as to non-U.S. beneficial ownership. The permanent global Note will be exchangeable in whole, but not in part, for definitive Notes in bearer form in denominations of [*specify denominations of Notes*] each with interest coupons attached upon 60 days’ written notice expiring at least 30 days after the Exchange Date.]
30. Additional Financial Centre(s) or other special provisions relating to Payment Business Day: [Condition 5(c) [(i)][(ii)] (*delete as applicable*) applies/Not Applicable/*give details*. *Note that this item relates to the date and place of payment, and not the Additional Business Centre to which items 15(viii), 16(iii), 18(vii), 20(vii) and 21(vii) relate*]
31. Talons for future Coupons or Receipts to be attached to definitive Notes in bearer form (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
32. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Company to forfeit the Notes and interest due on late payment: [*Not Applicable/give details*] (*N.B.: a new form of temporary Global Note and/or permanent Global Note may be required for issues of Partly Paid Notes*)
33. Details relating to Installment Notes:
- (i) Installment Amount(s): [Not Applicable/*give details*]
- (ii) Installment Date(s): [Not Applicable/*give details*]
34. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to these Final Terms apply]
35. Other terms or specified conditions: [Not Applicable/*give details*]
- (*When adding any other final terms, consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note.*)
36. Further Issue provisions: [Not Applicable/Condition 17 applies. If the Company issues further Notes of the same Series during the initial 40-day restricted period applicable to the outstanding Notes of such Series, then such 40-day period will be

extended until 40 days after the later of the commencement of the offering and the Issue Date of such further issue of Notes. In addition, if the Company issues further Notes of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of Notes without applying to the outstanding Notes. After the expiration of the new 40-day restricted period, all such Notes will be consolidated and form a single Series with the outstanding Notes.]

37. Details relating to Notes that are payable and/or for which the obligations of the Company may be discharged by the delivery of securities and/or other property or any combination of cash, securities and/or other property where the provisions relating to such Notes amend and/or supplement the Physical Delivery Note Conditions:

[Not Applicable/*give details*]

(Only applicable if different from the Physical Delivery Note Conditions)

DISTRIBUTION

38. (i) If syndicated, names and addresses of Dealers and respective underwriting commitments:

[Not Applicable/*give names, addresses and underwriting commitments*]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Dealers).

- (ii) Date of Purchase Agreement:

[]

- (iii) Stabilizing Manager (if any):

[Not Applicable] [In connection with the issue of any Tranche of Notes, the Relevant Dealer (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in the applicable Final Terms or Prospectus (as the case may be) (the “**Stabilizing Manager**”) may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the London Stock Exchange’s Regulated Market and/or the regulated market of the Luxembourg Stock Exchange and/or any other regulated market (within the meaning of the Markets in Financial Instruments Directive (Directive 2004/39/EC)) in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal

amount of the Tranche of Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of Notes and 60 days after the date of the allotment of the Tranche of Notes. Any stabilization action or over-allotment shall be conducted in accordance with all applicable laws and rules.]

39. If non-syndicated, name and address of Relevant Dealer: [Merrill Lynch International/Merrill Lynch Capital Markets AG/ Merrill Lynch (Singapore) Pte. Ltd./others including addresses]
40. Name and address of Distributors/Placers: [Not Applicable]/[give details, as per below instruction]
- (Insert the following details if offer is a public offer: (i) name and address of the Distributors/Placers of the Notes in those jurisdictions in which the offer is made; or (ii) to the extent that details in (i) are unknown prior to the offer period in respect of the Notes, disclosure as to the method of communication of the Distributors/placers prior to or on the Issue Date.)*
41. Total commission and concession: In connection with the distribution of the Notes, [the [Issuer] [Dealer] will pay to [] a selling commission equal to [] per cent. (%) of the Aggregate Principal Amount of the Notes] [the Dealer will acquire the Notes from the Issuer at [] per cent. (%) of their Aggregate Principal Amount and may resell the Notes from time to time in one or more negotiated transactions at varying prices determined at the time of the sale]].
42. Non-exempt offer: [An offer of the Notes may be made by the Dealers [and any Distributors/Placers [designated] by the [Issuer][Guarantor] Dealers] (*delete as applicable*) (the “**Placers**”) other than pursuant to Article 3(2) of the

Prospectus Directive in [*specify relevant Member State(s) where the Base Prospectus has been passported (“Public Offer Jurisdictions”)*] during the period from [*Insert, for example, one business day after satisfaction of all regulatory requirements of such Member States(s) until [specify date] (“Offer Period”)*]. Copies of these Final Terms will be provided to the competent authorities in the Public Offer Jurisdictions. See further Part B, Item 9 in relation to the Non-exempt Offer(s) [Not Applicable]

(N.B.: Consider any local regulatory requirements required to be fulfilled to enable a non-exempt offer to be made in the relevant jurisdictions. No such offer should be made in any relevant jurisdiction until all requirements have been met.)

43. Additional selling restrictions: [Not Applicable/give details]

[Under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”), all foreign-sourced income received in Singapore on or after January 1, 2004 by resident individuals will be exempted from tax, provided such foreign-sourced income is not received through a partnership in Singapore. Income which is considered to be gains or profits from any trade, business or profession carried on in Singapore may be considered as Singapore-sourced income and may not be covered by this exemption.

As Merrill Lynch (Singapore) Pte. Ltd., which is a Financial Sector Incentive (Bond Market) Company (as defined in the Income Tax Act), is the dealer for more than half of this Tranche of Notes (“**Relevant Notes**”) and the Relevant Notes will be issued before December 31, 2008, the Relevant Notes are “**qualifying debt securities**” for the purposes of the Income Tax Act. Accordingly, subject to certain conditions having been fulfilled (including the submission of a return on debt securities for the Relevant Notes within such period as the Comptroller of Income Tax in Singapore (“**Comptroller**”) may specify and such other particulars in connection with the Relevant Notes to the Comptroller and the Monetary Authority of Singapore), interest on the Relevant Notes, and discount income (not including discount income arising from secondary trading) on the Relevant Notes derived by a company or body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10 per cent.

However, notwithstanding the foregoing:

(i) if during the primary launch of the Relevant Notes, the Relevant Notes are issued to less than four persons and 50 per cent. or more of the principal amount of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Company, the Relevant Notes would not qualify as “qualifying debt securities”; and

(ii) even though the Relevant Notes are “qualifying debt securities”, if at any time during the tenure of the Relevant Notes, 50 per cent. or more of the principal amount of the Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Company, interest or discount income derived from the Relevant Notes held by (1) any related party of the Company, or (2) any other person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of the Company, shall not be eligible for the concessionary tax rate of 10 per cent.

“Related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Any person whose interest and discount income derived from the Relevant Notes is not exempt from tax is required to include such interest and discount income in a return of income made under the Income Tax Act.

The Income Tax (Amendment No. 2) Act 2007 was enacted to provide, *inter alia*, that the tax incentives for qualifying debt securities will be extended to accord tax exemption or concessionary tax rates on “prepayment fee, redemption premium and break cost” that are derived by investors from qualifying debt securities issued during the period from February 15, 2007 to December 31 2008, subject to conditions to be prescribed by regulations.

It was announced in the Singapore Budget Statement 2008 that the Qualifying Debt Securities Scheme will be renewed for a period of five years from January 1, 2009 to December 31, 2013. In addition, the Qualifying Debt Securities Scheme is enhanced to exempt all investors from income tax on qualifying income derived from qualifying debt securities issued during the period from February 16, 2008 to December 31, 2013 that, *inter alia*, have a tenure of at least 10 years. The Monetary Authority of Singapore is expected to release further details by end May 2008.]¹

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the countries specified in Part A, Item 40] [and] admission to trading on the [Luxembourg] [London] [other] Stock Exchange of the Notes described herein pursuant to the Company’s EUR15,000,000,000 Euro Medium Term Note Program.]

¹ Insert where Merrill Lynch (Singapore) Pte. Ltd. is the dealer for more than half of the Notes and the Notes are issued on or before December 31, 2013.

RESPONSIBILITY

Each of the Company and the Guarantor accepts responsibility for the information contained in these Final Terms. [[] has been extracted from []. Each of the Company and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from the information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Company:

By: _____

Name:

Title:

Signed on behalf of the Guarantor:

By: _____

Name:

Title:

If the applicable Final Terms specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 3, 4 (except Condition 4(b)) and 5, they may not necessitate the use of a Securities Note. If the Terms and Conditions of the Notes are to be modified in any other respect that constitutes the addition of “significant new factors” (as would be the case, for example, for an issue of Credit Linked Notes, which are to be issued in circumstances where they are to be listed and/or admitted to trading), a supplement to this Base Prospectus as required under Article 16 of the Prospectus Directive will be prepared or the form of Securities Note will be used, as appropriate.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING:

- (i) Listing: [Application [has been][will be] made for the Notes to be listed on the official list of the Luxembourg Stock Exchange] [Application [has been][will be] made for the Notes to be admitted to the Official List of the UK Listing Authority] [other (*specify*)] [Not Applicable]
- (ii) Admission to Trading: [Application [has been][will be] made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect [on or about the Issue Date][from []].]
- [Application [has been][will be] made for the Notes to be admitted to trading on the London Stock Exchange’s Regulated Market with effect [on or about the Issue Date][from []].]
- [Application [has been][will be] made for the Notes to be admitted to trading on [] with effect [on or about the Issue Date][from []].]
- [Not Applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

2. RATINGS:

- Ratings: [The Notes will be issued under the Program, which has been rated:]
- [S&P: [A+/A-1]. An obligation rated “A” is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories such as “AAA” and “AA”. However, the obligor’s capacity to meet its financial commitment on the obligation is still strong. The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.]

A short-term obligation rated “A-1” is rated in the highest category by S&P. The obligor’s capacity to meet its financial commitment on the obligation is strong.]

[R&I: [AA-]. An obligation rated “AA” is judged to be of very high credit quality and accompanied by excellent factors. A plus (+) or minus (-) sign may be added to ratings symbols within a range from “AA” to “CCC” to indicate their relative standing within each category.]

[Moody’s: [A1]. Obligations rated “A” are considered upper-medium grade and are subject to low credit risk. Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from “Aa” through “Caa”. The modifier “1” indicates that the obligation ranks in the higher end of its generic rating category; the modifier “2” indicates a mid-range ranking; and the modifier “3” indicates a ranking in the lower end of that generic rating category.]

[Fitch: [A+]. “A” ratings denote expectations of low credit risk. They indicate strong capacity for payment of financial commitments. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings such as “AAA” or “AA”. The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories.]

[The information regarding ratings above has been extracted from the websites of Fitch Ratings (“**Fitch**”), Moody’s Investors Service, Inc. (“**Moody’s**”), Ratings and Investment Information, Inc. (“**R&I**”) and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“**S&P**”), as applicable. The Company confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by Fitch, Moody’s R&I and S&P, no facts have been omitted which would render the reproduced inaccurate or misleading.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Not Applicable] / [Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]]

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

(i) Reasons for the offer []

(See [“Use of Proceeds”] wording in Prospectus – if reasons for offer differ from general corporate purposes and/or making profit and/or hedging certain risks will need to include those reasons here.)

(i)(ii) Estimated net proceeds []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(i)(iii) Estimated total expenses: [] *[include breakdown of expenses]*

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. [Fixed Rate Notes only – YIELD]

Indication of yield: []

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [Floating Rate Notes only – HISTORIC INTEREST RATES]

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/SHARE/FUND/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (to be included for derivative securities to which Annex XII of the Prospectus Directive Regulation applies).

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is not a share, index or fund, need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable)]. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index, need to include equivalent information. Where the underlying is a security need to include the name of the Issuer of the security and the ISIN, or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

8. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include details of where past and future performance and volatility of relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

9. INFORMATION IN RESPECT OF PUBLIC OFFERS OF NOTES

[Applicable/Not Applicable.] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[The Notes will be offered to the public in each of [insert jurisdictions where the Base Prospectus has been approved and published and jurisdictions into which it has been passported] in accordance with the arrangements listed below].

- | | |
|---|---|
| (i) Categories of potential investors to which the Notes are offered: | [Not applicable/Offer or solicitations may be made by the Dealers in [insert relevant Public Offer Jurisdictions] for the period set out in (iii) below to any person [insert suitability criteria, if any are deemed appropriate pursuant to any applicable conduct of business rules]. No offer or solicitation in respect of the Notes shall be made by the Dealers except pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus (a) in any other EEA country or (b) after the period set out in (ii) above has ended.] |
| (ii) Arrangements for publication of final size of issue/offer: | [Not Applicable] / [give details, as per below instruction] |

(If applicable (i) specify date on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published)).

- (iii) Time period, including any possible amendments, during which the offer will be open: [[] [a.m.][p.m.] on [] to [] [a.m.][p.m.] on []]
- (iv) Conditions to which the offer is subject: [Not Applicable] [Offers of the Notes are conditional on their issue and are subject to such conditions as are set out in the [Purchase Agreement]. As between Dealers and their customers (including Placers) or between Placers and their customers, offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.]
- (v) Description of the application process: [Not Applicable] / [give details, as per below instruction]
(If applicable, insert details of application/subscription process)
- (vi) Description of the possibility to reduce subscriptions and the manner for refunding excess amounts paid by applicants: [Not Applicable] / [give details]
- (vii) Details of the minimum/maximum amount of application (whether in numbers of securities or aggregate amount to invest): [Not Applicable] / [give details]
- (viii) Details of the method and time limits for paying up the securities and for delivery of the Notes: [Not Applicable] / [give details]
(N.B.: Under normal circumstances, on the Issue Date, allocated Notes will be made available to the [Dealers][Placers] in such account as may be held by them directly or indirectly at Euroclear or Clearstream, Luxembourg.)
- (ix) Full description of the manner and date on which results of the offer are to be made to public: [Not Applicable] / [give details]
(If applicable (i) specify date on which the results of the offer will be made public and (ii) insert specific details in respect of the method of publication of such results (including, where relevant, details of any advertisements to be published))

- (x) Procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised: [Not Applicable] / [give details]
- (xi) Indication of the expected price at which the Notes will be offered or the method of determining the price and the process for its disclosure: [Not Applicable] [The Issuer has offered and will sell the Notes to the Dealers (and no one else) at the Issue Price of [] [less a total commission of []]. Dealers and Placers will offer and sell the Notes to their customers in accordance with arrangements in place between each such Manager and its customers (including Placers) or each such Placer and its customers by reference to the Issue Price and market conditions prevailing at the time.]
- (xii) Process for notification to applicants of the amount of Notes allotted and indication whether dealing may begin before notification is made: [Not Applicable] [give details] [Prospective Noteholders will be notified by the relevant Manager or Placer in accordance with the arrangements in place between such Manager or Placer and its customers. Any dealings in the Notes, which take place will be at the risk of prospective Noteholders]
- (xiii) Details of any tranche(s) reserved for specific country: [Not Applicable] / [give details]
- (xiv) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable] / [give details]
- (xv) Additional information applicable to the terms and conditions of the offer, if any: [Not Applicable] / [give details]

10. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositaries (“ICSDs”) as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and

intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

(include this text if “yes” selected in which case the Notes must be issued in NGN form)

Delivery:	Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s):	[Not Applicable/give name(s) and number(s)]
Names and addresses of additional Paying Agent(s) if any:	[Not Applicable/give name(s) and number(s)]
Governing Law:	New York. For greater certainty, Luxembourg law shall not apply, including Articles 86 to 94.8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, which are specifically excluded.
Additional investment considerations:	[Applicable. See Annex [] hereto/Not Applicable] <i>(If applicable, set out in an annex all additional risk factors or other investment considerations applicable to the particular Tranche of Notes to be issued.)</i>

The Issuer is only offering to and selling to the Dealers pursuant to and in accordance with the terms of the [Purchase Agreement] [Dealer Agreement]². All sales to persons other than the Dealers will be made by the Dealers or persons to whom they sell, and/or otherwise make arrangements with, including the Placers. The Issuer shall not be liable for any offers, sales or purchases of Notes to persons (other than in respect of offers and sales to, and purchases of, Notes by the Dealers and only then pursuant to the [Purchase Agreement] [Dealer Agreement]²) which are made by Dealers or Placers in accordance with the arrangements in place between any such Manager or any such Placer and its customers.

[Each of the Dealers has acknowledged and agreed, and any Placer will be required by the Dealers to acknowledge and agree, that for the purpose of offer(s) of the Notes the Issuer has passported the Base Prospectus into each of the Public Offer Jurisdictions and will not passport the Base Prospectus into any other European Economic Area Member State; accordingly, the Notes may only be publicly offered in Public Offer Jurisdictions or offered to Qualified Investors (as defined in the Prospectus Directive) in any other European Economic Area Member State and that all offers of Notes by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations].

² Delete as applicable depending on whether syndicated trade or not.

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes issued in connection with the Base Prospectus and further documented by the applicable Final Terms relating to a particular Tranche of Notes, and which (subject to completion and minor amendment) will be attached to or incorporated by reference into each global Note and which will be endorsed on each definitive Note. The applicable Final Terms in relation to any Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The Registration Document relating to the Program and applicable Securities Note (the “**Securities Note**”) or Prospectus, relating to a particular Tranche of Notes may also be used in connection with the issue of Notes under the Program and such applicable Securities Note or Prospectus (as the case may be) may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. To the extent that Notes are issued pursuant to a Securities Note, references in the following Terms and Conditions to the “**Final Terms**” shall be read as references to the “**Securities Note**” in respect of such Tranche of Notes, and all such references shall be construed accordingly.*

This Note is one of a Series (as defined below) of notes (the “**Notes**”, which expression shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the specified currency of the relevant Notes, (ii) definitive Notes issued in exchange (or partial exchange) for a permanent global Note, and (iii) any global Note issued subject to, and with the benefit of, an Amended and Restated Agency Agreement, dated April 1, 2008 (as the same may be amended or supplemented in accordance with the terms thereof, the “**Agency Agreement**”), among the Company, the Guarantor, Deutsche Bank AG, London Branch, as issuing and principal paying agent and, if so specified in the applicable Final Terms, calculation agent (the “**Agent**”, which expression shall include any successor to Deutsche Bank AG, London Branch, in such capacities) and Deutsche Bank Luxembourg S.A. (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents)).

The principal, interest and all other amounts payable and/or deliverable under the Notes are unconditionally and irrevocably guaranteed by the Guarantor. The Guarantee is a direct, unconditional, unsecured and unsubordinated obligation of the Guarantor and will, save for such exceptions as may be provided by the applicable legislation or judicial order, rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Guarantor.

Interest-bearing definitive Notes will (unless otherwise indicated in the applicable Final Terms) have interest coupons (“**Coupons**”) and, if indicated in the applicable Final Terms, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in installments will have receipts (“**Receipts**”) for the payment of the installments of principal (other than the final installment) attached on issue.

As used herein, “**Series**” means all Notes which are denominated in the same currency and which have the same Maturity Date or Redemption Month, as the case may be, Interest/Payment Basis and interest payment dates (if any) (all as indicated in the applicable Final Terms) and the terms of which (except for the Issue Date or the Interest Commencement Date (as the case may be) and/or the Issue Price (as indicated as aforesaid)) are otherwise identical (including whether or not the Notes are listed) and the expressions “**Notes of the relevant Series**” and “**holders of Notes of the relevant Series**” and related expressions shall be construed accordingly. As used herein, “**Tranche**” means all Notes of the same Series with the same Issue Date.

The Final Terms applicable to this Note is attached hereto or endorsed hereon. Such Final Terms supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “**applicable Final Terms**” shall mean the Wholesale Final Terms and/or the Retail Final Terms (as the case may be) attached hereto or endorsed hereon.

Copies of the Agency Agreement (which contains the forms of the final terms, the temporary global, permanent global and definitive Notes) and the Program Agreement, in each case relating to the Program, will be available for inspection during normal office hours at, the office of the Paying Agent in Luxembourg, the principal office of the Agent in London, England and the principal office of the Company. The Base Prospectus, the Guarantee and the Final Terms applicable to this Note are available for collection without charge during normal office hours at, the office of the Paying Agent in Luxembourg, the principal office of the Agent in London, England and the principal office of the Company, except that, if this Note is an unlisted Note of any Series (neither listed on a stock exchange nor admitted to trading on any market), the applicable Final Terms will only be available for inspection by a holder of the Notes holding one or more unlisted Notes of that Series and such holder of Notes must produce evidence satisfactory to the relevant Paying Agent as to its holding of Notes and to identity. The holders of the Notes (the “**Noteholders**”), which expression shall, in relation to any Notes represented by a global Note, be construed as provided in Condition 1, the holders of the Coupons (the “**Couponholders**”) and the holders of Receipts (the “**Receiptholders**”) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms, which are applicable to them.

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

1. Form and Title

The Notes of this Series are in bearer form and, in the case of definitive Notes, are serially numbered in the Specified Currency and in the Specified Denomination(s). Unless otherwise specified in the applicable Final Terms, the Notes will be issued in CGN Form.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Note, an Installment Note, a Partly Paid Note, a Credit Linked Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, a Fund Linked Interest Note or a Fund Linked Redemption Note or any appropriate combination thereof, and/or a Physical Delivery Note, and/or a Note linked to any other reference item in each case depending upon the Interest and/or Redemption/Payment Basis specified in the applicable Final Terms, and the appropriate provisions of these Terms and Conditions will apply accordingly. Provisions relating to interest on or the redemption of Notes linked to any other reference item will be set out in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to interest (other than interest due after the Maturity Date), Coupons and Couponholders in these Terms and Conditions are not applicable.

Except as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Company and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes are represented by a global Note, each person who is for the time being shown in the records of Euroclear Bank S.A./N.V. (“**Euroclear**”) or of Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), as the holder of a particular principal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Company, the Agent and any other Paying Agent as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, the right to which shall be vested, as against the Company, the Agent and any other Paying Agent solely in the bearer of the relevant global Note in accordance with and subject to the Terms and Conditions (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Company and the Agent and specified in the applicable Final Terms.

2. Status of Notes and Guarantee

The Notes constitute direct, unsecured, unsubordinated and general obligations of the Company and will, save for such exceptions as may be provided by applicable legislation or judicial order, rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Company. The Guarantee constitutes a direct, unconditional, unsecured and unsubordinated obligation of the Guarantor and will, save for such exceptions as may be provided by applicable legislation or judicial order, rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Guarantor.

3. Interest

In this Condition 3, “**Business Day**” means (unless otherwise provided in the applicable Final Terms) a day which is both:

- (A) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to Notes denominated or payable in a Specified Currency other than euro, a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than London) or (2) in relation to Notes denominated or payable in euro, a TARGET Day. “**TARGET Day**” means (i) until such time as TARGET is permanently closed down and ceases operations, any day on which both TARGET and TARGET2 are open for the settlement of payments in euro and (ii) following such time as TARGET is permanently closed down and ceases operations, any day on which TARGET2 is open for the settlement of payments in euro. “**TARGET**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises interlinked national real time gross settlement systems and the European Central Bank’s payment mechanism and which began operations on 4 January 1999. “**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system

which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto. Unless otherwise provided in the applicable Final Terms, the principal financial center of any country for the purpose of these Terms and Conditions shall be as provided in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association; Inc. and as amended and updated as at the issue date of the first Tranche of the Notes (the “**ISDA Definitions**”) except that the principal financial center of Australia shall be Sydney, the principal financial center of Canada shall be Toronto and the principal financial center of New Zealand shall be Wellington.

(a) Interest on Fixed Rate Notes

(i) Each Fixed Rate Note bears interest on its principal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the applicable Final Terms at the rate(s) per annum equal to the Fixed Rate(s) of Interest specified in the applicable Final Terms payable in arrear on the Fixed Interest Date(s) in each year up to and including the Maturity Date so specified if it does not fall on a Fixed Interest Date. If a Fixed Coupon Amount is specified in the applicable Final Terms, the amount of interest payable on each Fixed Interest Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount as so specified irrespective of any calculation based on the Fixed Rate(s) of Interest and any applicable Fixed Day Count Fraction (if any). The first payment of interest shall be made on the Fixed Interest Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not a Fixed Interest Date, will amount to the Initial Broken Amount specified in the applicable Final Terms. If the Maturity Date is not a Fixed Interest Date, interest from (and including) the preceding Fixed Interest Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount specified in the applicable Final Terms.

(ii) Interest shall be paid, with respect to Fixed Rate Notes in definitive form, against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 5.

(iii) If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Unless otherwise indicated in the applicable Final Terms, “**Fixed Day Count Fraction**” means:

(1) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Fixed Interest Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of

days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year;

(2) if “**30/360**” is specified in the applicable Final Terms, the number of days in the relevant period from and including the most recent Fixed Interest Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;

(3) if “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Accrual Period divided by 365 (or, if any portion of that Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Accrual Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Accrual Period falling in a non-leap year divided by 365); and

(4) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Accrual Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Accrual Period unless, in the case of an Accrual Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

“**Determination Period**” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including where either the Interest Commencement Date or the final Fixed Interest Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**Fixed Interest Period**” means the period from (and including) a Fixed Interest Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Date.

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes and Credit Linked Notes

(i) Interest Payment Dates

Each Floating Rate Note and, if so specified in the applicable Final Terms, each Index Linked Note, Equity Linked Interest Note, Fund Linked Interest Note and Credit Linked Note bears interest on its principal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the applicable Final Terms and such interest will be payable in arrear on each interest payment date specified in the applicable Final Terms (each an “**Interest Payment Date**”) or, if no express Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (an “**Interest Payment Date**”) which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment

Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). If any Interest Payment Date (or other date) which is specified in the applicable Final Terms to be subject to adjustment in accordance with a business day convention (a “**Business Day Convention**”) would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) the Floating Rate Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day and (B) if the Interest Period is specified as a whole number of months, each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months specified as the Interest Period in the applicable Final Terms after the preceding applicable Interest Payment Date (or other date) occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

(ii) Interest payments

Interest will be paid, with respect to Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes and Credit Linked Notes, as applicable, in definitive form, against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 5.

(iii) Rate of Interest

The Rate of Interest payable from time to time with respect to each Series of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes and Credit Linked Notes, as applicable, shall be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

If the applicable Final Terms specifies that this Condition 3(b)(iii)(A) shall apply, the Rate of Interest for each Interest Period shall be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is that period specified in the applicable Final Terms;
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (x) “**Euro-zone**” means the region comprised of member states of the European Union (“**Member States**”) that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and the Treaty of Amsterdam and (y) the definitions of “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the respective meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

If the applicable Final Terms specifies that this Condition 3(b)(iii)(B) applies:

- (1) the Rate of Interest for each Interest Period shall, subject as provided below, be either:
 - I. the quotation; or
 - II. the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum),

for the Reference Rate or Rates (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (London time) in the case of LIBOR or 11:00 a.m. (Brussels time) in the case of EURIBOR on the Interest Determination Date (as defined below) in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations;

- (2) if, in the case of (I) above, no such rate appears or, in the case of (II) above, fewer than two of such offered rates appear at such time or if the offered rate(s) which appear(s), as the case may be, as at such time do not apply to a period of a duration equal to the relevant Interest Period, the Rate of Interest for such Interest Period shall, subject as provided below, be the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the quotations for deposits in the Specified Currency for that Interest Period (expressed as a percentage rate per annum) of which the Agent is advised by, if the Reference Rate is LIBOR, the London offices or, if the Reference Rate is EURIBOR, the principal Euro-zone offices, of four leading banks engaged in the inter-bank market (the “**Reference Banks**”), if the Reference Rate is LIBOR, as at 11:00 a.m. (London time) or, if the Reference Rate is EURIBOR, as at 11:00 a.m. (Brussels time) on the Interest Determination Date plus or minus (as appropriate) the Margin (if any), all as determined by the Agent;
- (3) if on any Interest Determination Date to which this Condition 3(b)(iii)(B) applies, only two or three of the Reference Banks advise the Agent of such offered quotations, the Rate of Interest for such Interest Period shall, subject as provided below, be determined as in Condition 3(b)(iii)(B) on the basis of the rates of those Reference Banks advising such offered quotations;
- (4) if on any Interest Determination Date to which this Condition 3(b)(iii)(B) applies only one or none of the Reference Banks advises the Agent of such quotations, the Rate of Interest for such Interest Period shall, subject as provided below, be whichever is the higher of:
 - I. the Rate of Interest in effect for the last preceding Interest Period to which Condition 3(b)(iii)(B) shall have applied (plus or minus (as appropriate), where a different Margin

is to be applied to the next Interest Period to that which applied to the last preceding Interest Period, the Margin relating to that last preceding Interest Period, plus or minus (as appropriate) the Margin for the next Interest Period); and

- II. the reserve interest rate which shall be the rate per annum which the Agent determines to be either (x) the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the lending rates for the Specified Currency which leading banks selected by the Agent in the principal financial center of the country of the Specified Currency or, in the case of Notes payable in euro, in the Euro-zone, are quoting on the relevant Interest Determination Date for the next Interest Period to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Agent, being so made plus or minus (as appropriate) the Margin (if any), or (y) in the event that the Agent can determine no such arithmetic mean, the lowest lending rate for the Specified Currency which leading banks selected by the Agent in the principal financial center of the country of the Specified Currency or, in the case of Notes payable in euro, in the Euro-zone, are quoting on such Interest Determination Date to leading European banks for the next Interest Period plus or minus (as appropriate) the Margin (if any), provided that if the banks selected as aforesaid by the Agent are not quoting as mentioned above, the Rate of Interest shall be the Rate of Interest specified in (I) above;
- (5) “**Relevant Screen Page**” means such page, whatever its designation, on Reuters, or any successor service (“**Reuters**”) or such other service, as specified in the applicable Final Terms, on which, if the Reference Rate is LIBOR, London inter-bank offered rates or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank offered rates, in each case, for deposits in the Specified Currency of prime banks are for the time being displayed;
- (6) “**Interest Determination Date**” means, unless otherwise specified in the applicable Final Terms, (x) other than in the case of Condition 3(b)(iii)(B)(4), with respect to Notes denominated in any Specified Currency other than Sterling, the second Banking Day in London prior to the commencement of the relevant Interest Period and, in the case of Condition 3(b)(iii)(B)(4), the second Banking Day in the principal financial center of the country of the Specified Currency prior to the commencement of the relevant Interest Period provided that in any such case, with respect to Notes denominated in euro, such day is also a TARGET Day, and (y) with respect to Notes denominated in Sterling, the first Banking Day in London of the relevant Interest Period;
- (7) “**Banking Day**” means, in respect of any place, any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that place or, as the case may be, as indicated in the applicable Final Terms;
- (8) if the Reference Rate from time to time in respect of Floating Rate Notes or Credit Linked Notes is specified as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms; and
- (9) “**Euro-zone**” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and the Treaty of Amsterdam.
- (iv) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a “Minimum Rate of Interest” for any Interest Period, then in no event shall the Rate of Interest for such period calculated in accordance with Condition 3(b)(iii) above be

less than such Minimum Rate of Interest. If the applicable Final Terms specifies a “Maximum Rate of Interest” for any Interest Period, then in no event shall the Rate of Interest for such Interest Period be greater than such Maximum Rate of Interest. If no other Minimum Rate of Interest for any Interest Period is specified in the applicable Final Terms, then the Minimum Rate of Interest in respect of such Interest Period shall be deemed to be zero and in no event shall the Rate of Interest for such period calculated in accordance with Condition 3(b)(iii) above be less than zero.

(v) Determination of Rate of Interest and calculation of Interest Amount

The Agent will, on or as soon as practicable after, if the Reference Rate is LIBOR, 11:00 a.m. (London time) or, if the Reference Rate is EURIBOR, 11:00 a.m. (Brussels time) (or, if appropriate, such other time as is customary in the principal financial center of the country of the Specified Currency) on each Interest Determination Date, determine the Rate of Interest (subject to any Minimum or Maximum Rate of Interest specified in the applicable Final Terms) and calculate the amount of interest (the “**Interest Amount**”) payable on Floating Rate Notes, Equity Linked Interest Notes, Index Linked Interest Notes and Fund Linked Interest Notes with respect to each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:

- (1) if “**Actual/365**”, “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (2) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (3) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (4) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (5) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vi) Notification of Rate of Interest and Interest Amount

The Agent will promptly notify the Company and any stock exchange and/or market on or by which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes or Credit Linked Notes are for the time being listed and/or admitted to trading, of the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date, and will cause the same to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without publication as aforesaid in the event of an extension or shortening of the Interest Period in accordance with the provisions hereof. Each stock exchange and/or market on or by which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes or Credit Linked Notes are for the time being listed and/or admitted to trading shall be promptly notified of any such amendment. For the purposes of this sub-paragraph (vi), the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

(vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b), by the Agent, shall (in the absence of manifest error) be binding on the Company, the Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(viii) Limitations on Interest

In addition to any Maximum Rate of Interest which may be applicable to any Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Fund Linked Interest Note or Credit Linked Note pursuant to Condition 3(b)(iv) above, the interest rate on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes or Credit Linked Notes shall in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest is 25 per cent. per annum on a simple interest basis. This limit may not apply to the Notes in which U.S.\$2,500,000 (or its equivalent in other currencies calculated as described herein) or more has been invested. While the Company believes that New York law would be given effect by a state or federal court sitting outside of New York, state laws frequently regulate the amount of interest that may be charged to and paid by a borrower (including, in some cases, corporate borrowers).

(c) Interest on Dual Currency Notes

In the case of Dual Currency Notes, if the Rate of Interest or amount of interest is to be determined by reference to an index and/or a formula or, as the case may be, an exchange rate, such rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) Zero Coupon Notes

When a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortized Face Amount of such Note as determined in accordance with Condition 4(f)(iii). As from the Maturity Date, any overdue principal of such Note shall

bear interest at a rate per annum equal to the Accrual Yield set forth in the applicable Final Terms. Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed or on such other calculation basis as may be specified in the applicable Final Terms.

(e) Credit Linked Notes

The provisions relating to the terms of any Notes that have the payment of principal, interest or both, linked to the credit of a particular reference entity or basket of reference entities (each, a “**Credit Linked Note**”) will be set out in the applicable Final Terms. Such provisions may include a description of the formula for determining how payments of principal, interest or both on any series of Credit Linked Notes will be calculated and any additional information necessary to provide for determining the amount and timing of any such payments, including, without limitation, such additional definitions and provisions as will be applicable to the particular series of Credit Linked Notes. The Final Terms relating to any series of Credit Linked Notes may include any required description of the particular reference entity or basket of reference entities as to which such series is linked, including any required disclosure of historical information. If any source of information for determining how payments of principal, interest or both on any Credit Linked Notes is not available, then the Calculation Agent shall make such calculations, as may be required from time to time, to determine any amounts to be made in respect of principal, interest or both relating to any series of Credit Linked Notes.

(f) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up principal amount of such Notes and otherwise as specified in the applicable Final Terms.

(g) Accrual of Interest

Each Note (or in the case of the redemption of only part of a Note, only that part of such Note) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due with respect to such Note up to that day are received by or on behalf of the holder of such Note; and (ii) the day on which the Agent has notified the holder thereof (either in accordance with Condition 16 or individually) of receipt of all sums due in respect thereof up to that date.

4. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, this Note will be redeemed by the Company at its Final Redemption Amount or, in the case of Physical Delivery Notes, by delivery of the Entitlement (as provided in the Physical Delivery Note Conditions) on the Maturity Date specified in, or determined in the manner specified in, the applicable Final Terms (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month specified in the applicable Final Terms (in the case of a Floating Rate Note) and, in each case, in the relevant Specified Currency.

(b) Redemption for Tax Reasons

The Company may redeem the Notes of this Series, in whole but not in part, at any time at their Early Redemption Amount, together, if appropriate, with accrued interest to (but excluding) the date fixed for redemption, if the Company or the Guarantor shall determine, based upon a written opinion of independent counsel selected by the Company or the Guarantor, as the case may be, that as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the United States of America or Luxembourg or of any political subdivision or taxing authority of or in the United States of America or Luxembourg affecting taxation, or any change in application or official interpretation of such laws, regulations or rulings, which amendment or change is effective on or after the latest Issue Date of the Notes of this Series, (i) the Company would be required to pay additional amounts, as provided in Condition 8, on the occasion of the next payment due with respect to the Notes of this Series; or (ii) on the occasion of the next payment due in respect of the Notes of this Series, the Guarantor would be unable to procure the Company to make payment and, in making such payment itself under the Guarantee, the Guarantor would, as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the United States of America or any political subdivision or taxing authority thereof or therein affecting taxation, or any change in application or official interpretation of such laws, regulations or rulings, which amendment or change is effective on or after the latest Issue Date of the Notes of this Series, be required to pay additional amounts as provided in Condition 8.

The Notes of this Series are also subject to redemption in whole, but not in part in the other circumstances described in Condition 8.

Notice of intention to redeem Notes will be given at least once in accordance with Condition 16 not less than 30 days nor more than 60 days prior to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such additional amounts remains in effect and cannot be avoided by the Company's taking reasonable measures available to it. From and after any redemption date, if monies for the redemption of Notes shall have been made available for redemption on such redemption date, such Notes shall cease to bear interest, if applicable, and the only right of the holders of such Notes and any Receipts or Coupons appertaining thereto shall be to receive payment of the Early Redemption Amount and, if appropriate, all unpaid interest accrued to such redemption date.

(c) Final Terms

The Final Terms applicable to the Notes of this Series indicates either:

- (i) that the Notes of this Series cannot be redeemed prior to their Maturity Date or, as the case may be, the Interest Payment Date falling in the relevant Redemption Month (in each case except as otherwise provided in paragraph (b) above, in Condition 12, in the Index Linked Conditions (in the case of Index Linked Interest Notes and Index Linked Redemption Notes), in the Equity Linked Conditions (in the case of Equity Linked Interest Notes and Equity Linked Redemption Notes) or in the Fund Linked Conditions (in the case of Fund Linked Interest Notes and Fund Linked Redemption Notes); or
- (ii) that such Notes will be redeemable at the option of the Company and/or the holders of the Notes prior to such Maturity Date or, as the case may be, the Interest Payment Date falling in the relevant Redemption Month in accordance with the provisions of Condition 4(d) and/or (e) below on the date or dates and at the amount or amounts indicated in the applicable Final Terms.

(d) Redemption at the Option of the Company

If so specified in the applicable Final Terms, the Company may (unless otherwise specified in the applicable Final Terms), having given not more than 60 nor less than 30 days notice (or such lesser notice period (if any) as is specified in the applicable Final Terms) to the Agent and, in accordance with Condition 16, the holders of the Notes of this Series (which notice shall be irrevocable), repay all or only some of the Notes of this Series then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) indicated in the applicable Final Terms together, if appropriate, with accrued interest. In the event of a redemption of only some of such Notes of this Series, such redemption must be for an amount being at least the Minimum Redemption Amount or at most the Maximum Redemption Amount, in each case as indicated in the applicable Final Terms. In the case of a partial redemption of definitive Notes of this Series, the Notes of this Series to be repaid will be selected individually by lot not more than 60 days prior to the date fixed for redemption and a list of the Notes of this Series called for redemption will be published in accordance with Condition 16 not less than 30 days prior to such date. In the case of a partial redemption of Notes which are represented by a global Note, the relevant Notes will be redeemed in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), subject to applicable laws and requirements of any stock exchange and/or market on or by which the relevant Notes are listed and/or admitted to trading.

(e) Redemption at the Option of the Noteholders

If and to the extent specified in the applicable Final Terms, upon the holder of any Note of this Series giving to the Company in accordance with Condition 16 not more than 60 nor less than 30 days notice (or such lesser notice period (if any) as is specified in the applicable Final Terms) (which notice shall be irrevocable) the Company shall, upon the expiration of such notice, redeem in whole (but not in part) such Note subject to, and in accordance with, the terms specified in the applicable Final Terms on the Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Final Terms together, if appropriate, with accrued interest to the Optional Redemption Date.

(f) Early Redemption Amounts

For the purposes of Condition 4(b), Condition 8, the Equity Linked Conditions, the Index Linked Conditions and the Fund Linked Conditions and for calculating the amount payable upon acceleration of the Notes pursuant to Condition 12, Notes will be redeemed at an amount (the “**Early Redemption Amount**”) calculated as follows:

- (i) in the case of Notes (other than Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Index Linked Redemption Notes, Equity Linked Redemption Notes, Fund Linked Redemption Notes or Credit Linked Notes) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes, but including Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Index Linked Redemption Notes, Equity Linked Redemption Notes, Fund Linked Redemption Notes or Credit Linked Notes) with a Final Redemption Amount which is or may be greater or less than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable Final Terms or if no such amount or manner is set out in the Final Terms, at their principal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the “**Amortized Face Amount**”) equal to:

- (A) the sum of (x) the Reference Price specified in the applicable Final Terms and (y) the product of the Accrual Yield specified in the applicable Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or
- (B) if the amount payable with respect to any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 4(b) above or upon its becoming due and repayable as provided in Condition 12 is not paid or available for payment when due, the amount due and repayable with respect to such Zero Coupon Note shall be the Amortized Face Amount of such Zero Coupon Note calculated as provided above as though the references in sub-paragraph (A) to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the “**Reference Date**”) which is the earlier of:
 - (1) the date on which all amounts due with respect to the Note have been paid; and
 - (2) the date on which the full amount of the monies repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 16.

The calculation of the Amortized Face Amount in accordance with this sub-paragraph (B) will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Note together with interest at a rate per annum equal to the Accrual Yield.

Where any such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(g) Installments

Any Note which is repayable in installments will be redeemed in the Installment Amounts and on the Installment Dates specified in the applicable Final Terms.

(h) Partly Paid Notes

If the Notes of this Series are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 4 as amended or varied by the applicable Final Terms.

(i) Credit Linked Notes

Provisions relating to the terms of any Credit Linked Notes, including the redemption thereof, will be set out in the applicable Final Terms.

(j) Purchases

The Company, the Guarantor or any of their affiliates may at any time purchase Notes of this Series (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in the open market or otherwise at any price. Such Notes may be held, reissued, resold or, at the option of the Company, surrendered, together with all unmatured Receipts, Coupons or Talons attached thereto or purchased therewith, to the Agent for cancellation.

(k) Cancellation

All Notes which are redeemed in full will forthwith be cancelled, together with all unmatured Receipts, Coupons or Talons attached thereto or surrendered therewith at the time of redemption. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 4(l), together with all unmatured Receipts, Coupons or Talons cancelled therewith, shall be forwarded to the Agent and cannot be reissued or resold. Except as provided in the applicable Final Terms, no Notes shall be authenticated in lieu of or in exchange for any Notes cancelled in accordance with the provisions of Condition 4.

(l) Other Redemption and Purchase Provisions

Notwithstanding the foregoing:

- (i) the relevant provisions relating to the redemption and purchase of Notes, the terms of which permit the Company to pay and/or discharge its obligations with respect to such Notes by the payment or delivery of securities and/or other property or any combination of cash, securities and/or other property and that amend and/or supplement those set out in the Physical Delivery Note Conditions shall be set forth in the applicable Final Terms; and
- (ii) additional redemption events which shall enable the Company to redeem the Notes of any Series shall be set forth in the applicable Final Terms.

5. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro or U.S. Dollars will be made by transfer to an account in the Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a check in the Specified Currency drawn on, a bank in the principal financial center of the country of such Specified Currency;
- (ii) payments in euro will be made by credit or transfer to a euro account specified by the payee or, at the option of the payee, by a euro check; and
- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 5, means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by check drawn on a United States bank.

In no event will payment be made by a check mailed to an address in the United States. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8. References to "Specified Currency" include any successor currency under applicable law.

(b) Presentation of Notes, Receipts, Coupons and Talons

Payments of principal with respect to definitive Notes will (subject as provided below) be made in the Specified Currency and/or other consideration (which may include securities and/or other property or any combination of cash, securities and/or other property) against surrender of definitive Notes and payments of interest with respect to the definitive Notes will (subject as provided below) be made in the Specified

Currency and/or other consideration (which may include securities and/or other property or any combination of cash, securities and/or other property) against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

In the case of definitive Notes, payments of principal with respect to installments (if any), other than the final installment, will (subject as provided below) be made against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant installment together with the relevant definitive Note against which the amount will be payable with respect to that installment. If any definitive Note is redeemed or becomes repayable prior to the stated Maturity Date (in the case of a Note other than a Floating Rate Note) or prior to the Interest Payment Date falling in the Redemption Month (in the case of a Floating Rate Note) in respect thereof, principal will be payable on surrender of such definitive Note together with all unmatured Receipts appertaining thereto. Receipts presented without the definitive Note to which they appertain and unmatured Receipts do not constitute valid obligations of the Company.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Redemption Notes, Equity Linked Redemption Notes, Fund Linked Redemption Notes or Credit Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the aggregate amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiration of five years after the Relevant Date (as defined in Condition 14) with respect to such principal (whether or not such Coupon would otherwise have become void under Condition 14). Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Interest Note, Equity Linked Interest Note, Fund Linked Interest Note or Credit Linked Note in definitive form becomes due and repayable, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

If the due date for redemption of any Note in definitive form is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued with respect to such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) with respect to Notes of a Series represented by any global Note will (subject as provided below) be made in the manner specified above and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of the Agent. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by the Agent and such record shall be prima facie evidence that the payment in question has been made.

The holder of the relevant global Note shall be the only person entitled to receive payments with respect to Notes represented by such global Note and the Company will be discharged by payment to, or to the order of, the holder of such global Note with respect to each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes must look solely to Euroclear and/or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Company to, or to the order of, the holder of the relevant global Note. No person other than the holder of the relevant global Note shall have any claim against the Company with respect to payments due on that global Note.

Notwithstanding the foregoing, payments with respect to the Notes denominated in U.S. Dollars will only be made at the specified office of a Paying Agent in the United States if:

- (i) the Company has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount owing with respect to the Notes in the manner provided above when due;
- (ii) payment of the full amount owing with respect to the Notes at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Company, adverse tax consequences to the Company.

(c) Payment Business Day

If the date for payment of any amount with respect to any Note, Receipt or Coupon is not a Payment Business Day, the holder thereof shall not be entitled to payment (i) until the next following Payment Business Day in the relevant place and shall not be entitled to further interest or other payment with respect to such delay; or (ii) until the next following Payment Business Day unless it would thereby fall into the next calendar month, in which event such date for payment shall be brought forward to the immediately preceding Payment Business Day and shall not be entitled to further interest or other payment with respect to such early or delayed payment. For these purposes, unless otherwise specified in the applicable Final Terms, “**Payment Business Day**” means any day which is a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and a Business Day (as defined in Condition 3) and any Additional Financial Centre specified in the applicable Final Terms.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal with respect to the Notes of this Series shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under Condition 8 with respect to principal;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) in relation to Notes redeemable in installments, the Installment Amounts;
- (v) any premium and any other amounts (including any other consideration, which may include cash, securities and/or other property or any combination of cash, securities and/or other property) which may be payable or deliverable under or with respect to the Notes;
- (vi) in relation to Zero Coupon Notes, the Amortized Face Amount; and
- (vii) the Optional Redemption Amount(s) (if any) of the Notes.

Any reference in these Terms and Conditions to interest with respect to the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under Condition 8.

(e) Other Payment Provisions

Notwithstanding the foregoing, the relevant provisions relating to the payment of Notes the terms of which permit the Company to pay and/or discharge its obligations with respect to such Notes by the payment or delivery of securities and/or other property or any combination of cash, securities and/or other property and that amend and/or supplement those set out in the Physical Delivery Note Conditions shall be set forth in the applicable Final Terms.

6. Agent and Paying Agents

The names and specified offices of the initial Agent and the other initial Paying Agents are set out below. In acting under the Agency Agreement, the Agent and the Paying Agents will act solely as agents of the Company and do not assume any obligations or relationships of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the Company to the Noteholders, Receiptholders and Couponholders to repay Notes and pay interest thereon) funds received by the Agent for the payment of the principal of or interest on the Notes shall be held by it for the Noteholders and/or Receiptholders and/or Couponholders until the expiration of the relevant period of prescription under Condition 14. The Company agrees to perform and observe the obligations imposed upon it under the Agency Agreement and to cause the Agent and the Paying Agents to perform and observe the obligations imposed upon them under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Company without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

The Company is entitled to vary or terminate the appointment of any paying agent appointed under the terms of the Agency Agreement and/or appoint additional or other paying agents and/or approve any change in the specified office through which any paying agent acts, provided that:

- (i) so long as the Notes of this Series are listed and/or admitted to trading on or by any stock exchange and/or market, there will at all times be a Paying Agent with a specified office in each location required by the rules and regulations of the relevant stock exchange and/or market;
- (ii) there will at all times be a Paying Agent with a specified office in a city in a member state of the European Union;
- (iii) there will at all times be an Agent; and
- (iv) the Company will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with or introduced in order to conform to such Directive.

In addition, the Company shall forthwith appoint a Paying Agent having a specified office in The City of New York in the circumstances described in the final paragraph of Condition 5(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days prior notice thereof shall have been given to the Agent and the Noteholders in accordance with Condition 16 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Fixed Interest Date or Interest Payment Date, as the case may be.

Notwithstanding the foregoing, the Agent, on behalf of itself and the other Paying Agents, shall have the right to decline to act as the Paying Agent with respect to any Notes issued pursuant to the Program that are payable and/or dischargeable by the Company by the payment or delivery of securities and/or other

property or any combination of cash, securities and/or property whereupon the Company shall either (i) act as Paying Agent or (ii) engage another financial institution to act as Paying Agent in respect of such Notes. The Final Terms relating to such Notes shall include the relevant details regarding the applicable Paying Agent.

7. Exchange of Talons

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due with respect to the Note to which it appertains) a further Talon, subject to the provisions of Condition 14. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon of the relative Coupon sheet matures.

8. Payment of Additional Amounts

The Company or the Guarantor, as the case may be, will, subject to certain limitations and exceptions (set forth below), pay to a Noteholder, Receiptholder or Couponholder who is a United States Alien or a Luxembourg Non-resident (each as defined below) such additional amounts as may be necessary so that every net payment of principal or interest or other amount with respect to the Notes, Receipts, Coupons or the Guarantee after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon such Noteholder, Receiptholder or Couponholder or by reason of the making of such payment, by the United States or Luxembourg or any political subdivision or taxing authority of or in the United States or Luxembourg, and will not be less than the amount provided for in the Notes, Receipts, Coupons or the Guarantee to be then due and payable, as the case may be. Neither the Company nor the Guarantor shall be required to make any payment of additional amounts for or on account of:

(a) any tax, assessment or other governmental charge which would not have been imposed but for (i) the existence of any present or former connection between such Noteholder, Receiptholder or Couponholder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Noteholder, Receiptholder or Couponholder, if such Noteholder, Receiptholder or Couponholder is an estate, trust, partnership or corporation) and the United States or Luxembourg, including, without limitation, such Noteholder, Receiptholder or Couponholder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident of the United States or Luxembourg or being or having been present or engaged in a trade or business in the United States or Luxembourg or having or having had a permanent establishment in the United States or Luxembourg, or (ii) the presentation of a Note, Receipt or Coupon for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, assessment or other governmental charge imposed by reason of such Noteholder's, Receiptholder's or Couponholder's past or present status as a controlled foreign corporation with respect to the United States or as a corporation which accumulates earnings to avoid United States federal income tax;

(d) any tax, assessment or other governmental charge which is payable otherwise than by withholding from payments of principal or interest with respect to the Notes, Receipts or Coupons;

(e) any tax, assessment or other governmental charge imposed as a result of such Noteholder's, Receiptholder's or Couponholder's past or present status as the actual or constructive owner of 10 per cent. or more of the total combined voting power of all classes of stock of the Company entitled to vote;

(f) any tax, assessment or other governmental charge imposed as a result of such Noteholder, Receiptholder or Couponholder being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(g) any tax, assessment or other governmental charge required to be withheld by any Paying Agent from any payment of principal or interest with respect to any Note, Receipt or Coupon, if such payment can be made without such withholding by any other Paying Agent with respect to the Notes in a member state of the European Union;

(h) any tax, assessment or other governmental charge required to be withheld or deducted where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive (including, for the avoidance of doubt, the agreements concluded by each member of the European Union with several dependant or associated territories of the European Union, aiming to apply measures similar to the ones deriving from the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such agreements);

(i) any tax, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence, identity or connection with the United States or Luxembourg of the Noteholder, Receiptholder or Couponholder or of the beneficial owner of such Note, Receipt or Coupon, if such compliance is required by statute or by Regulation of the United States Treasury Department or of the relevant Luxembourg authority as a precondition to relief or exemption from such tax, assessment or other governmental charge; or

(j) any combination of items (a), (b), (c), (d), (e), (f), (g), (h) and (i);

nor shall additional amounts be paid to any United States Alien or Luxembourg Non resident which is a fiduciary or partnership or other than the sole beneficial owner of the Note, Receipt or Coupon to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner of the Note, Receipt or Coupon would not have been entitled to payment of the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Note, Receipt or Coupon.

The term "**United States Alien**" means any person that is not (i) a citizen or resident for U.S. tax purposes of the United States who is a natural person, (ii) a corporation or partnership that is created or organized in or under the laws of the United States or any state thereof (including the District of Columbia) (other than a partnership that is not treated as a United States Person, the term "**United States Person**" being used herein with the meaning given to such term in the Code and applicable Treasury regulations), (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States Persons have authority to control all substantial decisions of the trust (and any other trust that is treated as a United States Person under applicable Treasury regulations). The term "**Luxembourg Non-resident**" means any individual, corporation, partnership or any other entity that for Luxembourg tax purposes is a non-resident individual, non-resident corporation, non-resident partnership or any other non-resident entity.

If the Company or the Guarantor shall determine, based upon a written opinion of independent counsel selected by the Company or the Guarantor, that any payment made outside the United States by the Company, the Guarantor or any of the Paying Agents of the full amount of the next scheduled payment in

respect of any Note, Receipt or Coupon of this Series would, under any present or future laws or regulations of the United States affecting taxation or otherwise, be subject to any certification, information or other reporting requirements of any kind, the effect of which requirements is the disclosure to the Company, the Guarantor, any of the Paying Agents or any governmental authority of the nationality, residence or identity (as distinguished from status as a United States Alien) of a beneficial owner of such Note, Receipt or Coupon who is a United States Alien (other than such requirements which (i) would not be applicable to a payment made by the Company or the Guarantor to a custodian, nominee or other agent of the beneficial owner, or which can be satisfied by such a custodian, nominee or other agent certifying to the effect that such beneficial owner is a United States Alien, provided, however, in each case that payment by such custodian, nominee or agent to such beneficial owner is not otherwise subject to any requirements referred to in this sentence, (ii) are applicable only to payment by a custodian, nominee or other agent of the beneficial owner to or on behalf of such beneficial owner, or (iii) would not be applicable to a payment made by any other Paying Agent), the Company (at the election of the Guarantor) shall redeem the Notes of this Series as a whole but not in part at a redemption price equal to the Early Redemption Amount together, if appropriate, with accrued interest to, but excluding, the date fixed for redemption, such redemption to take place on such date not later than one year after the publication of notice of such determination. If the Company or the Guarantor becomes aware of an event that might give rise to such certification, information or other reporting requirements, the Company or the Guarantor shall, as soon as practicable, solicit advice of independent counsel selected by the Company or the Guarantor to establish whether such certification, information or other reporting requirements will apply and, if such requirements will, in the written opinion of such counsel, apply, the Company or the Guarantor shall give prompt notice of such determination (a “**Tax Notice**”) in accordance with Condition 16 stating in such notice the effective date of such certification, information or other reporting requirements and, if applicable, the date by which the redemption shall take place. Notwithstanding the foregoing, the Company shall not redeem Notes if the Company or the Guarantor, based upon the written opinion of independent counsel selected by the Company or the Guarantor, shall subsequently determine not less than 30 days prior to the date fixed for redemption that subsequent payments would not be subject to any such requirements, in which case the Company or the Guarantor shall give prompt notice of such determination in accordance with Condition 16 and any earlier redemption notice shall thereby be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification, information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Company or the Guarantor may elect prior to publication of the Tax Notice to have the provisions described in this paragraph apply in lieu of the provisions described in the preceding paragraph, in which case the Tax Notice shall state the effective date of such certification, information or reporting requirements and that the Company, failing which the Guarantor, has elected to pay additional amounts rather than redeem the Notes. In such event, the Company, failing which the Guarantor, will pay as additional amounts such amounts as may be necessary so that every net payment made following the effective date of such certification, information or reporting requirements outside the United States by the Company or any of the Paying Agents of principal or interest due with respect to a Note, Receipt or Coupon to a holder who certifies to the effect that the beneficial owner of such Note, Receipt or Coupon is a United States Alien (provided that such certification shall not have the effect of communicating to the Company or any of the Paying Agents or any governmental authority the nationality, residence or identity of such beneficial owner) after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge which (i) is imposed as a result of certification, information or other reporting requirements referred to in the second parenthetical clause of the first sentence of the preceding paragraph, or (ii) is imposed as a result of the fact that the Company, the Guarantor, or any of the Paying Agents has actual knowledge that the holder or beneficial owner of such Note, Receipt or Coupon is not a United States Alien but is within the category of persons, corporations or other entities described in clause (a)(i) of the third preceding paragraph, or (iii) is imposed as a result of presentation of such Note, Receipt or Coupon for payment more than 15 days after the date on which such

payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later), will not be less than the amount provided for in such Note, such Receipt or such Coupon to be then due and payable. In the event the Company or the Guarantor elect, to pay such additional amounts, the Company will have the right, at its sole option, at any time, to redeem the Notes of this Series, as a whole but not in part at a redemption price equal to their Early Redemption Amount, together, if appropriate, with accrued interest to the date fixed for redemption including any additional amounts required to be paid under this paragraph. If the Guarantor or the Company has made the determination described in the preceding paragraph with respect to certification, information or other reporting requirements applicable to interest only and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph with respect to such requirements applicable to principal, the Company will redeem the Notes of this Series in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Guarantor or the Company elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances the Notes are to be redeemed, the Company and the Guarantor will be obligated to pay additional amounts with respect to interest, if any, accrued to the date of redemption. If the Guarantor or the Company has made the determination described in the preceding paragraph and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph that the level of withholding applicable to principal or interest has been increased, the Company will redeem the Notes of this Series in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Guarantor or the Company elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances the Notes are to be redeemed, the Company and the Guarantor will be obligated to pay additional amounts with respect to the original level of withholding on principal and interest, if any, accrued to the date of redemption.

9. Negative Pledge and Covenants of the Guarantor

The Guarantor will not, and it will not permit any Subsidiary at any time directly or indirectly to, create, assume, or incur any indebtedness for borrowed money secured by a pledge of, lien on or security interest in (any pledge, lien or security interest being hereinafter in this paragraph referred to as a “**lien**”) the Voting Stock of any Significant Subsidiary without making effective provision whereby the Notes and coupons appertaining thereto, if any (and, if the Guarantor so elects, any other indebtedness ranking on a parity with the Guarantee), shall be secured equally and rateably with such secured indebtedness so long as such other indebtedness shall be so secured; provided, however, that the foregoing covenant shall not be applicable to liens for taxes or assessments or governmental charges or levies not then due and delinquent or the validity of which is being contested in good faith or which are less than U.S.\$5,000,000 in amount, liens created by or resulting from any litigation or legal proceeding which is currently being contested in good faith by appropriate proceedings or which involve claims of less than U.S.\$5,000,000, or deposits to secure (or in lieu of) surety, stay, appeal or customs bonds; provided, further, that the foregoing shall not be applicable to indebtedness for borrowed money secured by a lien on any shares of the Voting Stock of any Person existing at the time such Person becomes a Significant Subsidiary, including extensions, renewals and replacements of such indebtedness without increase in the amount thereof.

As used herein:

“**Consolidated Net Worth**” means consolidated assets minus consolidated liabilities as calculated in accordance with generally accepted accounting principles.

“**Person**” means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“**Significant Subsidiary**” means any Subsidiary the Consolidated Net Worth of which constituted at least 15 per cent. of the Consolidated Net Worth of the Guarantor as of the end of the most recently completed fiscal year.

“**Subsidiary**” means any corporation of which at the time of determination the Guarantor and/or one or more subsidiaries owns or controls directly or indirectly more than 50 per cent. of the shares of Voting Stock.

“**Voting Stock**” means stock of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person provided that, for purposes hereof, stock which carries only the right to vote conditionally on the happening of an event shall not be considered voting stock whether or not such event shall have happened.

10. Consolidation or Merger

The Company or the Guarantor may consolidate with, or sell or convey all or substantially all of its assets to, or merge with or into any other corporation provided that in any such case, (i) (a) in the case of the Company, either the Company shall be the continuing corporation, or the successor corporation shall expressly assume the due and punctual payment of all amounts (including additional amounts as provided in Condition 8) payable with respect to the Notes, Receipts and Coupons, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Note to be performed by the Company by an amendment to the Agency Agreement executed by such successor corporation, the Guarantor and the Agent, and (b) in the case of the Guarantor, the Guarantor shall be the continuing corporation, or the successor corporation shall be a corporation organized and existing under the laws of the United States of America or a state thereof and such successor corporation shall expressly assume the due and punctual payment of all amounts (including additional amounts as provided in Condition 8) payable with respect to the Guarantee by the execution of a new guarantee of like tenor and (ii) immediately after giving effect to such transaction, no event of default under Condition 12, and no event which, with notice or lapse of time or both, would become such an event of default shall have happened and be continuing. In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Company or the Guarantor, as the case may be, with the same effect as if it had been named herein as the Company or the Guarantor, as the case may be, and the Company or the Guarantor, as the case may be, except in the event of a conveyance by way of lease, shall be relieved of any further obligation under this Note, the Agency Agreement and the Guarantee, as applicable.

11. Meetings, Modifications and Waivers

The Agency Agreement contains provisions which, unless otherwise provided in the applicable Final Terms, are binding on the Company, the Guarantor, the Noteholders, the Receiptholders and the Couponholders, for convening meetings of holders of Notes, Receipts and Coupons to consider matters affecting their interests, including the modification or waiver of the Terms and Conditions applicable to the Notes.

The Agency Agreement, the Notes, any Receipts and Coupons and the Guarantee attached to the Notes may be amended by the Company and the Guarantor (and, in the case of the Agency Agreement, the Agent) (i) for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, or to evidence the succession of another corporation to the Company or the Guarantor as provided in Condition 10, (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Company and the Guarantor (and, in the case of the Agency Agreement, the Agent) may deem necessary or desirable

and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons, to all of which each holder of Notes, Receipts and Coupons shall, by acceptance thereof, consent. In addition, with the written consent of the holders of not less than a majority in aggregate principal amount of the Notes then outstanding affected thereby, or by a resolution adopted by a majority in aggregate principal amount of such outstanding Notes affected thereby present or represented at a meeting of such holders at which a quorum is present, as provided in the Agency Agreement (provided that such resolution shall be approved by the holders of not less than 25 per cent. of the aggregate principal amount of Notes then outstanding), the Company and the Guarantor and the Agent may from time to time and at any time enter into agreements modifying or amending the Agency Agreement or the terms and conditions of the Notes, Guarantee, Receipts and Coupons for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of the Agency Agreement or of modifying in any manner the rights of the holders of Notes, Receipts and Coupons; provided, however, that no such agreement shall, without the consent or the affirmative vote of the holder of each Note affected thereby, (i) change the stated Maturity Date or Redemption Month with respect to any Note or reduce or cancel the amount payable at maturity thereof or the Entitlement in respect thereof; (ii) reduce the amount payable or modify the payment date for any interest with respect to any Note or vary the method of calculating the rate of interest with respect to any Note; (iii) reduce any Minimum Interest Rate and/or Maximum Interest Rate with respect to any Note; (iv) modify the currency in which payments under any Note and/or the Coupons appertaining thereto are to be made; (v) change the obligation of the Company to pay additional amounts as provided in Condition 8; (vi) reduce the percentage in principal amount of outstanding Notes the consent of the holders of which is necessary to modify or amend the Agency Agreement or the terms and conditions of the Notes or to waive any future compliance or past default; (vii) waive or modify the obligation of the Guarantor to make payment under the Guarantee; or (viii) reduce the percentage in principal amount of outstanding Notes the consent of the holders of which is required at any meeting of holders of Notes at which a resolution is adopted. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in aggregate principal amount of the Notes at the time outstanding affected thereby and at any adjourned meeting will be one or more persons holding or representing 25 per cent. in aggregate principal amount of such Notes at the time outstanding affected thereby. Any instrument given by or on behalf of any holder of a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Note. Any modifications, amendments or waivers to the Agency Agreement or to the terms and conditions of the Notes, Receipts and Coupons will be conclusive and binding on all holders of Notes, Guarantee, Receipts and Coupons, whether or not they have given such consent or were present at any meeting, and whether or not notation of such modifications, amendments or waivers is made upon the Notes, Guarantee, Receipts and Coupons. It shall not be necessary for the consent of the holders of Notes under this Condition 11 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.

Notes authenticated and delivered after the execution of any amendment to the Agency Agreement, Notes, Receipts or Coupons or the Guarantee may bear a notation in form approved by the Agent as to any matter provided for in such amendment.

New Notes so modified as to conform, in the opinion of the Agent and the Company, to any modification contained in any such amendment may be prepared by the Company, authenticated by the Agent and delivered in exchange for the Notes then outstanding.

For the purposes of this Condition 11 and Condition 12 below, the term “**outstanding**” means, in relation to the Notes, all Notes issued under the Agency Agreement other than (i) those which have been redeemed in full in accordance with the Agency Agreement or these Terms and Conditions, (ii) those with respect to which the date for redemption in accordance with these Terms and Conditions has occurred and the redemption monies therefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under these Terms and Conditions after such date) have been

duly paid to the Agent as provided in the Agency Agreement (and, where appropriate, notice has been given to the Noteholders in accordance with Condition 16) and remain available for payment against presentation of the Notes, (iii) those which have become void under Condition 14, (iv) those which have been purchased and cancelled as provided in Condition 4, (v) those mutilated or defaced notes which have been surrendered in exchange for replacement Notes pursuant to Condition 13, (vi) (for the purposes only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and with respect to which replacement Notes have been issued pursuant to Condition 13 and (vii) temporary global Notes to the extent that they shall have been duly exchanged for permanent global Notes and permanent global Notes to the extent that they shall have been duly exchanged for definitive Notes, in each case pursuant to their respective provisions.

12. Default and Acceleration

- (a) In the event that:
- (i) default shall be made in the payment when due of any amount of interest on any of the Notes continued for a period of 30 days after the date when due; or
 - (ii) default shall be made in the payment when due of the principal of any Note or in the delivery when due of the Entitlement in respect of any Note (in each case whether at maturity or upon redemption or otherwise); or
 - (iii) the Company or the Guarantor shall fail to perform or observe any other term, covenant or agreement contained in the Terms and Conditions applicable to any of the Notes or in the Agency Agreement or the Guarantee for a period of 60 days after the date on which written notice of such failure, requiring the Company or the Guarantor to remedy the same, first shall have been given to the Agent by the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes; or
 - (iv) a court having jurisdiction in the premises shall have entered a decree or order granting relief with respect to the Company or the Guarantor in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, trustee, assignee, custodian or sequestrator (or similar official) of the Company or the Guarantor or of all or substantially all of its property or for the winding up or liquidation of its affairs, and such decree or order shall have remained in force and unstayed for a period of 60 days; or
 - (v) the Company or the Guarantor shall institute proceedings for relief under any applicable bankruptcy, insolvency or any other similar law now or hereafter in effect, or shall consent to the institution of any such proceedings against it, or shall consent to the appointment of a receiver, liquidator, trustee, assignee, custodian or sequestrator (or similar official) of it or of all or substantially all of its property, or shall make an assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing;

then the holders of 25 per cent. in aggregate principal amount of the outstanding Notes may, at their option, declare the Notes to be due and payable immediately at the Early Redemption Amount, together with the interest, if any, accrued thereon by written notice to the Company and the Guarantor and the Agent at its main office in London, and unless all such defaults shall have been cured by the Company or the Guarantor prior to receipt of such written notice, this Note shall become and be immediately due and payable at the Early Redemption Amount, together with the interest, if any, accrued hereon.

At any time after such a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due with respect to any Note has been obtained by any Noteholder, such declaration and its consequences may be rescinded and annulled upon the written consent of holders of a majority in aggregate principal amount of the Notes then outstanding, or by resolution adopted by a majority in aggregate principal amount of the Notes outstanding present or represented at a meeting of holders of the Notes at which a quorum is present, as provided in the Agency Agreement, if:

- (1) (x) the Company has paid or deposited with the Agent a sum sufficient to pay
 - (A) all overdue amounts of interest on the Notes,
 - (B) the principal of Notes which has become due otherwise than by such declaration of acceleration; or
- (y) in the case of Notes to be redeemed by physical delivery, the Company has delivered the relevant assets to any agent appointed by the Company to deliver such assets to the Noteholders; and
- (2) all events of default with respect to the Notes, other than the non-payment of the principal of the Notes which has become due solely by such declaration of acceleration, have been cured or waived as provided in paragraph (b) below.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

(b) Any default by the Company or the Guarantor, other than the events described in paragraph (a)(i) or (a)(ii) above or with respect to a covenant or provision which cannot be modified and amended without the written consent of the holders of all outstanding Notes, may be waived by the written consent of holders of a majority in aggregate principal amount of the Notes then outstanding affected thereby, or by resolution adopted by a majority in aggregate principal amount of such Notes then outstanding present or represented at a meeting of holders of the Notes affected thereby at which a quorum is present, as provided in the Agency Agreement.

13. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be mutilated, defaced or destroyed or be lost or stolen, it may be replaced at the specified office of the Agent in London (or such other place as may be notified to the Noteholders), in accordance with all applicable laws and regulations, upon payment by the claimant of the expenses incurred by the Company and the Agent in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Company and the Agent may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. Prescription

To the extent permitted by applicable law, the Notes, Receipts and Coupons will become void unless presented for payment within a period of five years from the Relevant Date (as defined below) relating thereto. Any monies paid by the Company to the Agent for the payment of principal or interest with respect to the Notes and remaining unclaimed when the Notes, Receipts or Coupons become void shall forthwith be repaid to the Company and all liability with respect thereto shall thereupon cease.

As used herein, the “**Relevant Date**” means:

- (A) the date on which such payment first becomes due; or

(B) if the full amount of the monies payable has not been received by the Agent on or prior to such due date, the date on which, the full amount of such monies having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 16.

15. Guarantee

Under the Guarantee, the Guarantor has unconditionally and irrevocably guaranteed to each holder of the Notes (i) the due and punctual payment of any and all consideration payable by the Company under the Notes and/or (ii) subject as provided below, the due and punctual performance of any and all obligations with respect to physical delivery of non-cash consideration deliverable by the Company under the Notes, when and as and to the extent provided in the Guarantee. As more fully set forth in the Guarantee, the Guarantor shall at all times have the right at its sole and unfettered discretion, to elect not to deliver or procure delivery of such non-cash consideration when the same shall become due and payable and due for performance, but in lieu thereof to pay the Guaranteed Cash Settlement Amount calculated pursuant to the terms of, or as specified in, the relevant Final Terms (the “**Guaranteed Cash Settlement Amount**”). Any payment of the Guaranteed Cash Settlement Amount in lieu of non-cash consideration deliverable under the Notes shall constitute a complete discharge of the Guarantor’s obligations in respect of such Notes. Payment of the Guaranteed Cash Settlement Amount will be made in such manner as shall be notified to the holders in accordance with Condition 16.

In the event of the failure of the Company to promptly perform its obligations to any holder of the Notes under the terms of the Notes, such holder may make written demand on the Guarantor at Merrill Lynch & Co., Inc. 4 World Financial Center, 22nd Floor, New York, New York 10080, United States of America (Attention: Treasurer), with a copy sent to Merrill Lynch & Co., Inc. (OGC Corporate Law) at Merrill Lynch & Co., Inc., 222 Broadway, 17th Floor, New York, New York, 10038, United States of America (Attention: OGC Corporate Law).

16. Notices

All notices regarding the Notes shall be published (i) in respect of any Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission and listed on the official list of the Luxembourg Stock Exchange, in a Luxembourg daily newspaper with general circulation in Luxembourg (which is expected to be *D’Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) and, in addition, if and to the extent required by the Luxembourg law of 11 January 2008 relating to transparency obligations of issuers of securities implementing Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, notices will also be published in accordance with the provisions of such law and implementing provisions and (ii) in respect of all Notes, in one leading English language daily newspaper with circulation in the United Kingdom (which is expected to be the *Financial Times*). The Company shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange and/or market, on or by which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been validly given on the third day after the date of such first publication.

Except in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission and/or listed on the official list of the Luxembourg Stock Exchange, until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on or by and/or admitted to trading on or by a stock exchange and/or market, the rules of such stock exchange and/or market or any other relevant authority so permit), so long as the global Notes for this Series are held in their entirety on behalf of Euroclear and Clearstream,

Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes of this Series. Any such notice shall be deemed to have been given to the holders of the Notes of this Series on the same day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

In addition, if and to the extent required by the Luxembourg law of 11 January 2008 relating to transparency obligations of issuers of securities implementing Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, notices will also be published in accordance with the provisions of such law and implementing provisions.

Notices to be given by any holder of the Notes of this Series shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. While any of the Notes of this Series are represented by a global Note, such notice may be given by any holder of a Note of this Series to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

17. Further Issues

Unless specified otherwise in the applicable Final Terms, the Company and the Guarantor shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further Notes having terms and conditions the same as the Notes or the same in all respects except for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

If the Company issues further Notes of the same Series during the initial 40-day restricted period applicable to the outstanding Notes of such Series, then such 40-day period will be extended until 40 days after the later of the commencement of the offering of such further issue of Notes and the Issue Date of such further issue of Notes. In addition, if the Company issues further Notes of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of Notes without applying to the outstanding Notes. After the expiration of the new 40-day restricted period, all such Notes will be consolidated with and form a single Series with the outstanding Notes.

18. Governing Law

The Agency Agreement and the Notes, the Guarantee, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of the State of New York, United States of America, applicable to agreements made and to be performed wholly within such jurisdiction. For greater certainty, Luxembourg law shall not apply, including Articles 86 to 94-8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, which are specifically excluded.

ANNEX 1

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

*The terms and conditions applicable to Index Linked Interest Notes and Index Linked Redemption Notes shall comprise the terms and conditions of the Notes set out on pages 88 to 115 (the “**General Conditions**”) and the additional terms and conditions set out below (the “**Index Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Market Disruption

“**Market Disruption Event**” means:

- (a) in respect of an Index other than a Designated Multi-Exchange Index:
 - (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
 - (x) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
 - (B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange;
 - (y) of any event (other than an event described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange, which in either case the Calculation Agent determines is material; or
 - (ii) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or
- (b) in respect of an Index which is a Designated Multi-Exchange Index either:
 - (i) (x) the occurrence or existence, in respect of any Component Security, of:

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

For the purposes of determining whether a Market Disruption Event in respect of an Index or a Component Security exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index or such Component Security at any time, then the relevant percentage contribution of that security/commodity or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is a Designated Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where that Index is a Designated Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

The Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 of the occurrence of a Disrupted Day on any day that, but for such Disrupted Day, would have been an Averaging Date or a Valuation Date, Provided That any failure to give, or non receipt of, such notice will not affect the validity of any such Disrupted Day.

2. Adjustments and Corrections to an Index

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the “**Successor Index 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 that Index, then in each case that index (the “**Successor Index**”) will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to the Initial Valuation Date, a Valuation Date or an Averaging Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an “**Index Modification**”), or

permanently cancels a relevant Index and no Successor Index exists (an “**Index Cancellation**”), or (ii) on a Valuation Date or an Averaging Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an “**Index Disruption**” and, together with an Index Modification and an Index Cancellation, each an “**Index Adjustment Event**”), then the Company may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, to calculate the relevant level or price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or
- (ii) on giving notice to the Noteholders in accordance with Condition 16, redeem all (but not some only) of the Notes of this Series, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Index Adjustment Event, the Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 giving details of the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action.

(c) Corrections to an Index

If the level of a relevant Index published on the Initial Valuation Date, any Valuation Date or an Averaging Date by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Notes (a “**Relevant Calculation**”) is subsequently corrected and the correction (the “**Corrected Index Level**”) published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Index Level shall be deemed to be the relevant level for such Index on the Initial Valuation Date, such Averaging Date or Valuation Date, as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant level or price.

3. Additional Disruption Events

(a) Additional Disruption Event

If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Company in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustments, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) on giving notice to the Noteholders in accordance with Condition 16, redeem all (but not some only) of the Notes of this Series, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the

Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action.

(b) Definitions applicable to Additional Disruption Events

“**Additional Disruption Event**” means any of Change of Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms.

“**Change in Law**” means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant security comprised in an Index in connection with any hedging activities in relation to the Notes, or (Y) the Company will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Company and/or any of its Affiliates and/or any agents acting on their behalf).

“**Hedging Disruption**” means that the Company and/or any of its Affiliates and/or any agents acting on their behalf is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Company issuing and performing its obligations with respect to or in connection with the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

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

4. Definitions

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

“**Averaging Date**” means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if “Omission” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price

or amount on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

- (b) if “Postponement” is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified as applying in the applicable Final Terms then:
 - (i) where the Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below; and
 - (ii) where the Notes relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the “**Scheduled Averaging Date**”) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below,

for the purposes of these Index Linked Conditions “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

“**Basket Performance**” means the Basket Performance specified in the applicable Final Terms or if not so specified, an amount (which shall be deemed to be an amount in the Index Currency) equal to the sum of the values calculated for each Index as the Index Closing Level for such Index on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date multiplied by the relevant Weighting.

“**Disrupted Day**” means (a) where the relevant Index is not specified in the applicable Final Terms to be a Designated Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (b) where the relevant Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

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

“**Exchange**” means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, in respect of each component security of that Index (each a “**Component Security**”), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

“**Exchange Business Day**” means (a) where the relevant Index is not specified in the applicable Final Terms to be a Designated Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (b) where the relevant Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

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

“**Index**” and “**Indices**” mean, subject to adjustment in accordance with these Index Linked Conditions, the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

“**Index Closing Level**” means, in respect of an Index and subject to these Index Linked Conditions and to “Valuation Date” below and “Averaging Date” above, as the case may be, an amount (which shall be deemed to be an amount in the Index Currency) equal to the official closing level of such Index as determined by the Calculation Agent on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date.

“**Index Level**” means, in respect of an Index and a time on a Scheduled Trading Day and subject to these Index Linked Conditions, the level of such Index at such time on such day as determined by the Calculation Agent.

“**Index Sponsor**” means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any,

related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

“**Initial Valuation Cut-Off Date**” means the eighth Scheduled Trading Day immediately following the Scheduled Initial Valuation Date or if earlier the Scheduled Trading Day falling on or immediately preceding the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the definition of Initial Valuation Date.

“**Initial Valuation Date**” means the Initial Valuation Date specified in the applicable Final Terms, or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes relate to a single Index, the Initial Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Initial Scheduled Trading Days immediately following the Scheduled Initial Valuation Date up to and including the Initial Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Initial Valuation Cut-Off Date shall be deemed to be the Initial Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Initial Valuation Cut-Off Date in accordance with (subject to paragraph 2 above) 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 the Initial Valuation Cut-Off Date, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on the Initial Valuation Cut-Off Date); or
- (b) where the Notes relate to a Basket of Indices, the Initial Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Initial Valuation Date and the Initial Valuation Date for each Index affected (each an “**Affected Index**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Initial Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Initial Valuation Cut-Off Date shall be deemed to be the Initial Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Initial Valuation Cut-Off Date in accordance with (subject to paragraph 2 above) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Initial Valuation Cut-Off Date of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on the Initial Valuation Cut-Off Date, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on the Initial Valuation Cut-Off Date).

“**Related Exchange**” means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such

Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

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

“**Scheduled Initial Valuation Date**” means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Initial Valuation Date.

“**Scheduled Trading Day**” means (a) where the relevant Index is not specified in the applicable Final Terms to be a Designated Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions or (b) where the relevant Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of that Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

“**Scheduled Valuation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

“**Valuation Cut-Off Date**” means the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date or if earlier the Scheduled Trading Day falling on or immediately preceding the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the definition of Valuation Date.

“**Valuation Date**” means the Valuation Date specified in the applicable Final Terms, or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to paragraph 2 above) 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 the Valuation Cut-Off Date 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 the Valuation Cut-Off Date, its good

faith estimate of the value for the relevant security/commodity as of the Valuation Time on the Valuation Cut-Off Date); or

- (b) where the Notes relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected (each an “**Affected Index**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to paragraph 2 above) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on the Valuation Cut-Off Date).

“**Valuation Time**” means:

- (a) where the relevant Index is not specified in the applicable Final Terms to be a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (b) where the relevant Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or if no Valuation Time is specified (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

ANNEX 2

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

*The terms and conditions applicable to Equity Linked Interest Notes and Equity Linked Redemption Notes shall comprise the terms and conditions of the Notes set out on pages 88 to 115 (the “**General Conditions**”) and the additional terms and conditions set out below (the “**Equity Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Equity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Market Disruption

“**Market Disruption Event**” means:

- (a) the occurrence or existence at any time during the one hour period that ends at the Valuation Time for such Share:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or relevant Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise:
 - (x) relating to the Share on the Exchange; or
 - (y) in futures or options contracts relating to the Share on any relevant Related Exchange; or
 - (ii) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Share on the Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share on any relevant Related Exchange,
 - which in either case the Calculation Agent determines is material; or
- (b) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

The Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 of the occurrence of a Disrupted Day on any day that, but for such Disrupted Day, would have been an Averaging Date or a Valuation Date, Provided That any failure to give, or non receipt of, such notice will not affect the validity of any such Disrupted Day.

2. Potential Adjustment Events, De-Listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Corrections to Share Prices and Adjustments for Equity Linked Notes in respect of Shares quoted in European Currencies

(a) **“Potential Adjustment Event”** means any of the following:

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

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion, determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the

appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event, Provided That any failure to give, or non receipt of, such notice will not affect the validity of any such adjustment.

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

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

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

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

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

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

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If (x) a Merger Event, De-Listing, Nationalisation or Insolvency occurs in relation to a Share and/or (y) if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer occurs in relation to a Share, the Company in its sole and absolute discretion may take the action described in (i), (ii), (iii) or (iv) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange;
- (ii) where the Notes relate to a Basket of Shares, on giving notice to the Noteholders in accordance with Condition 16, redeem each Note of this Series in part. If each Note of this Series is so redeemed in part the portion (the “**Redeemed Amount**”) of each such Note representing the affected Share(s) shall be redeemed and the Company will (x) pay to each Noteholder in respect of each Note held by him an amount equal to the fair market value of the Redeemed Amount, taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Company and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and (y) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for such redemption in part. For the avoidance of doubt the remaining part of each such Note after cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16;

- (iii) on giving notice to the Noteholders in accordance with Condition 16, redeem all (but not some only) of the Notes of this Series, each Note being redeemed at the Early Redemption Amount; or
- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Company in its sole and absolute discretion shall select (the “**Options Exchange**”), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.
- (v) if the applicable Final Terms provide that “Share Substitution” is applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of the Nationalisation, Insolvency or De-Listing (as the case may be), the Calculation Agent may adjust the basket of Shares to include a share selected by it in accordance with the criteria for share selection (“Share Substitution Criteria”) set out in the applicable Final Terms (the “Substitute Shares”) in place of the Share(s) (the “Affected Share(s)”) which are affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or De-Listing and the Substitute Shares will be deemed to be “Shares” and the relevant issuer of such shares, a “Share Company” or a “Basket Company” for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

Upon the occurrence of a Merger Event, De-Listing, Nationalisation, Insolvency or, if applicable, a Tender Offer, the Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto, including, in the case of a Share Substitution, the identity of the Substitute Shares, Provided That any failure to give, or non receipt of, such notice will not affect the validity of any such Merger Event, De Listing, Nationalisation, Insolvency or Tender Offer, as the case may be.

(c) Corrections to Share Prices

If the price of a Share published on the Initial Valuation Date, any Valuation Date or an Averaging Date by the relevant Exchange and which is utilised for any calculation or determination made for the purposes of the Notes (a “**Relevant Calculation**”) is subsequently corrected and the correction (the “**Corrected Share Price**”) published by the relevant Exchange no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Share Price shall be deemed to be the relevant price for such Share on the Initial Valuation Date, such

Averaging Date or Valuation Date, as the case may be, and the Calculation Agent shall use such Corrected Share Price in determining the relevant price.

(d) In respect of Equity Linked Notes relating to Shares originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Shares are traded, then the Calculation Agent will adjust any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Notes.

3. Additional Disruption Events

(a) Additional Disruption Event

If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Company in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustments, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) on giving notice to the Noteholders in accordance with Condition 16, redeem all (but not some only) of the Notes of this Series, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action.

(b) Definitions applicable to Additional Disruption Events

“**Additional Disruption Event**” means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

“**Change in Law**” means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant Share in connection with any hedging activities in relation to the Notes, or (Y) the Company will incur a materially increased cost in performing its

obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Company and/or any of its Affiliates and/or any agents acting on their behalf).

“**Hedging Disruption**” means that the Company and/or any of its Affiliates and/or any agents acting on their behalf is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Company issuing and performing its obligations with respect to or in connection with the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“**Hedging Shares**” means the number of Shares that the Company deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

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

“**Increased Cost of Stock Borrow**” means that the Company and/or any of its Affiliates and/or any agents acting on their behalf would incur a rate to borrow Shares that is greater than the Initial Stock Loan Rate.

“**Initial Stock Loan Rate**” means, in respect of a Share, the Initial Stock Loan Rate specified in relation to such Share in the applicable Final Terms.

“**Insolvency Filing**” means that a Share Company or Basket Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing.

“**Loss of Stock Borrow**” means that the Company and/or any of its Affiliates and/or any agents acting on their behalf is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

“**Maximum Stock Loan Rate**” means, in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

4. Definitions

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

“**Averaging Date**” means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if “Omission” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price; provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “Postponement” is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified as applying in the applicable Final Terms then:
 - (i) where the Notes relate to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below; and
 - (ii) where the Notes relate to a Basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the “**Scheduled Averaging Date**”) and the Averaging Date for a Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below,

for the purposes of these Equity Linked Conditions “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

“**Basket Company**” means a company whose shares are included in the Basket of Shares and “**Basket Companies**” means all such companies.

“**Basket Performance**” means the Basket Performance specified in the applicable Final Terms or if not so specified, an amount equal to the sum of the values calculated for each Share as the Share Closing Price for such Share on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or

(B) if Averaging is specified in the applicable Final Terms, an Averaging Date multiplied by the relevant Weighting.

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

“**Exchange**” means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

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

“**Initial Valuation Cut-Off Date**” means the eighth Scheduled Trading Day immediately following the Scheduled Initial Valuation Date or if earlier the Scheduled Trading Day falling on or immediately preceding the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the definition of Initial Valuation Date.

“**Initial Valuation Date**” means the Initial Valuation Date specified in the applicable Final Terms, or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes relate to a single Share, the Initial Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Initial Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Initial Valuation Cut-Off Date shall be deemed to be the Initial Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Initial Valuation Cut-Off Date; or
- (b) where the Notes relate to a Basket of Shares, the Initial Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Initial Valuation Date and the Initial Valuation Date for each Share affected (each an “**Affected Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Initial Valuation Date up to and including the Initial Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Initial Valuation Cut-Off Date shall be deemed to be the Initial Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Initial Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

“**Related Exchange**” means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable

liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

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

“**Scheduled Initial Valuation Date**” means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Initial Valuation Date.

“**Scheduled Trading Day**” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

“**Scheduled Valuation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“**Shares**” and “**Share**” mean, subject to adjustment in accordance with these Equity Linked Conditions, the shares or a share of the relevant Basket Company and, where the Notes relate to a single Share, such share, and related expressions shall be construed accordingly.

“**Share Closing Price**” means, in respect of a Share and subject to these Equity Linked Conditions and to “Valuation Date” below and “Averaging Date” above, as the case may be, an amount equal to the official closing price of such Share quoted on the relevant Exchange as determined by the Calculation Agent on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date.

“**Share Company**” means, where the Notes relate to a single share, the company that has issued such share.

“**Share Price**” means, in respect of a Share and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions, the price of such Share at such time on such day as determined by the Calculation Agent.

“**Treaty**” means the Treaty establishing the European Community, as amended.

“**Valuation Cut-Off Date**” means the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date or if earlier the Scheduled Trading Day falling on or immediately preceding the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the definition of Valuation Date.

“**Valuation Date**” means the Valuation Date specified in the applicable Final Terms, or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes relate to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable,

determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date; or

- (b) where the Notes relate to a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Share affected (each an “**Affected Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

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

ANNEX 3

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

*The terms and conditions applicable to Fund Linked Interest Notes and Fund Linked Redemption Notes shall comprise the terms and conditions of the Notes set out on pages 88 to 115 (the “**General Conditions**”) and the additional terms and conditions set out below (the “**Fund Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Fund Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Fund Events

“**Fund Event**” means the occurrence of each of a Fund Additional Disruption Event, a Fund Disruption Event and/or a Fund Extraordinary Event as determined by the Calculation Agent.

- (a) “**Fund Additional Disruption Event**” means each of Change in Law, Fund Hedging Disruption or Increased Cost of Hedging.

Where:

“**Change in Law**” means that, on or after the Trade Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Company or any of its Affiliates or agents acting on its behalf determines in good faith that (x) it has become illegal to hold, acquire or dispose of any Fund Interests, or (y) the Company will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“**Fund Hedging Disruption**” means that the Company or any of its Affiliates or agents acting on its behalf is unable, or it is impractical for the Company or any of its Affiliates or agents acting on its behalf, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to any Fund Interest of the Company issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (x) any restrictions or increase in charges or fees imposed by a Reference Fund on an investor’s ability to redeem the related Fund Interest, in whole or in part, or any existing or new investor’s ability to make new or additional investments in such Fund Interest, or (y) any mandatory redemption, in whole or in part, of a Fund Interest imposed by the related Reference Fund (in each case other than any restriction in existence on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date).

“**Increased Cost of Hedging**” means that the Company or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of the Company issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any transaction(s)

or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Company shall not be deemed an Increased Cost of Hedging.

- (b) **“Fund Disruption Event”** means at any time the occurrence or continuance of any of the following events, as determined by the Calculation Agent in its sole and absolute discretion, if the Calculation Agent determines any such event is material:
- (i) **Fund Valuation Disruption.** **“Fund Valuation Disruption”** means (x) the failure of a Scheduled Fund Redemption Valuation Date in respect of a Fund Interest to be a Fund Redemption Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Redemption Valuation Date, or (y) the failure of a Scheduled Fund Valuation Date in respect of a Fund Interest to be a Fund Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Valuation Date;
 - (ii) **Fund Settlement Disruption.** **“Fund Settlement Disruption”** means a failure by a Reference Fund on any day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests);
- (c) **“Fund Extraordinary Event”** means each of the following events:
- (i) **Nationalisation.** **“Nationalisation”** means that all the Fund Interests or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
 - (ii) **Insolvency.** **“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (x) all the Fund Interests of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (y) holders of the Fund Interests of that Reference Fund become legally prohibited from transferring or redeeming them;
 - (iii) **Fund Insolvency Event.** **“Fund Insolvency Event”** means a Reference Fund or relevant Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding-up or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (x) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (x) above and either (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (E) and (F) above;

- (iv) NAV Trigger Event. “**NAV Trigger Event**” means that (x) the aggregate net asset value of a Reference Fund has decreased by an amount equal to or greater than 30 per cent. since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or (y) a Reference Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Reference Fund or any of its assets;
- (v) Adviser Resignation Event. “**Adviser Resignation Event**” means the resignation, termination of appointment, or replacement of a Reference Fund’s Fund Adviser;
- (vi) Fund Modification. “**Fund Modification**” means any change or modification of the relevant Fund Documents that could reasonably be expected to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of Fund Interests;
- (vii) Strategy Breach. “**Strategy Breach**” means any breach or violation of any strategy or investment guidelines stated in the relevant Fund Documents that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent); or any change of the nature of a Reference Fund, including but not limited to the type of investments, the duration, the credit risk and diversification of the investments to which that Reference Fund is exposed, which, in the opinion of the Calculation Agent, results in a material deterioration of the risk profile of that Reference Fund;
- (viii) Regulatory Action. “**Regulatory Action**” means (x) the cancellation, suspension or revocation of the registration or approval of a Fund Interest or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Reference Fund, (y) any change in the legal, tax, accounting, or regulatory treatments of a Reference Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Calculation Agent), or (z) a Reference Fund or any of its Fund Administrator or Fund Adviser becoming subject to investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund, Fund Administrator or Fund Adviser;
- (ix) Reporting Disruption. “**Reporting Disruption**” means (x) occurrence of any event affecting a Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest in respect of a Scheduled Fund Valuation Date or a Scheduled Fund Redemption Valuation Date, and such event continues for at least two consecutive Scheduled Fund Valuation Dates or Scheduled Fund Redemption Valuation Dates, as the case may be; (y) any failure of a Reference Fund to

deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Fund Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Reference Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the related Fund Interests;

- (x) Fund Service Provider Cessation. “**Fund Service Provider Cessation**” means that one or more Fund Service Provider(s) in respect of a Reference Fund ceases to provide the service as outlined in the relevant Fund Documents prevailing on the Trade Date or, where the related Fund Interest is a Replacement Fund Interest, the relevant replacement date, and any such Fund Service Provider is not immediately replaced by another service provider acceptable to the Calculation Agent;
- (xi) Fund Administrator Disruption. “**Fund Administrator Disruption**” means any event or circumstances compromising the independence of a Fund Administrator performing services for a Reference Fund from the relevant Fund Adviser; or
- (xii) Related Agreement Termination. “**Related Agreement Termination**” means a Reference Fund or any of its Fund Administrator or Fund Adviser is in breach of or has terminated any existing agreement with the Calculation Agent in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing.

Following the occurrence of a Fund Event, the Company may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to make such determinations and/or adjustments to the Terms and Conditions and/or the applicable Final Terms as it determines appropriate to account for the Fund Event, which may include, without limitation, delaying any determination until it determines that no Fund Event exists, calculating the value of a Fund Interest and/or replacing a Fund Interest (the “**Affected Fund Interest**”) with a replacement fund interest (the “**Replacement Fund Interest**”) with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Reference Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Fund Event; or
- (ii) on giving notice to the Noteholders in accordance with Condition 16, redeem all (but not some only) of the Notes of this Series, each Note being redeemed at the Early Redemption Amount.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest.

Upon the occurrence of a Fund Event, the Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 giving details of the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action.

2. Fund Potential Adjustment Events

“**Fund Potential Adjustment Event**” means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Interests or a free distribution or dividend of any such Fund Interests to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of relevant Fund Interests of (A) such Fund Interests or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the related Reference Fund equally or proportionately with such payments to holders of such Fund Interests or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the related Reference Fund as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a repurchase by a Reference Fund of relevant Fund Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than where such repurchase is a redemption of Fund Interests initiated by an investor in such Fund Interests and consistent with the relevant Fund Documents; or
- (v) any other event that may have, in the opinion of the Calculation Agent, a diluting, concentrative or other on the theoretical value of relevant Fund Interests.

Following the declaration by a Reference Fund of the terms of any Fund Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Fund Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interest and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion, determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest) and (ii) determine the effective date of that adjustment.

Upon the making of any such adjustment by the Calculation Agent, the Company shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Final Redemption Amount and/or the Rate of Interest and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event, Provided That any failure to give, or non receipt of, such notice will not affect the validity of any such adjustment.

3. Definitions

“**Fund Documents**” means the constitutive and governing documents, subscription agreements and other agreements of a Reference Fund specifying the terms and conditions relating to the related Fund Interest, as amended from time to time.

“**Fund Interest**” means, subject to adjustment in accordance with these Fund Linked Conditions, each fund interest specified in the applicable Final Terms and related expressions shall be construed accordingly.

“Fund Administrator” means the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for a Reference Fund according to the relevant Fund Documents.

“Fund Adviser” means any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser).

“Fund Redemption Valuation Date” means, in respect of a Fund Interest, the date as of which a Reference Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

“Fund Service Provider” means any person who is appointed to provide services, directly or indirectly, to a Reference Fund, whether or not specified in the relevant Fund Documents, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

“Fund Valuation Date” means a date as of which a Reference Fund (or its Fund Service Provider that generally determines such value) determines the value of the related Fund Interest.

“Hypothetical Investor” means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in Fund Interests which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding Fund Interests at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Company, the Calculation Agent or any of their Affiliates (as determined by the Calculation Agent in the context of the relevant situation).

“Reference Fund” means, subject to adjustment in accordance with these Fund Linked Conditions, each reference fund specified in the applicable Final Terms and related expressions shall be construed accordingly.

“Removal Date” means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realisation of such Affected Fund Interest effected as soon as reasonably practicable following the occurrence of the relevant Fund Event.

“Removal Value” means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive on the redemption or realisation of such Affected Fund Interest at the relevant time, Provided That if any such redemption proceeds would comprise non-monetary assets the Removal Value shall include the amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realisation (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

“Scheduled Fund Valuation Date” means, in respect of a Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the value of the related Fund Interest or, if the Reference Fund only reports its aggregate net asset value, the date as of which such Reference Fund is scheduled to determine its aggregate net asset value.

“Scheduled Fund Redemption Valuation Date” means the date as of which a Reference Fund (or its Fund Service Provider that generally determine such value) is scheduled, according to the relevant Fund

Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of the related Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

ANNEX 4

ADDITIONAL TERMS AND CONDITIONS FOR PHYSICAL DELIVERY NOTES

The terms and conditions applicable to Physical Delivery Notes shall comprise the terms and conditions of the Notes set out on pages 88 to 115 (the “General Conditions”) and the additional terms and conditions set out below (the “Physical Delivery Note Conditions”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Physical Delivery Note Conditions, the Physical Delivery Note Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Physical Delivery Note Conditions and (ii) the Final Terms, the Final Terms shall prevail.

1. Physical Delivery

(a) Asset Transfer Notices

In relation to Physical Delivery Notes, in order to obtain delivery of the Entitlement(s) in respect of any Note, the relevant Noteholder must:

- (i) if such Note is represented by a global Note, deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Agent and the Company not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement; and
- (ii) if such Note is in definitive form, deliver to any Paying Agent, with a copy to the Agent and the Company not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant Noteholder, the person from whom the Company may obtain details for the delivery of the Entitlement;
- (ii) specify the series number of the Notes and the number of Notes which are the subject of such notice;
- (iii) in the case of Notes represented by a global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder’s account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder’s account with such Notes on or before the Delivery Date;
- (iv) include an undertaking to pay all Expenses and, in the case of Notes represented by a global Note, an authority to Euroclear or Clearstream, Luxembourg, as the case may be, to debit a

specified account of the Noteholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Expenses;

- (v) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Company, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Company electing to pay the Disruption Cash Redemption Amount or Failure to Deliver Redemption Amount, as applicable;
- (vi) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (vii) authorise the production of such notice in any applicable administrative or legal proceedings, all as provided in the Agency Agreement.

If paragraph 2 below applies, the form of Asset Transfer Notice required to be delivered will be different from that set out above. Copies of such Asset Transfer Notice may be obtained from any Paying Agent.

(b) Verification of the Noteholder

In the case of Notes represented by a global Note, upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Agent the series number and number of Notes the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each such Note. Upon receipt of such confirmation, the Agent will inform the Company thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Delivery Date debit the securities account of the relevant Noteholder with the Notes the subject of the relevant Asset Transfer Notice.

(c) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of Notes represented by a global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of Notes in definitive form, by the relevant Paying Agent, in each case in consultation with the Agent, and shall be conclusive and binding on the Company, the Agent(s) and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Agent immediately after being delivered or sent as provided in paragraph (a) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Euroclear or Clearstream, Luxembourg, as the case may be, or the relevant Paying Agent, in each case in consultation with the Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

Euroclear, Clearstream, Luxembourg or the relevant Paying Agent, as applicable, shall use its best efforts promptly to notify the Noteholder submitting an Asset Transfer Notice if, in consultation with the Agent, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Company, the Guarantor, the Paying Agents, Euroclear, Clearstream, Luxembourg or the Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear or Clearstream, Luxembourg, as the case may be, or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Delivery of the Entitlement in respect of each Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms.

The Entitlement will be delivered at the risk of the relevant Noteholder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with these Physical Delivery Note Conditions, the “**Delivery Date**”), provided that the Asset Transfer Notice is duly delivered as provided above not later than the close of business in each place of reception on or prior to the Cut-Off Date.

Settlement in respect of the Notes is subject to all applicable laws, regulations and practices in force on the Delivery Date and none of the Company, the Guarantor or any of its Affiliates and the Paying Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Company, the Guarantor or any of its Affiliates and the Paying Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Notes.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Agent and the Company, not later than the close of business in each place of reception on or prior to the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the Maturity Date and no liability in respect thereof shall attach to the Company.

All costs, taxes, duties and/or expenses including any applicable depository charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other costs, taxes or duties (“**Expenses**”) arising from the delivery of the Entitlement in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Entitlement shall be made until all Expenses have been paid to the satisfaction of the Company by the relevant Noteholder.

(d) General

Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes, provided that, the aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following the Delivery Date of a Share all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in paragraph (a) above.

For such period of time after delivery of the Entitlement as any person other than the relevant Noteholder shall continue to be the legal owner of any securities or other obligations comprising the Entitlement (the “**Intervening Period**”), none of the Company, the Paying Agents or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

For the purposes of the Notes, where the Entitlement comprises Shares (i) the Company shall be under no obligation to register or procure the registration of any Noteholder or any other person as the registered shareholder in the register of members of any Share Company or Basket Company, as the case may be, (ii) the Company shall not be obliged to account to any Noteholder or any other person for any entitlement received or that is receivable in respect of any Shares comprising the Entitlement in respect of any Note if the date on which the Shares are first traded on the Exchange ex such entitlement is on or prior to the Maturity Date and (iii) any interest, dividend or other distribution in respect of any Entitlement will be payable to the party that would receive such interest, dividend or other distribution according to market practice for a sale of the relevant Share executed on the Delivery Date and to be delivered in the same manner as the Entitlement. Any such interest, dividend or other distribution to be paid to a Noteholder shall be paid to the account specified in the relevant Asset Transfer Notice.

(e) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that, the Company may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Company deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Company may elect in its sole discretion to satisfy and discharge its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount (as defined below) on the third Business Day following the date that notice of such election (the “**Election Notice**”) is given to the Noteholders in accordance with Condition 16. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16. The Calculation Agent shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 that a Settlement Disruption Event has occurred, Provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Settlement Disruption Event. No

Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Company or the Guarantor.

For the purposes hereof:

“Disruption Cash Redemption Amount” means, in respect of any relevant Note, the fair market value of such Note (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to Conditions 3 and 5) on such day as shall be selected by the Company in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above, less the cost to the Company and/or its Affiliates of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Company in its sole and absolute discretion; and

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

(f) Failure to Deliver due to Illiquidity

If “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Final Terms and in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **“Affected Relevant Assets”**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **“Failure to Deliver due to Illiquidity”**), then:

- (i) subject as provided elsewhere in the Terms and Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Date in accordance with these Physical Delivery Note Conditions; and
- (ii) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Company may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Failure to Deliver Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election (the **“Election Notice”**) is given to the Noteholders in accordance with Condition 16. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16. The Calculation Agent shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 16 that the provisions of this paragraph (f) apply, Provided that any failure to give, or non-receipt of, such notice will not affect the validity of such Failure to Deliver due to Illiquidity.

For the purposes hereof, **“Failure to Deliver Redemption Amount”** means, in respect of any relevant Note, the fair market value of such Note (taking into account, the value of the Relevant Assets comprising the Entitlement which have been duly delivered as provided above but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to Conditions 3 and 5) on such day as shall be selected by the Company in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above, less the cost to the Company and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Company in its sole and absolute discretion.

2. Company's Option to Vary Settlement

- (a) If the applicable Final Terms indicate that the Company has an option to vary settlement in respect of the Notes, the Company may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with Condition 16.

3. Rights of Noteholders and Calculations

None of the Company, the Calculation Agent and the Paying Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of the Notes.

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

DESCRIPTION OF THE GUARANTEE

In connection with the issue of Notes under the Program, the Guarantor will issue a guarantee for the obligations of the Company under such Notes substantially in the following form:

“FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware (the “**Guarantor**”), hereby unconditionally and irrevocably guarantees (the “**Guarantee**”) to the holders (the “**Holders**”) of the Euro Medium-Term Notes (the “**Notes**”), issued by Merrill Lynch S.A., a company organized under the laws of Luxembourg (the “**Company**”), under the terms of the Amended and Restated Agency Agreement dated as of April 1, 2008 (as the same may be amended or supplemented in accordance with the terms thereof, the “**Agency Agreement**”), among the Company, the Guarantor, Deutsche Bank AG, London Branch and each other additional or successor paying agent appointed pursuant to the Agency Agreement, (i) the due and punctual payment of any and all consideration payable by the Company under the Notes and/or (ii) subject as provided below, the due and punctual performance of any and all obligations with respect to physical delivery of non-cash consideration deliverable by the Company under the Notes, when and as the same shall become due and payable or due for performance, pursuant to the terms of the Notes.

Notwithstanding that under the terms of the Notes either (i) the Company has the right (whether or not exercised) to vary the type of consideration due and payable or deliverable to a Holder or (ii) a Holder has the right (whether or not exercised) to vary the type of consideration due and payable or deliverable to it or (iii) the Company is obligated to deliver non-cash consideration to Holders when the same shall become due and deliverable, the Guarantor shall at all times have the right, at its sole and unfettered discretion, to elect not to deliver or procure delivery of such non-cash consideration when the same shall become due and deliverable, but in lieu thereof to pay an amount in cash equal to the Guaranteed Cash Settlement Amount (calculated pursuant to the terms of, or as specified in, the Final Terms or Securities Note (as applicable) prepared with respect to such Notes). Any payment of the Guaranteed Cash Settlement Amount in lieu of non-cash consideration deliverable under the Notes shall constitute a complete discharge of the Guarantor’s obligations in respect of such Notes.

Subject as provided below, in case of the failure of the Company punctually to make any such payment or to perform any such delivery obligation, the Guarantor hereby agrees to make such payment or to perform such delivery obligation, as the case may be, or cause such payment to be made or cause such delivery obligation to be performed, as the case may be, promptly upon demand; such demand must be made by a Holder by the giving of written notice of such demand to the Guarantor at Merrill Lynch & Co., Inc., 4 World Financial Center, 22nd Floor, New York, New York 10080, United States of America (Attention: Treasurer), with a copy sent to the Guarantor at Merrill Lynch & Co., Inc., 222 Broadway, 17th Floor, New York, New York 10038, United States of America (Attention: OGC Corporate Law); provided, however, that delay in making such demand shall in no event affect the Guarantor’s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment or delivery guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Holders upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment or delivery had not been made.

The Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes; the absence of any action to enforce the same; any waiver or consent by the Holder concerning any provisions thereof; the rendering of any judgement against the Company or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. The Guarantor covenants that this Guarantee will not be discharged except by complete payment or delivery of the consideration payable under the Notes or the complete performance of any obligation with respect to physical delivery to be performed

under the Notes, as the case may be. This Guarantee shall continue to be effective if the Company merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

The Guarantor hereby waives diligence, presentment, protest, notice of protest, acceleration and dishonor, filing of claims with any court in the event of insolvency or bankruptcy of the Company, all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against the Company.

The Guarantor hereby certifies and warrants that this Guarantee constitutes the valid obligation of the Guarantor and complies with all applicable laws.

Except as otherwise set forth herein, the obligations of the Guarantor under this Guarantee are unconditional and irrevocable obligations of the Guarantor and, save for such exceptions as may be provided by applicable legislation or judicial order, rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor.

This Guarantee shall not be valid or become obligatory for any purpose with respect to any Note until such Note shall have been authenticated on behalf of the Agent as provided in the Agency Agreement.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in such State.

Capitalized terms used herein and not defined herein shall have the meanings given to them in the Agency Agreement.

In witness whereof, the Guarantor has caused this Guarantee to be executed in its corporate name by its duly authorized representative on April 1, 2008.

MERRILL LYNCH & CO., INC.

By: _____
Name:
Title:

USE OF PROCEEDS

The Company intends to use the net proceeds from the sale of the Notes for general corporate purposes, including making loans to the Guarantor and its subsidiaries. The Guarantor intends to use the proceeds of such loans for general corporate purposes. Such general corporate purposes may include the funding of investments in, or extensions of credit to, its subsidiaries, the funding of assets of the Guarantor and its subsidiaries, the lengthening of the average maturity of the Guarantor's borrowings, and the financing of acquisitions. Pending such applications, the net proceeds will be applied to the reduction of short term indebtedness or temporarily invested. Management of the Guarantor expects that it will, on a recurrent basis, engage in additional financings as the need arises to finance the growth of the Guarantor, through acquisitions or otherwise, or to lengthen the average maturity of its borrowings. To the extent that Notes being purchased for resale by Merrill Lynch International, Merrill Lynch Capital Markets AG or Merrill Lynch (Singapore) Pte. Ltd. are not resold, the aggregate proceeds available to the Guarantor and its subsidiaries on a consolidated basis would be reduced.

BUSINESS OVERVIEW—MERRILL LYNCH S.A.

History and Business

The Company is a Luxembourg public limited liability company. The Company was incorporated on December 18, 1991 as a société anonyme for an unlimited period. The Company's articles of incorporation were published in the Mémorial, Journal Officiel du Grand-Duché de Luxembourg, Recueil Spécial des Sociétés et Associations, C-No. 51 of February 14, 1992. The Company's articles of incorporation have not been amended since December 18, 1991. The Company is wholly-owned beneficially by Merrill Lynch International Holdings Inc., a wholly-owned subsidiary of Merrill Lynch International which, in turn, is wholly-owned by the Guarantor. The Company has one subsidiary, ML SSG S.à.r.l, which is wholly-owned by the Company.

The object of the Company, as set out in Article 3 of its Articles of Incorporation, is to make loans and to grant financial assistance in any form whatsoever to companies which are part of its group. To that effect, the Company may borrow money in whatever form and currency, issue bonds, debentures or other debt instruments in whatever form and in any manner whatsoever, and it may secure any of its borrowings by pledge or security of all or any of its property or income. The Company complies with the corporate governance regime of Luxembourg.

The Company also has the corporate power to take participating interests in any companies or undertakings in whatever form and carry out transactions pertaining to the administration, the management, the control and the development of any such participating interests.

The Company's accounting year coincides with the calendar year.

Registered Office and Register of Commerce and Companies

The Company's registered office is at Ballade B2, 4, rue Albert Borschette, L-1246 Luxembourg, with telephone number +352 49 49 111 and it is registered with the Register of Commerce and Companies of Luxembourg under number B-39046.

Principal Markets in which the Company Competes

The registered office of the Company is located in Luxembourg where the directors hold all of their Board Meetings. The main markets in which the Company sells securities are the Eurobond markets.

Directors

The Directors of the Company as of the date hereof are:

Mr. John G. Shane

Mr. Marco Stauffacher

Mr. Steen Folberg

Mr. Keith Pearson

Mr. Paul Byrne

The business address of the Directors of the Company is Ballade B2, 4, rue Albert Borschette, L-1246 Luxembourg Grand Duchy of Luxembourg.

There are no potential conflicts of interest between any duties to the Company and their private interests or other duties of the Directors of the Company.

FINANCIAL STATEMENTS OF MERRILL LYNCH S.A.

AS OF APRIL 1, 2008 THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007 HAVE BEEN AUDITED BY THE AUDITORS BUT NOT YET APPROVED BY THE SHAREHOLDERS. A SHAREHOLDERS MEETING TO APPROVE THE ACCOUNTS IS DUE TO TAKE PLACE IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION.

To the Shareholders of
Merrill Lynch S.A.

LUXEMBOURG

INDEPENDENT AUDITOR'S REPORT

Following our appointment by the General Meeting of Shareholders dated May 25, 2007 we have audited the accompanying annual accounts of Merrill Lynch S.A., which comprise the balance sheet as at December 31, 2007, and the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des réviseurs d'entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Merrill Lynch S.A. as of December 31, 2007, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is in accordance with the annual accounts.

DELOITTE SA
Réviseur d'entreprises

Martin Flaunet
Partner

March 20, 2008

AS OF APRIL 1, 2008 THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007 HAVE BEEN AUDITED BY THE AUDITORS BUT NOT YET APPROVED BY THE SHAREHOLDERS. A SHAREHOLDERS MEETING TO APPROVE THE ACCOUNTS IS DUE TO TAKE PLACE IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION.

BALANCE SHEET
December 31, 2007
(expressed in U.S. Dollars)

		2007	2006
ASSETS			
FIXED ASSETS			
Financial assets.....	(note 3)	13,531,833,367	7,078,779,618
CURRENT ASSETS (LESS THAN ONE YEAR)			
Amount owed by affiliated undertakings	(note 5)	652,595,391	707,517,240
Other debtors	(note 4)	2,383,864	539,601
Cash at banks		1,172,060	7,528,247
		656,151,315	715,585,088
		14,187,984,682	7,794,364,706
 LIABILITIES			
CAPITAL AND RESERVES			
Subscribed capital.....	(note 6)	40,000	40,000
Reserves:			
Legal reserve	(note 7)	4,000	4,000
Other reserves.....	(note 8)	1,174,740	893,740
Profit brought forward	(note 9)	11,750,031	10,266,799
Profit for the financial year		2,989,516	1,764,232
		15,958,287	12,968,771
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions for taxation		1,954,929	3,846,366
CREDITORS DUE AFTER MORE THAN ONE YEAR			
Certificates	(note 10)	3,496,999,999	1,710,934,671
EMTN issues	(note 11)	8,226,095,064	4,767,210,625
Subordinated convertible equity certificates	(note 12)	100,000,000	100,000,000
Fixed capital certificates.....	(note 12)	800,000,000	400,000,000
		12,623,095,063	6,978,145,296
CREDITORS DUE WITHIN ONE YEAR			
Amounts owed to affiliated undertakings	(note 13)	1,545,869,837	799,053,179
Other creditors	(note 14)	1,106,566	351,094
		1,546,976,403	799,404,273
		14,187,984,682	7,794,364,706

AS OF APRIL 1, 2008 THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007 HAVE BEEN AUDITED BY THE AUDITORS BUT NOT YET APPROVED BY THE SHAREHOLDERS. A SHAREHOLDERS MEETING TO APPROVE THE ACCOUNTS IS DUE TO TAKE PLACE IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION.

PROFIT AND LOSS ACCOUNT

Year ended December 31, 2007

(expressed in U.S. Dollars)

		<u>2007</u>	<u>2006</u>
EXPENSES			
Interest and similar charges	(note 15)	1,081,802,906	339,212,352
Other operating charges		434,975	368,133
Tax on profit on ordinary activities	(note 17)	1,258,765	742,848
PROFIT FOR THE FINANCIAL YEAR.....		2,989,516	1,764,232
		<u>1,086,486,162</u>	<u>342,087,565</u>
INCOME			
Interest and similar income	(note 16)	1,085,871,143	341,793,516
Other operating income		615,019	249,049
		<u>1,086,486,162</u>	<u>342,087,565</u>

AS OF APRIL 1, 2008 THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007 HAVE BEEN AUDITED BY THE AUDITORS BUT NOT YET APPROVED BY THE SHAREHOLDERS. A SHAREHOLDERS MEETING TO APPROVE THE ACCOUNTS IS DUE TO TAKE PLACE IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION.

**NOTES TO THE ACCOUNTS
DECEMBER 31, 2007**

NOTE 1 - GENERAL

Merrill Lynch S.A. (the “**Company**”) was incorporated on December 18, 1991 as a “société anonyme” for an unlimited period.

The object of the Company is to make loans and to grant financial assistance in any form whatsoever to companies which are part of the Merrill Lynch group (“the group”). To that effect the Company may borrow money in whatever form and currency, issue bonds, debentures or other debt instruments in whatever form and in any manner whatsoever, and it may secure any of its borrowings by pledge or security of all or any of its property or income.

It may take participating interests in any companies or undertakings in whatever form and carry out transactions pertaining to the administration, the management, the control and the development of these participating interests.

According to article 314 of the Luxembourg commercial law as amended, the Company is exempted from the obligation to prepare consolidated accounts.

The Company’s accounting year coincides with the calendar year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual accounts are prepared under the historical cost principle, in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg, except for the accounting policies adopted for foreign currencies and for valuation of financial derivatives, in Certificates and Euro medium term notes (“**EMTNs**”) stated at fair value.

The following significant accounting policies are applied:

Foreign currencies

The Company prepares its annual accounts in US Dollars (USD).

Transactions recorded in the Profit & Loss account during the year in currencies other than USD are translated into USD at the average exchange rate of the month.

Assets and liabilities denominated in currencies other than USD are translated at the closing rate of exchange prevailing at the balance sheet date.

The resulting foreign exchange gains or losses are included in the results for the year.

Certificates and Euro medium term notes (EMTNs)

Certificates and EMTNs are recorded as long term debt. This borrowing activity creates a market exposure, which the Company hedges with related parties. Under these hedge arrangements, the Company receives the same performance as it pays out on the indexed element of the Certificates or EMTNs. The

proceeds of issuance of the Certificates and EMTNs are lent to companies of the group. The Company receives interest and earns a margin.

The Certificates' and the EMTNs' embedded derivatives are recorded at their fair value.

Loans relating to the Certificate and EMTN issues

Loans included in financial assets and borrowings included in "Creditors - Group Companies" are stated in the balance sheet at their nominal value plus accrued interest on a monthly basis.

Financial derivatives

The Company's commitments deriving from financial derivatives are recorded on the transaction date as off balance sheet items (see note 18).

The fair value of financial derivatives hedging Certificates and EMTNS are recorded as mark to market adjustments and accounted for under "Amounts Owed by Affiliated Undertakings" and "Amounts Owed to Affiliated Undertakings" (see notes 5 and 13), except for foreign exchange derivatives such as foreign exchange swaps or cross currency interest rate swaps for which no mark to market adjustments are made in the case where a financial instrument clearly hedges an asset or a liability and economic unity is established.

Results on swap transactions or cross currency interest rate swaps concluded for purpose of hedging balance sheet items are accrued at the balance sheet date.

NOTE 3 - FINANCIAL ASSETS

	2007 USD	2006 USD
Participating interests	107,027,027	107,027,027
Loans to affiliated undertakings	13,424,806,340	6,971,752,591
Total Financial Assets	13,531,883,367	7,078,779,618

Financial assets mainly consist in loans to group companies of funds raised through issuance of Certificates and EMTNs. Loans are carried in the balance sheet at their nominal value plus interest accrued on a monthly basis.

NOTE 4 - OTHER DEBTORS

This is composed of miscellaneous debtors.

NOTE 5 - AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	2007 USD	2006 USD
Intercompany receivables relating to EMTN and Certificates	71,687,646	147,992,020
Group companies - current account	580,907,745	559,525,220
Total Amount owed by affiliated undertakings	652,595,391	707,517,240

Intercompany receivables relating to the EMTNs and Certificates programmes represent the interest due by other Merrill Lynch entities and the fair value adjustments in relation to the instruments used to hedge the Company's exposure to market risk.

Group companies - current account represents other Merrill Lynch S.A. receivables from Merrill Lynch entities.

NOTE 6 - SUBSCRIBED CAPITAL

The subscribed capital of the Company is USD 40,000, consisting of 4,000 registered shares of USD 10 each, fully paid.

NOTE 7 - LEGAL RESERVE

In accordance with Luxembourg company law, the Company is required to appropriate a minimum of 5 per cent of the annual net profit to a legal reserve until the balance of such reserve equals 10 per cent of the issued share capital. The legal reserve is not available for distribution.

NOTE 8 - OTHER RESERVES

The special reserve for Net Worth Tax (NWT) is a reserve whose objective is to free the Company of the NWT charge, in accordance with Luxembourg law. It includes an amount of USD 281,000 in relation to the NWT for the year 2006, USD 236,000 in relation to the NWT for the year 2005, USD 236,000 for the year 2004, USD 197,550 for the year 2003, USD 128,190 for the year 2002, USD 81,000 for the year 2001, and USD 15,000 for the year 2000. The 2000 and 2001 balances of USD 15,000 and USD 81,000 respectively have been held for more than 5 years and can now be released.

This tax credit is, however, limited to the amount of the corporate income tax due for the same year before the imputation of any tax credits. In order to benefit from this provision, the Company must commit itself to post before the end of the subsequent year an amount equal to five times the net worth tax to be credited to a special reserve, which has to be maintained for a period of five years.

NOTE 9 - PROFIT BROUGHT FORWARD

	2007 USD	2006 USD
	<hr/>	<hr/>
Opening balance	10,266,799	9,433,371
Profit for the previous year	1,764,232	1,024,428
Other reserve allocation	(281,000)	(191,000)
Closing balance	11,750,031	10,266,799
	<hr/> <hr/>	<hr/> <hr/>

NOTE 10 - CERTIFICATES

Certificate issues	2007		2006	
	Nominal issue in currency	Nominal issue in USD	Nominal issue in currency	Nominal issue in USD
USD	253,834,000	253,834,000	17,900,000	17,900,000
EUR	2,171,026,510	3,194,122,930	1,242,294,740	1,635,729,578
CHF	127,552,874	113,138,969	5,500,794	4,504,970
GBP	34,861,000	69,532,011	16,461,000	32,288,253
JPY	300,000,000	2,652,520	–	–
SEK	5,000,000	777,774	–	–
PLN	43,650,000	17,835,254	–	–
Sub Total		3,651,893,458		1,690,422,801
Mark-to-market adjustments		(154,893,459)		20,511,870
Total Certificates portfolio		3,496,999,999		1,710,934,671

Certificate issues	YEARS TO MATURITY		
	1 - 5 years USD	Over 5 years USD	Total USD
USD	161,734,000	92,100,000	253,834,000
EUR	2,520,829,734	673,293,196	3,194,122,930
CHF	58,145,178	54,993,791	113,138,969
GBP	1,994,550	67,537,461	69,532,011
JPY	2,652,520	–	2,652,520
SEK	777,774	–	777,774
PLN	17,835,254	–	17,835,254
Total Certificates portfolio	2,763,969,010	887,924,448	3,651,893,458

So far the Company has issued mainly Equity linked Certificates. This borrowing activity creates a market exposure, which the Company fully hedges with a related party. Under these hedges, the Company receives the same performance as exists on the underlying Certificates.

Proceeds of issuance of the Certificates are lent to companies of the group. The Company receives interest on the loans and earns a margin. The maturity and the notional amount of the Certificate, the hedge, and the loan are matched.

NOTE 11 - EMTN ISSUES

Certificate issues	2007		2006	
	Nominal issue in currency	Nominal issue in USD	Nominal issue in currency	Nominal issue in USD
ARS	4,000,000	1,261,332	–	–
AUD	19,483,000	17,046,650	8,740,000	6,915,524
CHF	34,300,000	30,423,984	5,700,000	4,668,114
CLP.....	25,092,140,000	50,401,004	–	–
DKK	38,000,000	7,498,619	58,000,000	10,234,911
EUR	4,017,995,637	5,911,476,409	2,804,862,300	3,693,162,403
GBP	88,766,974	177,050,176	33,580,174	65,867,514
HKD	375,270,000	48,110,922	–	–
JPY	87,567,909,000	774,252,069	31,821,750,000	267,544,560
NZD	3,400,000	2,631,770	–	–
SEK	61,640,000	9,588,402	197,282,600	28,732,638
SGD	24,776,000	17,116,999	6,540,000	4,264,893
SKK	800,000,000	35,014,006	800,000,000	30,506,406
USD	1,508,583,120	1,508,583,120	598,152,041	598,152,041
Sub Total		8,590,455,462		4,710,058,004
Mark-to-market adjustments		(364,360,398)		57,152,621
Total EMTN portfolio		8,226,095,064		4,767,210,625

EMTN issues	YEARS TO MATURITY		
	1 - 5 years USD	Over 5 years USD	Total USD
ARS.....	1,261,332	–	1,261,332
AUD	14,596,790	2,449,860	17,046,650
CHF.....	30,423,984	–	30,423,984
CLP.....	–	50,401,004	50,401,004
DKK	7,498,619	–	7,498,619
EUR	3,754,279,564	2,157,196,845	5,911,476,409
GBP.....	177,050,176	–	177,050,176
HKD	48,110,922	–	48,110,922
JPY	696,975,323	77,276,746	774,252,069
NZD	–	2,631,770	2,631,770
SEK.....	9,588,402	–	9,588,402
SGD	17,116,999	–	17,116,999
SKK	13,130,252	21,883,754	35,014,006
USD	1,196,380,132	312,202,988	1,508,583,120
Total EMTN portfolio.....	5,966,412,495	2,624,042,967	8,590,445,462

The Euro medium term note programme was launched in May 1999. The Company fully hedges the notes with a related party. Under these hedges, the Company receives the performance on the underlying EMTN.

Proceeds of issuance of the EMTN are lent to companies of the group. The Company receives interest on the loan and earns a margin.

The maturity and the notional amount of the EMTN, the hedge, and the loan are matched.

NOTE 12 - SUBORDINATED CONVERTIBLE EQUITY CERTIFICATES

On August 10, 2000, Merrill Lynch S.A. issued 10,000 Subordinated Convertible Equity Certificates (SCECs) with a par value of USD 10,000 each. The return on SCECs interest is accounted for under the accrual method.

In 2005, Merrill Lynch S.A. issued 80 Fixed Capital Certificates (FCC) with a par value of USD 5,000,000 each. In 2007, Merrill Lynch S.A. issued 80 Fixed Capital Certificates (FCC) with a par value of USD 5,000,000 each. The return on FCC interest is accounted for under the accrual method.

NOTE 13 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	<u>2007</u> USD	<u>2006</u> USD
Loans from related parties	65,101,500	43,813,467
Mark-to-market on OTC instruments hedging		
Certificates and EMTNs	618,486,766	54,826,539
Certificates and EMTNs maturing within 1 year	817,858,947	672,901,888
Mark-to-market on certificates and EMTNs		
maturing within 1 year	(34,689,128)	8,165,103
Interest payable on Certificates and EMTNs	79,111,752	19,346,182
Total Amounts owed to affiliated undertakings.....	<u>1,545,869,837</u>	<u>799,053,179</u>

Loans from related parties consist of borrowings from group companies. The loans are carried in the balance sheet at their nominal value plus interest accrued on a monthly basis.

Amounts owed to affiliated undertakings include the market valuation of the hedges to the EMTNs and Certificates (as specified in Note 2).

NOTE 14 - OTHER CREDITORS

	<u>2007</u> USD	<u>2006</u> USD
VAT payable	289,442	259,037
Others	817,124	92,057
Total Other Creditors.....	<u>1,106,566</u>	<u>351,094</u>

NOTE 15 - INTEREST PAYABLE AND SIMILAR CHARGES

	2007 USD	2006 USD
Interest relating to financing activity	30,866,138	24,006,752
EMTNs and Certificates: interest and related hedges, where applicable	1,050,936,768	315,205,600
Total Interest payable and similar charges	1,081,802,906	339,212,352

All interest payable and similar charges are with related parties.

NOTE 16 - INTEREST AND SIMILAR INCOME

	2007 USD	2006 USD
Interest relating to financing activity	27,487,071	42,249,949
EMTNs and Certificates: interest on loan to group companies and related hedges, where applicable	1,058,384,072	299,543,567
Total Interest and similar income	1,085,871,143	341,793,516

All interest and similar income are with related parties.

NOTE 17 - TAX ON PROFIT ON ORDINARY ACTIVITIES

The Company is subject to Luxembourg corporate income tax, municipal business tax, and net worth tax.

NOTE 18 - COMMITMENTS

The Company is entering into derivative contracts for the purpose of hedging exposure from the EMTNs and certificates.

	COMMITMENTS			MARKET VALUE	
	LESS THAN 1 YEAR USD	1-5 YEARS USD	OVER 5 YEARS USD	TOTAL USD	GAIN/ (LOSS) USD
2007					
Performance swaps	817,858,947	8,730,381,504	3,511,967,415	13,060,207,866	553,942,985
Cross currency swaps	568,799,832	7,372,267,372	2,982,608,170	10,923,675,374	1,359,110,530
TOTAL	1,386,658,779	16,102,648,876	6,494,575,585	23,983,883,240	1,913,053,515

	COMMITMENTS			MARKET VALUE	
	LESS THAN 1 YEAR USD	1-5 YEARS USD	OVER 5 YEARS USD	TOTAL USD	GAIN/ (LOSS) USD
2006					
Performance swaps	672,901,888	5,278,973,318	1,121,507,487	7,073,382,692	(85,677,242)
Cross currency: interest swaps ..	561,379,731	4,796,502,277	987,926,487	6,345,808,495	395,899,545
TOTAL	1,234,281,619	10,075,475,595	2,109,433,974	13,419,191,187	310,222,303

NOTE 19 - PARENT UNDERTAKING

The Company is a subsidiary of Merrill Lynch International Holdings Inc., a company incorporated under the laws of United States of America whose registered office is in New York, N.Y.

The consolidated accounts of Merrill Lynch International Holdings Inc. may be obtained from:

Merrill Lynch
Corporate Reporting
2 World Financial Center Floor 6
New York 10281-6100

The parent company who prepares the consolidated group accounts, being the ultimate parent company of Merrill Lynch S.A. is Merrill Lynch & Co. Inc.

The consolidated accounts of Merrill Lynch & Co., Inc. may be obtained from:

Merrill Lynch & Co., Inc.
World Financial Center
North Tower
New York 10281-1332

NOTE 20 – CASH FLOW STATEMENT

	<u>2007</u> <u>USD</u>	<u>2006</u> <u>USD</u>
PROFIT FOR THE YEAR	2,989,516	1,764,232
Change in Receivables from Group Companies	54,921,849	(52,194,448)
Change in Other Receivables	(1,844,263)	8,773,716
Change in Payables to Group Companies	746,816,658	(446,002,828)
Change in Other Payables	(1,135,965)	2,191,961
CASHFLOWS FROM FINANCING ACTIVITY		
Change in Financial Assets	(6,543,053,749)	(1,799,401,428)
Change in Certificates	1,786,065,328	711,144,319
Change in EMTNs	3,458,884,439	1,580,284,211
Change in Fixed Capital Certificates	400,000,000	0
Increase/Decrease in Cash	(6,356,187)	6,559,735
Cash at the beginning of the year	7,528,247	968,512
Cash at the end of the year	1,172,060	7,528,247

AS OF APRIL 1, 2008 THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007 HAVE BEEN AUDITED BY THE AUDITORS BUT NOT YET APPROVED BY THE SHAREHOLDERS. A SHAREHOLDERS MEETING TO APPROVE THE ACCOUNTS IS DUE TO TAKE PLACE IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION.

MERRILL LYNCH S.A.

Société Anonyme

Registered Office: Ballade B2, 4, rue Albert Borschette, L-1246 Luxembourg

R.C. Luxembourg: B-39.046

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Gentlemen,

We have the honour of reporting on the activity of your company for the year ended December 31st, 2007.

We hereby submit to your approval the accounts for the year.

The financial statements as at December 31st, 2007 closed with a net profit of USD 2,989,516 compared to USD 1,764,232 as at December 31st 2006, and the balance sheet shows total assets of USD 14,187,984,682 compared to USD 7,794,364,706 last year.

During the financial year, the main activity of your company consisted in granting loans to group companies, and issuing Euro Medium Term Notes and Certificates to third party investors.

As at December 31st 2007, your company had no branches.

For the current year, we expect this entity to continue.

No significant events having occurred since the end of this financial year, we suggest the following allocation of the results:

- USD 2,627,036 to retained earnings
- USD 362,480 to a special reserve for net worth tax

20 March 2008

John Shane

Paul Byrne

SELECTED FINANCIAL DATA – MERRILL LYNCH S.A.

BALANCE SHEET

December 31, 2007

(expressed in U.S. Dollars)

		<u>2007</u>	<u>2006</u>
ASSETS			
FIXED ASSETS			
Financial assets	(note 3)	13,531,833,367	7,078,779,618
CURRENT ASSETS (LESS THAN ONE YEAR)			
Amount owed by affiliated undertakings	(note 5)	652,595,391	707,517,240
Other debtors	(note 4)	2,383,864	539,601
Cash at banks		1,172,060	7,528,247
		<u>656,151,315</u>	<u>715,585,088</u>
		<u>14,187,984,682</u>	<u>7,794,364,706</u>
LIABILITIES			
CAPITAL AND RESERVES			
Subscribed capital.....	(note 6)	40,000	40,000
Reserves:			
Legal reserve	(note 7)	4,000	4,000
Other reserves	(note 8)	1,174,740	893,740
Profit brought forward	(note 9)	11,750,031	10,266,799
Profit for the financial year		2,989,516	1,764,232
		<u>15,958,287</u>	<u>12,968,771</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions for taxation		1,954,929	3,846,366
CREDITORS DUE AFTER MORE THAN ONE YEAR			
Certificates	(note 10)	3,496,999,999	1,710,934,671
EMTN issues	(note 11)	8,226,095,064	4,767,210,625
Subordinated convertible equity certificates	(note 12)	100,000,000	100,000,000
Fixed capital certificates.....	(note 12)	800,000,000	400,000,000
		<u>12,623,095,063</u>	<u>6,978,145,296</u>
CREDITORS DUE WITHIN ONE YEAR			
Amounts owed to affiliated undertakings	(note 13)	1,545,869,837	799,053,179
Other creditors	(note 14)	1,106,566	351,094
		<u>1,546,976,403</u>	<u>799,404,273</u>
		<u>14,187,984,682</u>	<u>7,794,364,706</u>

PROFIT AND LOSS ACCOUNT

Year ended December 31, 2007

(expressed in U.S. Dollars)

		<u>2007</u>	<u>2006</u>
EXPENSES			
Interest and similar charges	(note 15)	1,081,802,906	339,212,352
Other operating charges		434,975	368,133
Tax on profit on ordinary activities	(note 17)	1,258,765	742,848
PROFIT FOR THE FINANCIAL YEAR.....		2,989,516	1,764,232
		<u>1,086,486,162</u>	<u>342,087,565</u>
INCOME			
Interest and similar income	(note 16)	1,085,871,143	341,793,516
Other operating income		615,019	249,049
		<u>1,086,486,162</u>	<u>342,087,565</u>

BUSINESS OVERVIEW—MERRILL LYNCH & CO., INC.

The Guarantor is a holding company and together with its subsidiaries, provides investment, financing, insurance and related services to individuals and institutions on a global basis through its broker, dealer, banking and other financial services subsidiaries. Its principal subsidiaries include Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch International, Merrill Lynch Government Securities, Inc., Merrill Lynch Capital Services, Inc., Merrill Lynch Bank USA, Merrill Lynch Bank & Trust Co., FSB, Merrill Lynch International Bank Limited, Merrill Lynch Mortgage Capital, Inc., Merrill Lynch Japan Securities Co., Ltd., Merrill Lynch Derivative Products, AG and ML IBK Positions Inc. The services, which the Guarantor and its principal subsidiaries provide include¹:

- Securities brokerage, trading, and underwriting;
- Investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities;
- Wealth management products and services, including financial, retirement and generational planning;
- Investment management and advisory and related record-keeping services;
- Origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products;
- Securities clearance, settlement financing services and prime brokerage;
- Private equity and other principal investing activities;
- Proprietary trading of securities, derivatives and loans;
- Banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services;
- Insurance and annuities sales; and
- Research across the following disciplines: global fundamental equity research, global fixed income and equity-linked research, global economics and foreign exchange research and global investment strategy.

The Guarantor's accounting year for 2007 ended on December 28, 2007.

The Guarantor was incorporated under the laws of the State of Delaware, U.S.A., on March 27, 1973 with file number 0790151. The principal executive office of the Guarantor is located at 4 World Financial Center, New York, New York 10080, United States of America, with telephone number +1 212 449 1000. The Guarantor's registered office in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States of America.

Information provided on pages 20-21 (Introduction) and page 168 (Corporate Governance) of the Guarantor's 2007 Annual Report, is current as at the date of this Base Prospectus.

¹ The Guarantor's corporate purpose can be found on the second page of the Guarantor's Restated Certificate of Incorporation dated January 15, 2008.

SELECTED FINANCIAL DATA—MERRILL LYNCH & CO., INC.

	Year Ended Last Friday in December				
	2007 (52 weeks)	2006 (52 weeks)	2005 (52 weeks)	2004 (53 weeks)	2003 (52 weeks)
<i>(dollars in millions, except per share amounts)</i>					
Results of Operations					
Total Revenues	\$ 62,675	\$ 69,352	\$ 46,848	\$ 31,916	\$ 27,392
Less Interest Expense.....	51,425	35,571	21,571	10,416	7,844
Revenues, Net of Interest Expense	11,250	33,781	25,277	21,500	19,548
Non-Interest Expenses	24,081	23,971	18,516	15,992	14,474
Pre-Tax (Loss) /Earnings from Continuing Operations.....	(12,831)	9,810	6,761	5,508	5,074
Income Tax (Benefit)/Expense.....	(4,194)	2,713	1,946	1,244	1,341
Net (Loss)/Earnings from Continuing Operations.....	\$ (8,637)	\$ 7,097	\$ 4,815	\$ 4,264	\$ 3,733
Pre-Tax Earnings from Discontinued Operations	\$1,397	\$616	\$470	\$327	\$146
Income Tax Expense	\$537	\$214	\$169	\$155	\$43
Net Earnings from Discontinued Operations.....	\$860	\$402	\$301	\$172	\$103
Net (Loss)/Earnings Applicable to Common Stockholders ²	\$ (8,047)	\$ 7,311	\$ 5,046	\$ 4,395	\$ 3,797
Financial Position					
Total Assets	\$1,020,050	\$ 841,299	\$ 681,015	\$ 628,098	\$ 480,233
Short-Term Borrowings ³	316,545	284,226	221,389	180,058	111,727
Deposits	103,987	84,124	80,016	79,746	79,457
Long-Term Borrowings	260,973	181,400	132,409	119,513	85,178
Junior Subordinated Notes (related to trust preferred securities)	5,154	3,813	3,092	3,092	3,203
Total Stockholders' Equity	\$ 31,932	\$ 39,038	\$ 35,600	\$ 31,370	\$ 28,884
Common Share Data					
<i>(in thousands, except per share amounts)</i>					
(Loss)/Earnings Per Share:					
Basic (Loss)/Earnings Per Common Share from Continuing					
Operations.....	\$ (10.73)	\$ 7.96	\$ 5.32	\$ 4.62	\$ 4.10
Basic Earnings Per Common Share from Discontinued Operations	1.04	0.46	0.34	0.19	0.12
Basic (Loss)/Earnings Per Common Share	\$ (9.69)	\$ 8.42	\$ 5.66	\$ 4.81	\$ 4.22
Diluted (Loss)/Earnings Per Common Share from Continuing					
Operations.....	\$ (10.73)	\$ 7.17	\$ 4.85	\$ 4.21	\$ 3.77
Diluted Earnings Per Common Share from Discontinued Operations ..	1.04	0.42	0.31	0.17	0.10
Diluted (Loss)/Earnings Per Common Share.....	\$ (9.69)	\$ 7.59	\$ 5.16	\$ 4.38	\$ 3.87
Weighted-Average Shares Outstanding:					
Basic	830,415	868,095	890,744	912,935	900,711
Diluted	830,415	962,962	977,736	1,003,779	980,947
Shares Outstanding at Year-End.....	939,112	867,972	919,201	931,826	949,907
Book Value Per Share.....	\$ 29.34	\$ 41.35	\$ 35.82	\$ 32.99	\$ 29.96
Dividends Paid Per Share.....	\$ 1.40	\$ 1.00	\$ 0.76	\$ 0.64	\$ 0.64
Financial Ratios					
Pre-Tax Profit Margin from Continuing					
Operations.....	N/M	29.0%	26.7%	25.6%	26.0%
Common Dividend Payout Ratio	N/M	11.9%	13.4%	13.3%	15.2%
Return on Average Assets.....	N/M	0.9%	0.7%	0.8%	0.8%
Return on Average Common Stockholders' Equity from Continuing					
Operations.....	N/M	20.1%	15.0%	13.8%	14.4%
Other Statistics					
Full-Time Employees:					
U.S.	48,700	43,700	43,200	40,200	38,200
Non-U.S.	15,500	12,500	11,400	10,400	9,900
Total ⁴	64,200	56,200	54,600	50,600	48,100
Financial Advisors	16,740	15,880	15,160	14,140	13,530
Client Assets <i>(dollars in billions)</i>	\$ 1,751	\$ 1,619	\$ 1,458	\$ 1,359	\$ 1,267

Note: Certain prior period amounts have been reclassified to conform to current period presentation.

N/M = Not Meaningful.

² Net (loss)/earnings less preferred stock dividends.

³ Consists of payables under repurchase agreements and securities loaned transactions and short-term borrowings.

⁴ Excludes 700, 100, 200, 100 and 200 full-time employees on salary continuation severance at year-end 2007, 2006, 2005, 2004 and 2003, respectively.

Stockholders' Equity

	December 28 2007	December 29 2006
	<i>(dollars in millions, except per share amounts)</i>	
Preferred Stockholders' Equity <i>(liquidation preference of \$30,000 per share; issued: 2007 – 155,000 shares; 2006 – 105,000 shares; liquidation preference of \$1,000 per share; issued: 2007 – 115,000 shares)</i>	\$ 4,383	\$ 3,145
Common Stockholders' Equity		
Shares exchangeable into common stock	39	39
Common stock <i>(par value \$1.33 1/3 per share; authorized: 3,000,000,000 shares; issued: 2007 – 1,354,309,819 shares; 2006 – 1,215,381,006 shares)</i>	1,805	1,620
Paid-in capital.....	27,163	18,919
Accumulated other comprehensive loss (net of tax)	(1,791)	(784)
Retained earnings.....	23,737	33,217
	<u>50,953</u>	<u>53,011</u>
Less: Treasury stock, at cost <i>(2007 – 418,270,289 shares; 2006 – 350,697,271 shares)</i>	23,404	17,118
Total Common Stockholders' Equity	<u>27,549</u>	<u>35,893</u>
Total Stockholders' Equity	<u>\$ 31,932</u>	<u>\$ 39,038</u>

MANAGEMENT—MERRILL LYNCH & CO., INC.

Directors

The directors of the Guarantor and their principal occupations as of the date hereof are set forth in the following table:

<u>Name</u>	<u>Principal Occupation</u>
John A. Thain ¹	Chairman of the Board and Chief Executive Officer of the Guarantor
Armando M. Codina ¹	Founder, Chairman of the Board and Chief Executive Officer of the Codina Group, Inc.
Virgis W. Colbert	Corporate Director, Retired Executive Vice President of Worldwide Operations for Miller Brewing Company
Alberto Cribiore ²	Founder and Managing Principal of Brera Capital Partners LLC
John D. Finnegan	Chairman of the Board, President and Chief Executive Officer of The Chubb Corporation
Judith Mayhew Jonas ^{1,3}	Member of the UK government's Commission for Equality and Human Rights
Aulana L. Peters	Corporate Director; Partner, Retired, of Gibson, Dunn & Crutcher LLP
Joseph W. Prueher ³	Corporate Director; Former U.S. Ambassador to the People's Republic of China
Ann N. Reese ³	Co-Founder and Co-Executive Director of the Center for Adoption Policy
Charles O. Rossotti ³	Senior Advisor to The Carlyle Group
Carol T. Christ ¹	President, Smith College; Former Executive Vice Chancellor and Provost, University of California, Berkeley

¹ John A. Thain, Armando M. Codina, Judith Mayhew Jonas and Carol T. Christ will continue to serve on the Board of Directors until the 2008 Annual Meeting of Shareholders.

² Alberto Cribiore also serves as Lead Independent Director of the Guarantor.

³ Judith Mayhew Jonas, Joseph W. Prueher, Ann N. Reese and Charles O. Rossotti comprise the members of the Audit Committee.

The business address of each of the directors of the Guarantor is 4 World Financial Center, New York, New York 10080, United States of America.

There are no potential conflicts of interest between any duties to the Guarantor and their private interests or other duties of the directors of the Guarantor.

Information regarding certain relationships and related transactions is set out in a section entitled "Other Matters—Certain Relationships and Transactions" on page 60 of the Proxy Statement, which is incorporated by reference herein.

EXECUTIVE OFFICERS—MERRILL LYNCH & CO., INC.

The following persons, all of whom are full-time employees of the Guarantor, hold the offices indicated in the following table as of the date hereof:

<u>Name</u>	<u>Office</u>
John A. Thain	Chairman of the Board and Chief Executive Officer
Rosemary T. Berkery	Vice Chairman, Executive Vice President and General Counsel
Nelson Chai	Executive Vice President and Chief Financial Officer
Gregory J. Fleming	President and Chief Operating Officer
Robert J. McCann	Executive Vice President and Vice Chairman and President of Global Private Client (now Global Wealth Management)
Thomas J. Sanzone ¹	Executive Vice President and Chief Administrative Officer

¹ This appointment shall be effective upon Thomas J. Sanzone joining the Guarantor in the second half of 2008.

The business address of each of the officers of the Guarantor is 4 World Financial Center, New York, New York 10080, United States of America.

There are no potential conflicts of interest between any duties to the Guarantor and their private interests or other duties of the executive officers of the Guarantor.

Information regarding certain relationships and related transactions is set out in a section entitled “Other Matters—Certain Relationships and Transactions” on page 60 of the Proxy Statement, which is incorporated by reference herein.

SUBSCRIPTION AND SALE

The Dealers have entered into an Amended and Restated Program Agreement, dated April 1, 2008 (as the same may be amended or supplemented, from time to time, in accordance with the terms thereof, the “**Program Agreement**”), with the Company and the Guarantor, which sets forth a basis upon which they may from time to time agree to purchase the Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Program Agreement, the Company has agreed to reimburse the Dealers for certain of their expenses in connection with the issue and of Notes under the Program.

United States

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). The Notes and the Guarantee may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. The Notes will not at any time be offered, sold, reoffered, resold, pledged, exchanged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are also subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States Person. Terms used in this paragraph have the meanings given to them by the Code and applicable Treasury regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Program and each other Purchaser will be required to represent and agree that (1) it will not offer or sell the Notes of any Tranche (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of (A) the completion of the distribution (as determined by such Dealer or other Purchaser or, in the case of a syndicated placement, the Lead Manager (as defined in the applicable syndicate purchase agreement)) of all Notes of such Tranche and (B) the closing date of such Tranche of Notes, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons and (2) it will not at any time reoffer, resell, pledge, exchange or otherwise transfer, directly or indirectly, any Notes into the United States or to, or for the account or benefit of, any U.S. person.

In addition, an offer or sale of Notes of such Series within the United States by a dealer that is not participating in the offering during the distribution compliance period described in the preceding paragraph may violate the registration requirements of the Securities Act.

Each issuance of Index Linked Interest Notes, Index Linked Redemption Notes, Equity Linked Interest Notes, Equity Linked Redemption Notes, Fund Linked Interest Notes, Fund Linked Redemption Notes or Credit Linked Notes will be subject to such additional U.S. selling restrictions as the Company and the relevant Dealer or Purchaser(s) may agree, as indicated in the applicable Final Terms. Each Dealer has agreed, and each further Dealer appointed under the Program and each other Purchaser will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Program and each other Purchaser will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Company for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Company or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Program and each other Purchaser will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Company;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Program and each other Purchaser will be required to represent, warrant and agree that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Program and each other Purchaser will be required to represent, warrant and agree that it will not offer, sell or deliver any Notes or distribute copies of the Prospectus and any other document relating to the Notes in the Republic of Italy except:

- (1) to “**Professional Investors**”, as defined in Article 31.2 of CONSOB Regulation No. 11522 of July 1, 1998, as amended (“**Regulation No. 11522**”), pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of February 24, 1998, as amended (“**Decree No. 58**”);
- (2) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in a solicitation to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in accordance with the European Directive 2003/71/CE, as implemented in Italy under Decree No. 58 and CONSOB Regulation No. 11971 of May 14, 1999, as amended (“**Regulation No. 11971**”), and ending on the date which is 12 months after the date of publication of such prospectus; and
- (3) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September

1, 1993 as amended, Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations; and

- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

The Grand Duchy of Luxembourg

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program and each other Purchaser will be required to represent, warrant and agree that in addition to the circumstances described above in “Subscription and Sale – European Economic Area”, Dealers may also offer the Notes for sale in The Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and investment funds and their management companies, commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg law dated July 10, 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the Commission de Surveillance du Secteur Financier as competent authority in Luxembourg in accordance with the Prospectus Directive.”

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “**Financial Instruments and Exchange Law**”). Each Dealer has represented and agreed and each further Dealer appointed under the Program and each other Purchaser will be required to represent and agree that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program and each other Purchaser will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for

subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

General

Unless otherwise stated in the applicable Final Terms, no action has been taken by the Company that would permit an offer to the public of the Notes or possession or distribution of this Base Prospectus or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, each Dealer has agreed and each further Dealer appointed under the Program and each other Purchaser will be required to agree that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Company shall have no responsibility therefor.

With regard to each Series, the relevant Purchaser will be required to comply with such other additional restrictions as the Company and the relevant Purchaser shall agree and as shall be set out in the applicable Final Terms.

UNITED STATES INCOME AND ESTATE TAXES

Circular 230 Legend

The following discussion of United States federal income tax matters and any other discussions of United States federal income tax matters contained elsewhere in this Base Prospectus or the applicable Final Terms (a) were not intended or written to be legal or tax advice to any person and were not intended or written to be used, and they cannot be used, by any person for the purpose of avoiding any tax-related penalties that may be imposed on such person, and (b) were written to support the promotion or marketing of the Notes pursuant to the Program by the Company, the Guarantor and the Dealers. Each person considering an investment in the Notes pursuant to the Program should seek advice based on its particular circumstances from an independent tax advisor.

Notwithstanding anything to the contrary contained herein, each prospective purchaser (and each employee, representative, or other agent of each prospective purchaser) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this Base Prospectus and all materials of any kind that are provided to the prospective purchaser relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions between the Company, the Guarantor and the Dealers or their respective representatives and each prospective investor regarding the transactions contemplated herein.

U.S. Withholding

Under United States federal income and estate tax law as now in effect and subject to the discussion below concerning backup withholding, (a) principal of, and interest on, any Note beneficially owned by a United States Alien (as defined under “Terms and Conditions of the Notes—8. Payment of Additional Amounts”) paid by the Company or any paying agency thereof to the United States Alien will not be subject to United States federal withholding tax, provided that in the case of interest (including original issue discount, if any) on a Note with a maturity of greater than 183 days (i) the United States Alien does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the Company, (ii) the United States Alien is not a controlled foreign corporation as to the United States that is related to the Company through stock ownership and (iii) the United States Alien is not a bank receiving interest described in Code section 881(c)(3)(A); (b) any gain or income realized by any United States Alien holder upon the sale, exchange or redemption of any Note generally will not be subject to United States income or withholding tax, provided that such gain or income is not effectively connected with a United States trade or business of such holder and, in the case of an individual holder, such individual is not present in the United States for 183 days or more in the taxable year of the sale, exchange or redemption and such individual does not have a “tax home” (as defined for United States federal income tax purposes) in the United States (other exceptions may apply, and a holder should consult its tax advisor in this regard); and (c) a Note, Receipt or Coupon held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to United States federal estate tax as a result of such individual’s death, unless the individual actually or constructively owns 10 per cent. or more or the total combined voting power of all classes of stock of the Company or such individual holds the Note in connection with a United States trade or business.

Backup Withholding

“Backup” withholding of United States federal income tax at the applicable statutory rate and information reporting requirements may apply to certain payments to certain non-corporate United States holders of principal of and interest on an obligation, and proceeds of certain sales (including sales pursuant

to an option) of an obligation before maturity. For the purpose of the following discussion, “United States Person” means any citizen or resident for United States federal income tax purposes of the United States, a corporation or partnership (including an entity treated as a corporation or partnership for United States federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia (unless, in the case of a partnership, Treasury regulations are adopted that provide otherwise), an estate whose income is subject to United States federal income tax regardless of its source, a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States Persons have the authority to control all substantial decisions of the trust, and any other person whose income or gain with respect to a Note is effectively connected with the conduct of a United States trade or business. Notwithstanding the previous sentence, to the extent provided in Treasury regulations, certain trusts in existence before August 20, 1996, and treated as United States Persons before such date that elect to be treated so shall also be considered United States Persons.

Backup withholding and information reporting will not apply to payments of principal or interest on a Note provided that the payor does not have actual knowledge or reason to know that the holder is a United States Person.

In general, payment of the proceeds from the sale of Notes effected at a United States office of a broker is subject to both United States backup withholding and information reporting. However, a holder will not be subject to backup withholding and information reporting on such a sale provided that the broker does not have actual knowledge or reason to know that the holder is a United States Person or the holder otherwise establishes an exemption. If a holder fails to establish an exemption or the broker has actual knowledge or reason to know of the holder’s status as a United States Person, the payments may be subject to information reporting and backup withholding. However, backup withholding will not apply with respect to payments made outside the United States to an offshore account maintained by a holder unless the payor has actual knowledge that a holder is a United States Person.

In general, payment of the proceeds from the sale of Notes effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if the proceeds are transferred to an account maintained by the holder in the United States, the payment of proceeds or the confirmation of the sale is mailed to the holder at a United States address, or the sale has some other specified connection with the United States as provided in applicable Treasury regulations, unless the broker does not have actual knowledge or reason to know that the holder is a United States Person or the holder otherwise establishes an exemption.

In addition, payment of the proceeds from the sale of Notes effected at a foreign office of a broker will be subject to information reporting, but not backup withholding, if the sale is effected at a foreign office of a broker that is: (a) a United States Person, (b) a controlled foreign corporation for United States federal income tax purposes, (c) a foreign person 50 per cent. or more of the gross income of which is effectively connected with the conduct of a United States trade or business for a specified three-year period, or (d) a foreign partnership, if at any time during its tax year: (i) one or more of its partners are “U.S. persons”, as defined in applicable Treasury regulations, who in the aggregate hold more than 50 per cent. of the income or capital interest in the partnership, or (ii) such foreign partnership is engaged in the conduct of a United States trade or business, unless the broker does not have actual knowledge or reason to know that the holder is a United States Person or the holder otherwise establishes an exemption.

Recent U.S. Taxation Developments

On December 7, 2007, the U.S. Internal Revenue Service (the “**IRS**”) released a notice that could possibly effect the taxation of United States Alien holders of certain Notes that are not properly treated as

debt for U.S. federal income tax purposes but instead are classified as prepaid forwards or executory contracts. According to the notice, the IRS and the U.S. Treasury Department are actively considering, among other things, whether the holders of such Notes should be required to accrue income with respect to such Notes on a current basis and whether the holder of such Notes should be subject to U.S. withholding tax with respect to income deemed to accrue on the instrument, and they are seeking comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance the Company would be required to withhold tax on payments to United States Alien holders of such Notes, and such withholding could be required on a retroactive basis. In such an event, it is possible that the Company could elect to redeem the Notes, as provided in Condition 4(b), as a result of the Company's obligation to pay additional amounts. Persons considering the purchase of Notes should consult their tax advisors concerning the significance, and the potential impact, of these considerations.

The above discussion is based upon certain of the facts set forth in this Base Prospectus and other documents related to the issuance of the Notes and upon compliance with the provisions thereof and the representations and agreements therein. In addition, such discussion is based upon the Code, Treasury regulations, rulings and decisions in effect as of the date of this Base Prospectus, all of which are subject to change. Furthermore, the above discussion does not apply to the tax consequences of holding Floating Rate Notes, Index Linked Interest Notes, Index Linked Redemption Notes, Dual Currency Notes, Equity Linked Interest Notes, Equity Linked Redemption Notes, Fund Linked Interest Notes, Fund Linked Redemption Notes, Credit Linked Notes, Zero Coupon Notes, Physical Delivery Notes, Partly Paid Notes, Notes that are due to mature more than 30 years from their date of issue or Notes linked to any other Reference Item. Any special United States federal tax consequences of holding such Notes will be described in the applicable Final Terms. Persons considering the purchase of Notes should consult their own tax advisors concerning the application of the laws of any state, local or foreign taxing jurisdictions to their particular situations.

LUXEMBOURG TAXATION

The following is a summary of certain material Luxembourg tax consequences of purchasing, owning and disposing of the Notes, Receipts and Coupons. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or deposit the Notes, Receipts or Coupons. Prospective purchasers of the Notes, Receipts or Coupons should consult their own tax advisers as to the applicable tax consequences of the ownership of the Notes, Receipts or Coupons, based on their particular circumstances. This summary does not allow any conclusions to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect on the date of this Base Prospectus and is subject to any amendments in law later introduced, whether or not on a retroactive basis.

Luxembourg tax residency of the Noteholders

A Noteholder will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Taxation of Luxembourg non-residents

Under the Luxembourg laws dated June 21, 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union, a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment will apply to payments of interest and other similar income made to certain "residual entities" as defined in Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), and whose profits are not taxed under the general arrangements for the business taxation and they are not UCITS authorised under the Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC). The withholding tax rate is initially 15%, increasing to 20% as from July 1, 2008 and to 35% as from July 1, 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Taxation of Luxembourg residents

As of January 1, 2006, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents are subject to a 10% withholding tax.

Taxation of the Noteholders

Taxation of Luxembourg non-residents

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment, a permanent representative nor a fixed base of business in Luxembourg with which the holding of the Notes is connected are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption or repurchase of the Notes, or realize capital gains on the sale of any Notes.

Taxation of Luxembourg residents

Noteholders who are residents of Luxembourg, or non-resident Noteholders who have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes is connected will not be liable to any Luxembourg income tax on repayment of principal.

Luxembourg resident individuals

The 10% Luxembourg withholding tax (see “—Withholding tax—Taxation of Luxembourg residents”) represents the final tax liability on interest received for the Luxembourg resident individuals receiving the payment in the course of their private wealth. Individual Luxembourg resident Noteholders receiving the interest as business income must include interest income in their taxable basis. The 10% Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of the Notes. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the 10% withholding tax. Individual Luxembourg resident Noteholders receiving the interest as business income must also include the portion of the redemption price corresponding to this interest in their taxable income. The 10% Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident companies

Luxembourg resident companies (société de capitaux) Noteholders or foreign entities of the same type which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the Notes is connected, must include in their taxable income any interest (including accrued but unpaid interest) and the difference between the sale or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident companies benefiting from a special tax regime

Noteholders who are undertakings for collective investment subject to the law of December 20, 2002 or to the law of February 13, 2007 are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax), other than the subscription tax calculated on their net asset value. This annual tax is paid quarterly on the basis of the total net assets as determined at the end of each quarter. Noteholders who are holding companies subject to the law of July 31, 1929 (“1929 holding companies”) are also not subject to income tax and are liable only for the so-called subscription tax at the rate of 0.2%. In principle, the tax basis is composed of the average capital market value (for listed 1929 holding companies) or paid-up capital and share premium (for non-listed 1929 holding companies).

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a Noteholder, unless (i) such holder is a Luxembourg fully taxable resident company or (ii) such Notes are attributable to an enterprise or part thereof which is carried on by a non-resident company in Luxembourg through a permanent establishment.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes. Proceedings in a Luxembourg court or the presentation of documents relating to the Notes, other than the Notes themselves, to an “autorité constituée” may require registration of the documents, in which case the documents will be subject to registration duties depending on the nature of the documents. In particular, a loan agreement not represented by the Notes will be subject to an ad valorem registration of 0.24% of the amounts mentioned therein.

There is no Luxembourg VAT payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes.

Luxembourg VAT may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg VAT purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg VAT does not apply with respect to such services.

No Luxembourg inheritance taxes are levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. No Luxembourg gift tax will be levied on the transfer of the Notes by way of gift unless the gift is registered in Luxembourg.

EUROPEAN UNION SAVINGS TAX DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-European Union countries and territories including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

For the avoidance of doubt, should the Issuer, the Agent, any other paying agent or any institution where the Notes are deposited be required to withhold any amount as a consequence of the EU Savings Directive or the agreements between the European Union and Switzerland, other non-EU countries or dependent or associated territories providing for measures equivalent to those laid down in the EU Savings Directive, then there is no obligation for the Issuer, the Agent or any other paying agent to pay any additional amounts relating to such withholding. If a withholding tax is imposed on payment made by a paying agent, the Issuer will be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

GENERAL INFORMATION

Listing and Admission to Trading

Application has been made for Notes issued under the Program to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and admitted to listing on the official list of the Luxembourg Stock Exchange. The listing of the Program with respect to such Notes is expected to be granted on or around April 1, 2008. Application will be made to the UK Listing Authority, for Notes issued under the Program to be admitted to the Official List and admitted to trading on the London Stock Exchange's Regulated Market. The CSSF has been requested to provide the UK Listing Authority with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. Notes may also be listed and/or admitted to trading on or by other stock exchanges and/or markets.

Authorization

The Program has been established and updated and Notes will be issued thereunder pursuant to authority granted by the Board of Directors of the Company on March 20, 2008 and by the Board of Directors of the Guarantor on February 24, 1986, June 5, 2000, January 23, 2006 and April 27, 2007 and a Consent of the Board of Directors of the Guarantor in Lieu of Meeting dated March 13, 2003 as supplemented by the Approval of New Procedures on the Issuance and Sale of Indebtedness of the Guarantor dated October 19, 2004 and the Certificate of Delegation dated September 12, 2003, the Omnibus Certificate of Designation of the Guarantor relating to the Issuance and Sale of Debt Securities, Warrants and Guarantees dated June 11, 2007, and pursuant to authority granted by the Finance Committee of the Board of Directors of the Company on April 26, 2006, as each such authority may be supplemented from time to time.

Significant or Material Change

There has been no significant change in the financial or trading position of the Company and its subsidiary since December 31, 2007, nor of the Guarantor and its subsidiaries on a consolidated basis since December 28, 2007. There has been no material adverse change in the prospects of the Company and its subsidiary since December 31, 2007, nor of the Guarantor and its subsidiaries on a consolidated basis since December 28, 2007.

Post-Issuance Reporting

Neither the Company nor the Guarantor intends to provide post-issuance information in relation to any assets underlying the issues of Notes constituting derivative securities.

Litigation

The Guarantor, certain of its subsidiaries and other persons have been named as parties in various legal actions and arbitration proceedings arising in connection with the operation of the Guarantor's businesses. In most cases, plaintiffs seek unspecified damages and other relief. These include the following:

Initial Public Offering ("IPO") Underwriting Fee Litigation

In re Public Offering Fee Antitrust Litigation and *in re Issuer Plaintiff Initial Public Offering Fee Antitrust Litigation*: Merrill Lynch* is named as one of approximately two dozen defendants that have been

* Unless the context otherwise requires, the term "Merrill Lynch" means the Guarantor and its consolidated subsidiaries.

named in purported class actions filed in the United States District Court for the Southern District of New York alleging that underwriters conspired to fix the “fee” paid to purchase certain initial public offering securities at 7% in violation of antitrust laws. These complaints have been filed by both investors and issuers in initial public offerings. On February 24, 2004, the court held that the purchaser plaintiffs’ claims for damages were barred, but declined to dismiss the claim for injunctive relief. On April 18, 2006, the court held that the issuer claim could not proceed as a class action. On September 11, 2007, the Second Circuit Court of Appeals vacated the April 18 decision and remanded the case for further proceedings on the issue of class certification. Following the remand, plaintiffs have moved for class certification of the issuer class, and the defendants have opposed class certification. The court has not issued a decision on the class certification issue.

IPO Allocation Litigation

In re Initial Public Offering Securities Litigation: Merrill Lynch has been named as one of the defendants in approximately 110 securities class action complaints alleging that dozens of underwriter defendants, including Merrill Lynch, artificially inflated and maintained the stock prices of the relevant securities by creating an artificially high post-IPO demand for shares. On October 13, 2004, the district court, having previously denied defendants’ motions to dismiss, issued an order allowing certain of these cases to proceed against the underwriter defendants as class actions. On December 5, 2006, the Second Circuit Court of Appeals reversed this order, holding that the district court erred in certifying these cases as class actions. On September 27, 2007, plaintiffs again moved for class certification. On December 21, 2007, defendants filed their opposition to plaintiffs’ motion. The court has not issued a decision on the class certification issue.

Enron Litigation

Newby v. Enron Corp. et al.: On April 8, 2002, Merrill Lynch was added as a defendant in a consolidated class action filed in the United States District Court for the Southern District of Texas on behalf of the purchasers of Enron’s publicly traded equity and debt securities during the period October 19, 1998 through November 27, 2001. The complaint alleges, among other things, that Merrill Lynch engaged in improper transactions in the fourth quarter of 1999 that helped Enron misrepresent its earnings and revenues in the fourth quarter of 1999. The district court has denied Merrill Lynch’s motions to dismiss, and has certified a class action by Enron shareholders and bondholders against Merrill Lynch and other defendants. On March 19, 2007, the Fifth Circuit Court of Appeals reversed the district court’s decision certifying the case as a class action. On January 22, 2008, the Supreme Court denied plaintiffs’ petition to review the Fifth Circuit’s decision. Merrill Lynch intends to move for summary judgment dismissing the action. Plaintiffs have stated they will oppose that motion.

Other Enron Litigation

Over a dozen other actions have been brought against Merrill Lynch and other investment firms in connection with their Enron-related activities. There has been no adjudication of the merits of these claims.

Mortgage-Related Litigation

Merrill Lynch & Co. Shareholder Litigation: Beginning on October 30, 2007, purported class actions were filed in the United States District Court for the Southern District of New York against Merrill Lynch and certain present or former officers and directors on behalf of persons who acquired Merrill Lynch securities beginning as early as November 3, 2006 and ending as late as November 7, 2007. Among other things, the complaints allege violations of the federal securities laws based on alleged false and misleading statements related to Merrill Lynch’s exposure to collateralized debt obligations and the sub-prime lending markets. One such action is brought on behalf of persons who exchanged the securities of First Republic Bank for the securities of Merrill Lynch in a merger that occurred on September 21, 2007. Merrill Lynch intends to vigorously defend itself in these actions.

Shareholder Derivative Actions: Beginning on November 1, 2007, purported shareholder derivative actions were brought in federal and state courts against certain present or former officers and directors of Merrill Lynch in which the Company is named as a nominal defendant. The actions allege, among other things, breach of fiduciary duty, corporate waste, and abuse of control related to Merrill Lynch's exposure to collateralized debt obligations and the sub-prime lending markets. They also challenge the payment of alleged severance to Merrill Lynch's former chief executive officer and certain of the actions assert claims for contribution or indemnification on the Company's behalf. In addition, the Company has received letters from law firms, on behalf of purported shareholders, demanding that the Board bring claims on behalf of Merrill Lynch against certain present and former directors and officers of Merrill Lynch based on allegations substantially similar to those that are alleged in the shareholder derivative actions described above. The Board, with the assistance of counsel, will review the claims made in the demand letters and determine whether the maintenance of the proposed derivative suits is in the best interests of the Company.

ERISA Litigation: Beginning on November 13, 2007, purported class actions were filed in the United States District Court for the Southern District of New York against Merrill Lynch and certain of its present or former officers and directors on behalf of the Merrill Lynch 401(k) Savings and Investment Plan, Retirement Accumulation Plan, Employee Stock Ownership Plan and a class of similarly situated plan participants. The actions are pending in the United States District Court for the Southern District of New York. These actions challenge the Company's disclosures about its performance, business prospects and the attractiveness of the Company's stock between a variety of purported class periods, beginning as early as January 1, 2004 and ending as late as December 6, 2007. Merrill Lynch intends to vigorously defend itself in these actions.

City of Cleveland v. Deutsche Bank Trust Company, et al.: On January 10, 2008, the City of Cleveland filed a lawsuit against twenty-one financial services firms, including Merrill Lynch, alleging that the securitization of sub-prime mortgages created a "public nuisance" and that defendants are, therefore, liable for the cost incurred by the City of Cleveland related to foreclosures. The case was initially filed in the Cuyahoga County Common Pleas Court and was removed to the United States District Court for the Northern District of Ohio on January 17, 2008. Plaintiff has filed a motion seeking an order remanding the case. Merrill Lynch intends to vigorously defend itself in this action.

Regulatory Investigations: Merrill Lynch is cooperating with the Commission and other regulators investigating sub-prime-related activities.

Allegheny Energy Litigation

Merrill Lynch v. Allegheny Energy, Inc.: On September 24, 2002, Merrill Lynch filed an action in the United States District Court for the Southern District of New York against Allegheny Energy, Inc. The complaint alleged that Allegheny owed Merrill Lynch the final \$115 million payment due in connection with Allegheny's purchase of Merrill Lynch's energy trading business and assets in 2001. The following day, Allegheny filed an action against Merrill Lynch in the Supreme Court of the State of New York claiming misrepresentations in connection with Merrill Lynch's sale of the energy trading business to Allegheny. On July 18, 2005, following a bench trial, the court issued a decision holding that Allegheny is required to pay Merrill Lynch \$115 million plus interest. On August 31, 2007, the Second Circuit Court of Appeals reversed the district court's decision and remanded the case for further proceedings in the district court. In January 2008, Allegheny and Merrill Lynch settled the matter. Under the terms of the settlement, Allegheny will pay Merrill Lynch \$50 million and Merrill Lynch will relinquish its interest in Allegheny Energy Supply LLC.

Short Sales Litigation

Electronic Trading Group, LLC v. Banc of America Securities LLC, et al: On April 12, 2006, a purported class action was filed against eleven financial services firms, including Merrill Lynch, in the

United States District Court for the Southern District of New York. The case alleged that the defendants violated federal antitrust laws by charging unearned fees on short sales by their clients even when they failed to borrow and/or deliver stock in support of those short sales. On December 20, 2007, the court granted defendants' motion to dismiss. Plaintiffs have filed an appeal.

Avenius v. Banc of America Securities LLC, et al: On June 22, 2006, 37 purchasers of securities of NovaStar Financial filed an action against eleven financial services firms, including Merrill Lynch, in the California Superior Court in San Francisco. The case alleges that the defendants improperly depressed the price of NovaStar Financial shares by facilitating short sales that did not comply with regulatory requirements. On July 17, 2007, the Superior Court of the State of California, County of San Francisco, rejected defendants' argument that state law claims of facilitating improper short sales were pre-empted by the federal securities laws. The court did not rule on the substance of the underlying claims. The defendants, including Merrill Lynch, are vigorously defending themselves against the claims.

Overstock.com, Inc. v. Morgan Stanley & Co., et al: On February 2, 2007, Overstock.com brought an action in the Superior Court of the State of California, County of San Francisco, against approximately a dozen investment banks, including Merrill Lynch, alleging that they violated state law by improperly facilitating short sales of Overstock.com, which artificially depressed the price of its shares. On July 17, 2007, the Superior Court of the State of California, County of San Francisco, rejected defendants' argument that state law claims of facilitating improper short sales were pre-empted by the federal securities laws. The court did not rule on the substance of the underlying claims. The defendants, including Merrill Lynch, are vigorously defending themselves against the claims.

Bank Sweep Programs Litigation

DeBlasio v. Merrill Lynch, et al: On January 12, 2007, a purported class action was brought against Merrill Lynch and three other securities firms in the United States District Court for the Southern District of New York alleging that their bank sweep programs violated state law because their terms were not adequately disclosed to customers. On May 1, 2007, plaintiffs filed an amended complaint, which added additional defendants. On November 12, 2007, defendants filed motions to dismiss the second amended complaint. Briefing on the motion is expected to be completed by March 6, 2008.

Private Equity Litigation

Davidson, et al., v. Bain Capital Partners, LLC, et al.: On December 28, 2007, a purported class action was brought against sixteen defendants, including Merrill Lynch, in the United States District Court for the District of Massachusetts. The complaint alleges that defendants conspired to limit competition in bidding for private-equity sponsored acquisitions of public companies in violation of the antitrust laws. Merrill Lynch intends to vigorously defend itself in this action.

Employment Litigation

McReynolds v. Merrill Lynch: On November 18, 2005, a purported class action was filed in the United States District Court for the Northern District of Illinois seeking to certify a class of current and former African American Merrill Lynch employees, as well as African Americans who applied for employment. Plaintiff alleges that the firm has engaged in a pattern and practice of discrimination against African Americans in violation of federal Civil Rights statutes. Merrill Lynch is vigorously contesting these claims.

Other

Merrill Lynch International v. XL Capital Assurance Inc. et al: On March 19, 2008, Merrill Lynch International filed an action in the Southern District of New York seeking a declaratory judgment that XL

Capital Assurance Inc. and XLCA Admin LLC. (collectively, “**XL**”) continue to be bound by seven credit default swaps on collateralized debt obligations with an aggregate notional amount of approximately \$3.1 billion. The complaint alleges that XL’s purported termination of the swaps is improper and that the swaps remain in full force and effect.

Merrill Lynch has been named as a defendant in various other legal actions, including arbitrations, class actions, and other litigation arising in connection with its activities as a global diversified financial services institution. Some of the legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the issuers that would otherwise be the primary defendants in such cases are bankrupt or otherwise in financial distress. Merrill Lynch is also involved in investigations and/or proceedings by governmental and self-regulatory agencies.

Merrill Lynch believes it has strong defenses to, and where appropriate, will vigorously contest, many of these matters. Given the number of these matters, some are likely to result in adverse judgments, penalties, injunctions, fines, or other relief. Merrill Lynch may explore potential settlements before a case is taken through trial because of the uncertainty, risks, and costs inherent in the litigation process. In accordance with SFAS No. 5, Merrill Lynch will accrue a liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In many lawsuits, arbitrations and investigations, including the class action lawsuits disclosed in the Guarantor’s public filings, it is not possible to determine whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until the case is close to resolution, in which case no accrual is made until that time. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, Merrill Lynch cannot predict what the eventual loss or range of loss related to such matters will be. Subject to the foregoing, Merrill Lynch continues to assess these cases and believes, based on information available to it, that the resolution of these matters will not have a material adverse effect on the financial condition of Merrill Lynch as set forth in the consolidated financial statements, but may be material to Merrill Lynch’s operating results or cash flows for any particular period and may impact the Guarantor’s credit ratings.

Neither the Company nor the Guarantor nor any subsidiary is or has been involved in any governmental, legal or arbitration proceedings, nor, to the Company’s or the Guarantor’s knowledge, are any governmental, legal or arbitration proceedings pending or threatened involving the Company or the Guarantor or any subsidiary, which may have or have had during the 12 months prior to the date of this Base Prospectus a significant effect on the financial position of the Company and/or the Guarantor and its subsidiaries on a consolidated basis, however as described above, such matters may have a significant effect on the profitability of the Company and/or the Guarantor and its subsidiaries on a consolidated basis.

Financial Statements

The financial statements as of December 31, 2007 (as of April 1, 2008 not yet approved by the shareholders of the Company), December 31, 2006 and December 31, 2005 of the Company for the fiscal years then ended have been audited in accordance with International Standards on Auditing by Deloitte S.A., auditors of the Company, without qualification. Deloitte S.A. is a member of I.R.E. “Institut des Réviseurs d’entreprises”, a professional body of the audit profession in Luxembourg, a profession which is regulated by the Minister of Justice of Luxembourg.

The consolidated balance sheets of the Guarantor and its subsidiaries (“**Merrill Lynch**”) as of December 28, 2007 and December 29, 2006, the related consolidated statements of (loss)/earnings, changes in stockholders’ equity, comprehensive (loss)/income and cash flows for each of the three years in the period ended December 28, 2007, the related financial statement schedule and the effectiveness of internal control over financial reporting incorporated herein by reference to the Guarantor’s 2007 Annual Report have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their

reports dated February 25, 2008 (the “**2007 Audit Report**”) (which reports expressed an unqualified opinion on those financial statements, included an explanatory paragraph regarding the changes in accounting methods in 2007 relating to the adoption of Statement of Financial Accounting Standards No. 157, “*Fair Value Measurement*,” Statement of Financial Accounting Standards No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*,” and FASB Interpretation No. 48, “*Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109*,” and in 2006 for share-based payments to conform to Statement of Financial Accounting Standards No. 123 (revised 2004), “*Share-Based Payment*,” and included an explanatory paragraph relating to the restatement of Merrill Lynch’s consolidated statements of cash flows for the fiscal years ended December 29, 2006 and December 30, 2005 (the “**Cash Flow Restatements**”) discussed in Note 20 to Merrill Lynch’s consolidated financial statements included in the 2007 Annual Report).

The consolidated balance sheets of Merrill Lynch as of December 29, 2006 and December 30, 2005, the related consolidated statements of earnings, changes in stockholders’ equity, comprehensive income and cash flows for each of the three years in the period ended December 29, 2006, the related financial statement schedule and management’s report on the effectiveness of internal control over financial reporting incorporated herein by reference to the Guarantor’s 2006 Annual Report have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports dated February 26, 2007 (which reports expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the changes in accounting methods in 2006 for share-based payments to conform to Statement of Financial Accounting Standards No. 123 (revised 2004), “*Share-Based Payment*” and must be read together, and construed, with the Current Report on Form 8-K dated February 25, 2008 related to the Cash Flow Restatements). Refer to the explanatory paragraph within the 2007 Audit Report relating to the Cash Flow Restatements discussed in Note 20 to Merrill Lynch’s consolidated financial statements included in the 2007 Annual Report.

The Dealers

The Guarantor is the ultimate parent company of Merrill Lynch International, Merrill Lynch Capital Markets AG and Merrill Lynch (Singapore) Pte. Ltd.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg systems (which are entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg and details of any other agreed clearing system will be contained in the relevant Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

Documents Available for Collection and Inspection

From the date hereof and throughout the lifetime of the Program the following documents will be available for collection without charge during normal office hours at, the office of the Paying Agent in Luxembourg, the principal office of the Agent in London, England and the principal office of the Company:

- (a) this Base Prospectus;
- (b) copies of the Company’s Articles of Incorporation and the Guarantor’s Restated Certificate of Incorporation and Restated By-laws;

- (c) the financial statements of the Company as of December 31, 2007 and December 31, 2006;
- (d) the 2007 Annual Report and 2007 Auditors' Report of the Guarantor;
- (e) the 2006 Annual Report and 2006 Auditors' Report of the Guarantor;
- (f) the February 2008 Current Report;
- (g) the Proxy Statement of the Guarantor;
- (h) any future base prospectuses and supplements (including the Final Terms with respect to listed Notes) to this Base Prospectus; and
- (i) the Guarantee.

The Company does not produce either interim or consolidated financial statements.

Copies of the Agency Agreement (incorporating the forms of the Final Terms, and the temporary global, permanent global and definitive Notes) and the Program Agreement, in each case relating to the Program, will be available for inspection during normal office hours at, the office of the Paying Agent in Luxembourg, the principal office of the Agent in London, England and the principal office of the Company.

ISSUER

Merrill Lynch S.A.

Registered Office:

Ballade B2,
4, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

GUARANTOR

Merrill Lynch & Co., Inc.

Principal Office:

4 World Financial Center
New York, New York 10080
United States of America

DEALERS

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

Merrill Lynch Capital Markets AG
Stockerhof
CH-8002 Zurich
Switzerland

Merrill Lynch (Singapore) Pte. Ltd.
1 Temasek Avenue
Millenia Tower #29-01
Singapore 039192

AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

AUDITORS

To the Issuer
Deloitte S.A.
560, rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Guarantor
Deloitte & Touche LLP
Two World Financial Center
New York, New York 10281-1414
United States of America

PAYING AGENTS

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester House
London EC2N 2DB
United Kingdom

Deutsche Bank Luxembourg S.A.
2 boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS

To the Issuer and the Guarantor
As to United States Law:
Sidley Austin LLP
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
United Kingdom

To the Issuer
As to Luxembourg Law:
Linklaters LLP, Luxembourg
35 Avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

To the Dealers
As to United States Law:
Gide Loyrette Nouel MNP
City Point
1 Ropemaker St.
London EC2Y 9HT
United Kingdom

LUXEMBOURG LISTING AGENT

Deutsche Bank Luxembourg S.A.
2 boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

