

# Certificates Linked to the ML EM Small Cap Basket



## Indicative terms & conditions as of 29 August 2007

This Term Sheet contains indicative terms only. All materials contained herein are for discussion purposes only. Finalised terms and conditions are subject to further discussion and negotiation. We make no representation and have given you no advice concerning the appropriate accounting treatment or possible tax consequences of this indicative transaction.

This communication is furnished at the request of the recipient for the exclusive purpose of identifying the security or other instrument referred to herein. It is furnished for your private information with the express understanding, which recipient acknowledges, that it does not constitute an offer of such security or a means by which such security may be offered or sold. Any written offer of such security may be made only by means of an offering document and any related supplements thereto.

The security described herein is not for sale in the U.S. or to U.S. persons and this communication may not be distributed in the U.S.

No Prospectus (as defined in the EU Prospectus Directive 2003/71/EC ("Prospectus Directive")) will be prepared in connection with the Securities. Accordingly, the Securities may not be offered to the public in any European Economic Area ("EEA") member state and any purchaser of the Securities who subsequently sells any of their Securities in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive as implemented in that member state.

<b>Description:</b>				
The Certificates track the performance of the ML EM Small Cap Basket. Such Certificates are to be issued pursuant to the terms and conditions of the Merrill Lynch S.A. Certificate Programme offering documents and related supplements thereto (the "Offering Documents").				
<b>Security Codes:</b>				
ISIN:	XS0312234403			
Valor:	3284885			
Symbol:	MLEMU			
<b>Time Table:</b>				
<b>Public Offer Period:</b>	Up to 14 September 2007 (17:00 CET)			
<b>Reference Pricing Date:</b>	18 September 2007			
<b>Issue Date:</b>	21 September 2007			
<b>Listing Date:</b>	21 September 2007			
<b>Exercise Date:</b>	18 September 2009 (subject to the Early Redemption section below)			
<b>Settlement Date:</b>	5 Business Days after the Exercise Date			
<b>Underlying:</b>				
<b>Underlying (the "Basket"):</b>	<b>Name</b>	<b>Bloomberg Code</b>	<b>Currency</b>	<b>Sponsor</b>
	ML Emerging Markets Small Cap Basket	MLEMSML <Index>	USD	Merrill Lynch International
<b>Basket Composition:</b>	The Basket of Shares is designed to track the performance of the MSCI Emerging Markets Small Cap Index (Bloomberg Ticker MLEMSML <Index>). The performance of the Basket is calculated on a price return basis (without the reinvestment of dividends). The Basket history begins on 3 May, 2004 with a level of 100.			
	As of 11-Jul-07, the Basket was comprised of 96 Basket Companies (the "Shares") as set out in the table below.			
	<b>BBG Ticker</b>	<b>Sedol</b>	<b>Company Name</b>	<b>Weight</b>
	2349 TT Equity	674075	Ritek Corporation	1.8%
	ICA* MM Equity	B0MT4R	Empresas Ica S. A. B. De	1.7%
	PXM PW Equity	531929	Mostostal Siedlce (Pln)	1.6%
	MPB MK Equity	655693	Malaysian Plantations	1.6%
	001200 KP Equity	B0BXJ2	Seoul Securities Co.	1.4%
	006350 KP Equity	647179	The Jeonbuk Bank Co.	1.4%
	3323 HK Equity	B0Y91C	China National Buildin	1.3%
	SUZB5 BS Equity	B02GKF	Suzano Papel Pna	1.3%
	001450 KP Equity	B01LXY	Hyundai Marine & Fir	1.3%
	006260 KP Equity	637578	Ls Cable Ltd.	1.3%
	004370 KP Equity	663811	Nong-Shim Co.Ltd.	1.3%
	2362 TT Equity	620374	Clevo Co.	1.2%
	NDIVI IS Equity	660251	Divi'S Laboratorie	1.2%
	9914 TT Equity	658444	Merida Ind. Co. Ltd.	1.2%
	067250 KP Equity	B130MM9	Stx Shipbuilding Co.	1.2%
	003540 KP Equity	625120	Daishin Securities	1.2%
	3376 TT Equity	B02GHN	Shin Zu Shing Co Ltd	1.2%
	NRNR IS Equity	B0WNLT	Reliance Natural Resource	1.2%
	3035 TT Equity	618604	Faraday Technology Cor	1.2%
	006120 KP Equity	685991	Sk Chemicals Co.Ltd	1.2%
	TRUB IJ Equity	B1FD8C	Truba Alam Manung Eng	1.2%

008770 KP Equity	644033	Hotel Shilla Co.Ltd	1.2%
NMBI IS Equity	616475	Moser-Baer	1.2%
EXX SJ Equity	6418801	Exxaro	1.2%
2377 TT Equity	613345	Micro-Star Internation	1.2%
135 HK Equity	634007	Cnpc (Hong Kong) Ltd.	1.1%
2458 TT Equity	624151	Elan Microelectronics	1.1%
2834 TT Equity	609881	Taiwan Business Bank	1.1%
2526 TT Equity	618880	Contl Engineering Corp	1.1%
TRUE TB Equity	687593	True Corp Pcl	1.1%
FLI PM Equity	634144	Filinvest Land (Php1)	1.1%
1210 TT Equity	638434	Great Wall Enterprise	1.1%
903 HK Equity	617957	Tpv Technology Ltd	1.1%
003690 KP Equity	B01T14	Korean Reinsurance C	1.1%
NICEM IS Equity	615006	India Cements (Inr10)(Dema	1.1%
ARA* MM Equity	B1TV96	Consortio Ara S.A. De C.	1.1%
003300 KP Equity	640771	Hanil Cement	1.1%
UNIP CP Equity	529729	Unipetrol (Czk100)	1.1%
RAPT4 BS Equity	B010V4	Randon Part Pn	1.1%
TMCP4 BS Equity	229277	Telemig Part. Pn	1.1%
DRB MK Equity	626981	Drb-Hicom Bhd	1.1%
030000 KP Equity	609323	Cheil Communicate In	1.1%
392 HK Equity	608169	Beijing Enterprises HI	1.1%
GND SJ Equity	B0LNLV	Grindrod	1.1%
MPC SJ Equity	682036	Mr Price	1.1%
GUAR3 BS Equity	221174	Guararapes On	1.1%
2451 TT Equity	635049	Transcend Information	1.0%
3900 HK Equity	B17N9P	Greentown China Hldgs	1.0%
FFTL4 BS Equity	B16282	Fosfertil Pn	1.0%
2374 TT Equity	600518	Ability Enterprise	1.0%
NIVRC IS Equity	B10SSR	Ivrcl Infrastr.Prj	1.0%
005300 KP Equity	653544	Lotte Chilsung Bev	1.0%
2312 TT Equity	616103	Kinpo Electronics Inc.	1.0%
MVL SJ Equity	671175	Mvela Res	1.0%
2376 TT Equity	612918	Giga-Byte Technology C	1.0%
882 HK Equity	609235	Tianjin Development HI	1.0%
ORMT IT Equity	666425	Ormat Industries	1.0%
012750 KP Equity	618023	S1 Corporation	1.0%
GRF SJ Equity	630571	Group 5	1.0%
LREN3 BS Equity	B0CGYD	Lojas Renner On	1.0%
UGPA4 BS Equity	B0HZNY	Ultrapar Pn	1.0%
000100 KP Equity	698833	Yuhan Corporation	1.0%
001800 KP Equity	689684	Orion Corp	1.0%
032640 KQ Equity	629090	Lg Telecom Ltd.	1.0%
3026 TT Equity	620683	Holy Stone Enterprise	1.0%
2441 TT Equity	629398	Greatek Electronics	1.0%
SUI SJ Equity	B0KS49	Sunint	0.9%
KNMG MK Equity	B02JY4	Knm Group Bhd	0.9%
3339 HK Equity	B0MSW5	China Infrastructure M	0.9%
LEW SJ Equity	B02TWL	Lewis	0.9%
TABAK CP Equity	487454	Philip Morris (Czk1000	0.9%
NHM SJ Equity	635026	Northam	0.9%
2380 HK Equity	B02ZKQ	China Power Internatio	0.9%
5371 TT Equity	614180	Coretronic Corporation	0.9%
NRLTA IS Equity	614331	Rolta India (Inr10)(Demat	0.9%
2363 TT Equity	603902	Silicon Integrated Sys	0.9%
008930 KP Equity	614608	Han-Mi Pharm. Co.Lt	0.9%
548 HK Equity	684874	Shenzhen Expressway Co	0.9%
010060 KP Equity	649700	Dc Chemical Co.Ltd	0.9%
MEDC IJ Equity	625451	Medco Energi	0.9%
BAFL PK Equity	B02ZK8	Bank Alfalah Ltd.	0.8%
IDBH IT Equity	645672	Idb Bankholding Corp.	0.8%
2393 TT Equity	609492	Everlight Electronics	0.8%
PTIP4 BS Equity	B01C7B	Ipiranga Petrol. Pn	0.8%
2698 HK Equity	668459	Weiqiao Textile Compan	0.8%
2006 TT Equity	690731	Tung Ho Steel Enter.	0.8%
DLG MK Equity	B00MRS	Dialog Group Bhd	0.8%
2688 HK Equity	633393	Xinao Gas Hldgs Ltd	0.8%
200022 CS Equity	680344	Sz Chiwan Wharf Hldgs Ltd	0.8%
2101 TT Equity	662142	Nan Kang Rubber Tire	0.8%
001120 KP Equity	653711	Lg International Cor	0.7%
ISGYO TI Equity	B03MTW	Is Gayrimenkul Yat	0.7%
ELH SJ Equity	620127	Elerine	0.6%
ELD SJ Equity	B126FV8	Eland	0.6%
TVAZTCPOMM Equity	209691	Tv Azteca S.A. De C.V.	0.6%

	200726 CS Equity	603695	Luthai Textile Co. Ltd.	0.4%
<b>Selection of Shares:</b>	<p>The Basket is intended to reproduce a more liquid and tradable version of the MSCI Emerging Markets Small Cap Index. The selection and weights of the Shares will be optimised to ensure the performance of the Basket is as close as possible to the performance of the MSCI Emerging Markets Small Cap Index while minimising market impact and maximising liquidity. Although the Basket aims to reproduce a more liquid and tradable version of the MSCI Emerging Markets Small Cap Index, the Calculation Agent does not guarantee that the Basket's performance will be in line with the performance of the MSCI Emerging Markets Small Cap Index.</p> <p>The Calculation Agent may, at its sole discretion, review and adjust the Basket at any time as deemed appropriate. A new Share may be included in the Basket if it meets the following criteria:</p> <ol style="list-style-type: none"> <li>1. a minimum liquidity of USD 1.5 million per trading day (on the Relevant Exchange) averaged over a six month period;</li> <li>2. a minimum market capitalisation of USD 235 million;</li> <li>3. the Share must be a constituent of the MSCI Emerging Markets Small Cap Index (MLEMSML &lt;Index&gt;);</li> <li>4. there are no restrictions on ownership by foreign institutions.</li> </ol> <p>The Basket may contain up to 105 Shares but not less than 25 Shares.</p> <p>Any adjustment to the Basket may take place over more than one Exchange Business Day due to possible liquidity constraints on the Relevant Exchanges and adjustments are executed on a best effort basis.</p> <p>Members of the Merrill Lynch group of companies may engage in transactions involving a Share as an underwriter, sponsor, and/or financial adviser. Conflicts of interest could arise as a result of such transactions and Merrill Lynch will observe all internal and external guidelines applicable and the selection of new Shares does not reflect inside information or any investment or selling recommendation by Merrill Lynch.</p>			
<b>Specific Terms:</b>				
<b>Issuer:</b>	Merrill Lynch S.A., Luxembourg			
<b>Guarantor:</b>	Merrill Lynch & Co., Inc., Delaware (Long term senior unsecured debt rating: S&P AA-, Moody's Aa3, Fitch AA-)			
<b>Settlement Currency:</b>	US Dollar ("USD")			
<b>Issue Price:</b>	USD 100.00 per Certificate			
<b>Ratio:</b>	1 Certificate corresponds to 1 Underlying			
<b>Number of Certificates Issued:</b>	Up to 1'000'000 Certificates			
<b>Cash Settlement Value:</b>	<p>One (1) Certificate entitles the holder to receive a cash payment in USD calculated in accordance with the following formula:</p> $99\% \text{ of Issue Price} \times \frac{Basket_T}{Basket_0} \times \left( 1 - AMF \times \frac{Act_t}{360} \right)$ <p>Where:</p> <p><math>Basket_0</math> means the Official Closing level of the Basket as calculated by the Calculation Agent on the Reference Pricing Date;</p> <p><math>Basket_T</math> means the Official Closing Level of the Basket as calculated by the Calculation Agent on the Exercise Date;</p> <p><math>AMF</math> means an annual management fee of 0.50% p.a.;</p>			

	<p><i>Act<sub>i</sub></i> means the actual number of days from and including the Reference Pricing Date to the Exercise Date.</p> <p><b>“Official Closing Level”</b> means, in respect of any day, the official closing level of the Basket of Shares as quoted on Bloomberg page MLEMSML &lt;Index&gt;&lt;Go&gt;, on such day as determined by the Calculation Agent.</p> <p>If the Official Closing Level is not published on the relevant Bloomberg page referred to above, the Calculation Agent, may in its sole discretion, use a successor page/publication or alternative source as it considers appropriate.</p>
<b>Classification for Swiss – EU taxation:</b>	Code 9 (2=out of scope)
<b>Early Redemption:</b>	
<b>Issuer Optional Redemption Dates:</b>	Each year, beginning from and including 28 September 2012 up to and including 28 September 2097, the Issuer may elect to redeem the outstanding Certificates, in whole but not in part, by giving at least 1 calendar year but no more than 1 calendar year and 3 months, notice to the Holder, designating an Issuer Optional Redemption Date. The Holder will receive the Cash Settlement Amount and the Exercise Date will be deemed to be the Issuer Optional Redemption Date in this case.
<b>Holder Optional Redemption Dates:</b>	Each year, beginning from and including 21 September 2012 up to an including 21 September 2098 (each a Holder Optional Redemption Date), the Holder may elect to exercise the Certificates, by giving at least 30 calendar days , but no more than 60 calendar days, notice to the Issuer. The Holder will receive the Cash Settlement Amount and the Exercise Date will be deemed to be the Holder Optional Redemption Date in this case.
<b>Primary / Secondary Market:</b>	
<b>Listing:</b>	Will be applied for on the SWX Swiss Exchange
<b>Minimum Trading Size:</b>	1 Certificate
<b>Primary Settlement:</b>	Issue Date
<b>Secondary Market:</b>	Merrill Lynch will provide a secondary market under normal market conditions on a best effort basis
<b>Clearing:</b>	Global Certificate to be deposited with a common depository on behalf of Clearstream Banking S.A. and Euroclear Bank S.A. (with the additional possibility to trade through SIS (SEGA Intersettle)).
<b>General Terms:</b>	
<b>Dealer:</b>	Merrill Lynch International
<b>Calculation Agent:</b>	Merrill Lynch International
<b>Prospectus:</b>	English language
<b>Settlement / Exercise:</b>	Cash Settlement
<b>Public Offer Jurisdictions:</b>	Switzerland
<b>Governing Law:</b>	English Law
<b>Form of Certificates:</b>	Bearer
<b>Business Days:</b>	London and TARGET
<b>Relevant Exchange(s):</b>	Means, in respect of each Share included in the Basket, any stock exchange on which that Share is traded and/or any successor stock exchange or trading system on which that Share is traded. In the event that a Share is listed on more than one exchange or quotation system, the Calculation Agent shall in its sole and absolute discretion select an exchange or quotation system.
<b>Sales Restrictions:</b>	<u>United States</u> . The Certificates will not be registered for public sale in any jurisdiction and so will be available only in accordance with applicable, available, private offering rules.

	<p><u>European Union</u>: No Prospectus (as defined in the EU Prospectus Directive 2003/71/EC ("Prospectus Directive")) will be prepared in connection with the Securities. Accordingly, the Securities may not be offered to the public in any European Economic Area ("EEA") member state and any purchaser of the Securities who subsequently sells any of their Securities in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive as implemented in that member state.</p>
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<b>Quotes / Information:</b>	
<b>Infoline:</b>	+41 (0)44 297 77 77
<b>Email:</b>	minvestch@ml.com
<b>Internet:</b>	<a href="http://www.minvest.ch">www.minvest.ch</a>
<b>Reuters:</b>	TBD
<b>Bloomberg:</b>	TBD
<b>RAM Code:</b>	TBD
<b>Postal Address:</b>	Merrill Lynch Capital Markets AG Stockerhof Stockerstrasse 23 8002 Zürich

<b>Investment Considerations:</b>	
<p>The Certificate represents an investment in the Underlying Basket. An investment in the Certificate has a similar performance potential (positive or negative) as a comparable direct investment in the Underlying Basket.</p> <p>The companies whose equity is represented in this Merrill Lynch EM Small Cap Basket are situated in a developing country. Investors purchasing the certificates should be aware of and are herewith advised to familiarize themselves with the terms of the certificates and with the situation in the respective countries regarding, amongst other things, the political state of affairs and development of the economy, taxation, stock exchange and other regulations and regulatory policies as well as any possible risks in connection with the transfer of securities and/or money out of the respective countries, any possible risks in connection with the custody and/or registration of securities and any possible risks of dilution which could have an influence on investor's rights and obligations arising from the certificates. The investors should as well be aware of any monetary turmoils in the above mentioned countries and any possible negative impact on the exchange rate of the relevant local currency to USD.</p>	

<b>Status of the Certificates:</b>	
<p>The Certificates are qualified as structured products, not as shares of an investment fund or other collective investment scheme and the holder does not benefit from the protection of the Swiss Federal Act on Collective Investment Schemes (the "KAG") or successors thereof, and the Certificates are not subject to the supervision of the Swiss Federal Banking Commission (EBK). Therefore, investors in the Certificates do not benefit from the investor protection of the Swiss Federal Act on Collective Investment Schemes or successors thereof.</p> <p>The Certificates constitute direct, unsubordinated, unconditional and unsecured obligations of Issuer and will rank equally with the Issuers other direct, unsubordinated, unconditional and unsecured contractual obligations.</p> <p>The insolvency of MLSA may lead to a partly or total loss of the invested capital.</p> <p>The Certificates are not issued or guaranteed by a bank.</p> <p>The proceeds of these Certificates will be used for general corporate purposes.</p>	

**Status of the Guarantee:**

The obligations of ML&Co. under the Guarantee, save for such exceptions as may be provided by applicable legislation or judicial order, rank pari passu with its other present and future unsecured and unsubordinated contractual obligations. **The Certificates are not guaranteed by a bank but the Guarantor is under the consolidated supervision of the U.S. Securities and Exchange Commission (SEC).**

**Warning Notice – Public Distribution in Switzerland:**

Third Parties, who offer or sell these Certificates in Switzerland or out of Switzerland publicly, have to be a licensed bank, broker dealer or securities trader, or a licensed insurance company according to the relevant Swiss Laws or a foreign institute under a similar prudential supervision.

**Warning Notice – EU Prospectus Directive:**

No offers, sales, resales or deliveries of a Certificate, or distribution of any offering material relating to a Certificate, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer, Merrill Lynch & Co. Inc., and Merrill Lynch International.

### **Risks and Special Considerations**

*Investing in the Certificates involves a high degree of risk, including without limitation, principal, interest rate, currency, credit, political, liquidity and market risk and is not suitable for all investors. The description of special considerations and risks below does not purport to be exhaustive. Merrill Lynch disclaims any responsibility to advise prospective investors of such risks as they exist at the date of this document or as they change from time to time. Prospective investors should understand the risks involved and should reach an investment decision after careful consideration with their tax, accounting and legal advisers of the suitability of the Certificates in light of their particular financial circumstances and financial objective. The information and explanations relating to the terms and investment in the Certificates may not be suitable for all investors. The Issuer reserves the right not to issue the Certificates in its sole discretion. The Certificates are not sponsored, endorsed, sold or promoted by the Sponsor. The Sponsor makes no representation or warranty, express or implied, to the beneficial owners of the Certificates or any member of the public regarding the advisability of investing in securities generally or the Certificates particularly or the ability of the Basket to track general stock market performance.*

### **An investment in the Certificates entails significant risks that are not generally associated with investments in conventional fixed rate or floating rate debt securities**

Calculation of the return on the Certificates is linked to the level of the Basket, which may depreciate as well as appreciate. It is possible that the level of the Basket will be at or below 100% of the Initial Basket Level in which case the return on the Certificates could be zero. Therefore, although you have the opportunity to receive a high return, the investor risks a lower return than comparable instruments. As such, the investment may not be suitable for persons unfamiliar with the Basket, or unwilling or unable to bear the risk attendant with these Certificates. If the Basket falls in value over the life of the Certificates this is one factor which may affect the value at which the Certificates trade and the Certificates may trade well below their Issue Price prior to maturity. Where the Certificates contain a capital protection feature, such that the minimum redemption amount (i.e. 100% of the Issue Price) of the Certificates is due to be repaid at maturity, you are advised that if the Certificates are cancelled prior to maturity in accordance with their terms and conditions the market value of the Certificates at such time together with deductions that may be made can result in the Certificateholder receiving significantly less than the minimum settlement amount of the Certificates.

### **Basket Rebalancing Risk**

The securities comprising the Basket may change substantially over the life of the investment. In particular, it is possible that the initial constituent securities will increase substantially in value prior to the Settlement Date but that the Basket will decline in value during such period. Certificateholders should have regard to this when considering the importance of the identity of the initial securities comprising the Basket.

### **No Investigation**

No investigation or review of the underlying securities comprised in the Basket from time to time or the issuers of such securities, including without limitation, any public filings made by the issuers of the underlying securities have been made for the purposes of forming a view as to the merits of an investment linked to the Basket. Nor is any guarantee or express or implied warranty made in respect of the selection of the underlying securities comprised within the Basket or the methodology of calculating the Basket nor is any assurance or guarantee given as to the performance of the Basket. Investors should not conclude that the sale by the Issuer of the Certificates is any form of investment recommendation by it or any of its affiliates.

### **The value of the Certificates will be negatively affected by any decline in the creditworthiness of the Issuer**

Any real or anticipated changes in the Issuer's credit ratings may affect the trading value of the Certificates. Investors in the Certificates should have such knowledge and experience in financial and business matters and expertise in assessing credit risk and be capable of evaluating the merits, risks and suitability of investing in the Certificates including any credit risk associated with the Issuer.

#### **Liquidity Risk**

While under ordinary market conditions Merrill Lynch intends to provide a secondary market on best effort basis in the Certificates, there can be no assurance as to the prices that would be indicated or that Merrill Lynch will offer to purchase the Certificates. There is no assurance that any secondary market will be liquid. An illiquid market may have an adverse impact on the price at which the Certificates may be purchased. The price of these Certificates before maturity will be affected by many factors including, but not limited to, the remaining time to the Exercise Date, the number of Certificates outstanding, the performance of the Basket, interest rates and credit spreads. At its sole discretion, Merrill Lynch may discontinue any market-making activities at any time without notice. Liquidity may worsen if Merrill Lynch, as distributor, elects to redeem any Certificates it owns.

#### **Foreign Exchange Risk**

An investor whose domestic currency is different to the Currency of the Certificates will be subject to fluctuations in exchange rates that could have an adverse effect on the investor's return upon the conversion of amounts received under the terms of the Certificates into local currency.

#### **Merrill Lynch and its affiliates may enter into other transactions with respect to the Basket and undertake other activities which may be perceived as a conflict of interest**

The Issuer and/or its affiliates may buy or sell obligations linked to the Basket for their own account for business reasons or in connection with hedging of the obligations under the Certificates. The Issuer or its affiliates may buy or sell securities or have long or short positions in securities identical or economically related to any security mentioned herein. Neither the Issuer nor the Issuer's affiliates is required to consider your interests as a holder of the Certificates in connection with entering into those transactions.

The Issuer's affiliate will make determinations and calculations relating to the Certificates which could substantially affect the amount, if any, that you will receive under the Certificates.

#### **Holders of the Certificates should consider the tax consequences of investing in the Certificates**

The Issuer and its affiliates make no representation and have given you no advice concerning the appropriate accounting treatment or possible tax consequences of this indicative transaction. Prior to purchasing the security, you should discuss with your professional advisers how such purchase would or could affect you. Investors with any questions regarding the impact of an investment in the Certificates on their tax position should consult their tax adviser. Merrill Lynch does not give tax or legal advice.

**This communication does not contain a complete description of the Certificates and the risks associated with an investment therein, and are subject to and qualified in their entirety by reference to the Offering Documents.**

**Disclaimers**

This communication is furnished at the request of the recipient for the exclusive purpose of identifying the nature of the security or other instrument referred to herein. It is furnished for your private information with the express understanding, which the recipient acknowledges, that it does not constitute an offer of such security or a means by which such security may be offered or sold. The terms outlined herein are indicative only and are subject to change. While we consider the information herein reliable, we do not represent that it is accurate or complete and it should not be relied upon as such. Any written offer of such security may be made only by means of the Offering Documents or similar document and any related supplements thereto. The security referred to herein may involve a high degree of risk, which may include principal, interest rate, Basket, currency, credit, political, liquidity, time value, commodity and market risk and is not suitable for all investors. We or our affiliates may buy or sell securities or have long or short positions in securities economically related to any security mentioned herein. We or our affiliates may have an investment banking or other commercial relationship with the issuer of any security mentioned herein.

Merrill Lynch International will not be responsible for the consequences of reliance upon any statement or information contained herein or any omission herefrom. We make no representation and have given you no advice concerning the appropriate accounting treatment or possible tax consequences of this indicative transaction. Investors should consult their own investment, tax and other professional advisors before investing in the Certificates.

The Certificates have not been registered for public sale in any jurisdiction and are therefore available only in accordance with applicable private offering rules. This means that the Certificates may not be available in all jurisdictions or may be available to a limited number of qualifying investors only. This indicative term sheet is intended for your personal use and you must not give it or show it to any other person. The investments described herein are not for sale in the United States or to U.S. persons. This material may not be distributed in the United States.

Notice for UK Investors: The Issuer does not have a place of business in the United Kingdom and is not regulated by the UK Financial Services Authority. As a consequence, the regulatory regime governing your rights as an investor in respect of the Issuer (and its similarly unauthorised, overseas agents and affiliates) will be different to that of the United Kingdom. The UK rules for the protection of private investors and the UK Financial Compensation Scheme will not apply in respect of such entities, although if your securities account is serviced from the UK by Merrill Lynch International Bank Limited, the normal UK protections will apply in relation to the services that it provides. Approved for issue in the UK by Merrill Lynch, Pierce, Fenner & Smith Limited, Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ.

**Basket Licence Disclaimers**

Merrill Lynch International, in its capacity as Basket Sponsor, does not make any express or implied warranty or representation whatsoever either as to the results to be obtained from the use of the Basket and/or the level at which the Basket stands or will stand, the Basket Securities, or the weight of any Share at any particular time on any particular day or otherwise. The Basket is compiled and calculated by Merrill Lynch International. However, Merrill Lynch International shall not be liable (in negligence or otherwise) to any person for any error in the Basket nor shall it be under any obligation to advise any person of any error therein.

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