



USD 17.50% p.a. 3 Share Autocallable Certificates on a Basket of Brazil Shares

ISIN: XS0397649467

Indicative terms & conditions as of 30 October 2008

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 Securities 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.

Although a Prospectus (as defined in the EU Prospectus Directive 2003/71/EC ("Prospectus Directive")) has been prepared in connection with the Securities and approved by the competent authority in Luxembourg, the Prospectus has not been notified to the competent authority of any other European Economic Area ("EEA") member state other than **Luxembourg** and any purchaser of the Securities who subsequently sells any of their Securities in any such EEA member state must do so only in accordance with the requirements of the Prospectus Directive as implemented in such member state.

Description:

The securities described herein (the "Securities") give exposure to a basket of Shares.

Such Securities are to be issued pursuant to the terms and conditions of the Merrill Lynch S.A. and Merrill Lynch International & Co. C.V. Note, Warrant and Certificate Programme (the "Programme") offering documents and related supplements thereto (the "Offering Documents").

General Terms:

Security Codes:	ISIN: XS0397649467 Common Code: 39764946		
Issuer:	Merrill Lynch International & Co. C.V.		
Guarantor:	Merrill Lynch & Co., Inc. (Long term senior unsecured debt rating: S&P A, Moody's A2, Fitch A+)		
Form of Securities:	Certificates		
Public Offer	Not Applicable		
Trade Date:	30 October 2008		
Reference Pricing Date (Strike Date):	5 May 2008		
Issue Date:	10 November 2008		
Observation Date(s)/ Settlement Dates (in the event of Mandatory Early Redemption/ Additional Amount Payment Dates:	i	Observation Dates (i)	Settlement Date (in the case of Mandatory Early Exercise) / Additional Amount Payment Date
	1	5 November 2008	12 November 2008
	2	5 May 2009	12 May 2009
	3	5 November 2009	12 November 2009
	4	5 May 2010	12 May 2010
	5	5 November 2010	12 November 2010
	6	5 May 2011	12 May 2011
	7	5 November 2011	12 November 2011
	8	5 May 2012	12 May 2012
9	5 November 2012	12 November 2012	



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	10	6 May 2013	13 May 2013
Exercise Date (Valuation Date):	6 May 2013		
Settlement Date:	13 May 2013		
Automatic Exercise:	Applicable		
Settlement Currency:	USD		
Issue Price:	100%		
Number of Securities:	USD 3,000,000 with denominations of USD 1,000		
Listing:	Application will be made to list the Securities on the Luxembourg Stock Exchange		

Reference Share(s) :

Basket of Shares:

<u>Share (i)</u>	<u>ISIN Code of Share Company</u>	<u>Bloomberg Code</u>	<u>Local Jurisdiction</u>	<u>Exchange</u>	<u>Initial Price</u>	<u>Knock-in Level</u>	<u>Call Level</u>
Companhia Siderurgica Nacional	US20440 W1053	SID UN	Brazil	New-York	43.62	26.172	39.258
Gerdau S.A.	US373737 1050	GGB UN	Brazil	New-York	42.07	25.242	37.863
Unibanco S.A.	US90458E 1073	UBB UN	Brazil	New-York	153.72	92.16	82.944

Settlement :

Settlement:	Settlement will be by way of cash payment ("Cash Settled").
Cash Settlement Amount:	<p>Subject to Mandatory Early Exercise, the Cash Settlement Amount shall be determined by the Calculation Agent in accordance with the following:</p> <p>If a Knock-in Event has not occurred, the Cash Settlement Amount shall be an amount equal to:</p> <p>USD 1,000 * 100%</p> <p>If a Knock-in Event has occurred, the Cash Settlement Amount shall be an amount equal to:</p> <p>USD 1,000 X [100% + Min [0%; Final Price of Worst Performing Share / Initial Price of Worst Performing share – 100%]</p> <p>A Knock-in Event shall occur if the Final Price of the worst performing share is less than the relevant Knock-in Levels on the Valuation Date.</p> <p>"Initial Price" means the Share Closing Price on the Reference Pricing Date;</p> <p>"Knock-in Level" means 60% of the Initial Price</p> <p>"Final Price" means the Share Closing Price on the Valuation Date;</p> <p>"Worst Performing Share" means the Share with the lowest Share Performance on the Valuation Date.</p>



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	<p>“Share Performance” will be calculated in accordance with the following formula:</p> $\frac{\text{Final Price (i)}}{\text{Initial Price (i)}}$ <p>If two or more of the Shares have the same Share Performance on the Valuation Date, the Calculation Agent shall determine in its sole and absolute discretion which of the Shares shall be the Worst Performing Share.</p>
Early Termination:	
Mandatory Early Exercise:	<p>Applicable</p> <p>Mandatory Early Exercise Event: If the Share Closing Price of all of the Shares is greater than or equal to the relevant Call Levels on any Observation Date, the Exercise Date will be brought forward and each Security holder shall receive the Mandatory Early Exercise Cash Settlement Amount and any Additional Amount due.</p> <p>Mandatory Early Exercise Cash Settlement Amount:</p> <p>USD 1,000 X 100%</p>
Additional Amounts:	
Additional Amount(s)	<p>Applicable</p> <p>If the Share Closing Price of all the Shares is greater than or equal to the relevant Knock-in Level on any Observation Date, an Additional Amount shall be payable on each Additional Amount Payment Date.</p> <p>Additional Amount Payment Dates: as set out in the table above</p> <p>Additional Amount Rate: 8.75%</p>
Additional Provisions:	
Reg S/ Rule 144A:	Reg S
Additional Potential Adjustment Events:	Share Substitution Local Tax Adjustment
Additional Disruption Events:	Change in Law Hedging Disruption Increased Cost of Hedging Insolvency Filing
Secondary Market:	[•]
Dealer:	Merrill Lynch International
Calculation Agent:	Merrill Lynch International
Governing Law:	English Law
Business Day Centre(s):	London and New York
Clearing:	Euroclear and Clearstream, Luxembourg
Purchaser:	Institutional
Commissions and Concessions:	Fees and commissions will be payable in relation to this product. Details of fees and commissions are available to you upon your request.



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Sales Restrictions:	<p>The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the U.S. or to, or for the benefit of U.S. persons unless the Securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.</p> <p>Although a Prospectus (as defined in the EU Prospectus Directive 2003/71/EC (“Prospectus Directive”)) has been prepared in connection with the Securities and approved by the competent authority in [state], the Prospectus has not been notified to the competent authority of any other European Economic Area (“EEA”) member state other than Luxembourg and any purchaser of the Securities who subsequently sells any of their Securities in any such EEA member state must do so only in accordance with the requirements of the Prospectus Directive as implemented in such member state.</p>
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Risks and Special Considerations

Investing in the Securities 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 Securities in light of their particular financial circumstances and financial objective. The information and explanations relating to the terms and investment in the Securities may not be suitable for all investors. The Issuer reserves the right not to issue the Securities in its sole discretion. The Securities are not sponsored, endorsed, sold or promoted by the Share Company(ies). The Share Company(ies) make no representation or warranty, express or implied, to the beneficial owners of the Securities or any member of the public regarding the advisability of investing in securities generally or the Securities particularly.

Investors should refer to “Risk Factors” which appear on page 28 of the Base Prospectus.

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

Changes in the price of the share(s) will affect the value of the Securities and can result in investors sustaining a **total loss of the purchase price** of the Securities if the value of the share(s) does not move in the anticipated direction. This risk is unrelated to the financial creditworthiness of the Issuer and the Guarantor.

The investment may not be suitable for persons unfamiliar with the Shares or who are unwilling or unable to bear the risk attendant with this trade.

No Investigation

No investigation or review of the Shares or the Share Company(ies), including without limitation, any public filings made by the Share Company(ies) have been made for the purposes of forming a view as to the merits of an investment linked to the Shares. Nor is any guarantee or express or implied warranty made in respect of the selection of the Shares or is any assurance or guarantee given as to the performance of the Shares. Investors should not conclude that the sale by the Issuer of the Securities is any form of investment recommendation by it or any of its affiliates.

The value of the Securities 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 Securities. Investors in the Securities 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 Securities including any credit risk associated with the Issuer.

Liquidity Risk

While under ordinary market conditions Merrill Lynch intends to provide a secondary market in the Securities, there can be no assurance as to the prices that would be indicated or that Merrill Lynch will offer to purchase the Securities. There is no assurance that any secondary market will be liquid. An illiquid market may have an adverse impact on the



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price at which the Securities may be purchased. The price of these Securities before expiry will be affected by many factors including, but not limited to, the remaining time to the exercise date, the performance of the Shares, 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 issue its Issuer Call Option in respect of any Securities it owns.

Foreign Exchange Risk

An investor whose domestic currency is different to the currency of the Securities 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 Securities into local currency.

Merrill Lynch and its affiliates may enter into other transactions with respect to the Shares 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 Shares for their own account for business reasons or in connection with hedging of the obligations under the Securities. 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 Securities in connection with entering into those transactions.

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

Holders of the Securities should consider the tax consequences of investing in the Securities

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 Securities on their tax position should consult their tax adviser. Merrill Lynch does not give tax or legal advice.

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, index, 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 Securities.

The Securities 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 Securities 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



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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.

Fees and Commissions

Fees and Commissions will be payable in relation to this product. Details of those fees and commissions are available to you upon your request.

Derivative Trader Region:	[•]
Trader:	[•]
Marketer:	