

## Global Markets &amp; Investment Banking Group

## Notes Linked to a Basket of Indices

### Indicative terms & conditions as of 1<sup>st</sup> November 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.

Although a Prospectus (as defined in the EU Prospectus Directive 2003/71/EC ("Prospectus Directive")) has been prepared in connection with the Notes 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 [state] and any purchaser of the Notes who subsequently sells any of their Notes 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.]]

<b>Description:</b>					
The Notes give exposure to a basket of indices. Such Notes are to be issued pursuant to the terms and conditions of Merrill Lynch & Co., Inc. EMTN program offering documents and related supplements thereto (the "Offering Documents").					
<b>General Terms:</b>					
<b>Issuer:</b>	Merrill Lynch & Co., Inc. (Long term senior unsecured debt rating: S&P A+, Moody's A1, Fitch A+)				
<b>Guarantor:</b>	Merrill Lynch & Co., Inc. (Long term senior unsecured debt rating: S&P A+, Moody's A1, Fitch A+)				
<b>Trade Date:</b>	14/12/2007				
<b>Issue Date:</b>	28/12/2007				
<b>Maturity Date:</b>	28/06/2011				
<b>Currency:</b>	USD				
<b>Principal Amount:</b>	To be confirmed				
<b>Denominations:</b>	USD 1,000				
<b>Minimum Investment Amount:</b>	USD 1,000				
<b>Issue Price:</b>	100%				
<b>Security Codes:</b>	ISIN: [ • ]				
<b>Listing:</b>					
<b>Secondary Market:</b>	Reuters page [ • ] with a maximal bid/offer of 1% for a maximal size of USD 1,000,000				
<b>Redemption at Maturity:</b>					
<b>Index Basket:</b>	<i>k</i>	<i>Index Name (and together the "Indices")</i>	<i>Bloomberg Code</i>	<i>Weighting</i>	<i>Initial Index Level</i>
	1	S&P 500	SPX Index	33.33%	
	2	Dow Jones Euro Stoxx 50	SX5E Index	33.33%	
	3	Hang Seng	HSI Index	33.33%	
<b>Initial Valuation Date:</b>	14/12/2007				
<b>Valuation Dates:</b>	<i>"t"</i>	<i>Date</i>			
	1	14 January 2008			
	2	14 February 2008			
	3	14 March 2008			
	4	14 April 2008			
	5	14 May 2008			
	6	16 June 2008			
7	14 July 2008				

The terms outlined herein represent a summary of the terms and conditions of the Notes. The full legally binding terms and conditions for the Notes will be contained in the relevant Offering Documents for the EMTN Program of the Issuer. The Offering Documents will be made available upon the issuance of the Notes.

	8	14 August 2008
	9	15 September 2008
	10	14 October 2008
	11	14 November 2008
	12	15 December 2008
	13	14 January 2009
	14	16 February 2009
	15	16 March 2009
	16	14 April 2009
	17	14 May 2009
	18	15 June 2009
	19	14 July 2009
	20	14 August 2009
	21	14 September 2009
	22	14 October 2009
	23	16 November 2009
	24	14 December 2009
	25	14 January 2010
	26	15 February 2010
	27	15 March 2010
	28	14 April 2010
	29	14 May 2010
	30	14 June 2010
	31	14 July 2010
	32	16 August 2010
	33	14 September 2010
	34	14 October 2010
	35	15 November 2010
	36	14 December 2010
	37	14 January 2011
	38	14 February 2011
	39	14 March 2011
	40	14 April 2011
	41	16 May 2011
	42	14 June 2011
<b>Final Redemption Amount:</b>	<p>On the Maturity Date, an amount determined by the Calculation Agent in accordance with the following formula:</p> $\text{Equity Amount} = \text{Denomination} \times \text{MAX} \left( 100\% ; 100\% + \sum_{k=1}^3 w_k \times \frac{S_{k,f} - S_{k,0}}{S_{k,0}} \right) \text{ where:}$ <p><math>S_{k,0}</math> is the Official Closing Price of the Underlying Index k on the Initial Valuation Date</p> <p><math>S_{k,f}</math> is the average Official Closing Price of the Underlying Index k on the 42 above Valuation Dates</p> <p><math>w_k</math> is the weight of Underlying Index k</p>	
<b>Additional Terms and Conditions:</b>	None	

<b>Additional Provisions:</b>	
<b>Dealer:</b>	Merrill Lynch International
<b>Calculation Agent:</b>	Merrill Lynch International
<b>Governing Law:</b>	New York Law
<b>Business Days:</b>	London and Target
<b>Clearing:</b>	Euroclear/Clearstream
<b>Form of Notes:</b>	Bearer
<b>Delivery:</b>	Against payment
<b>Purchaser:</b>	Distributor
<b>Commissions and Concessions:</b>	Fixed re-offer price
<b>Sales Restrictions:</b>	<p>United States. The Notes 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> <p>Although a Prospectus (as defined in the EU Prospectus Directive 2003/71/EC ("Prospectus Directive")) has been prepared in connection with the Notes 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 [state] and any purchaser of the Notes who subsequently sells any of their Notes 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>
<b>Other Provisions:</b>	
<p>Provisions in relation to market disruption, adjustments and corrections in respect of the Indices will be incorporated in to the Offering Documents and will be based upon the relevant definitions contained in the International Swaps and Derivatives Association, Inc. ("ISDA") 2002 ISDA Equity Derivatives Definitions (and in the case of multi-exchange indices, Exhibit H to the User's Guide to the 2002 ISDA Equity Derivative Definitions).</p>	

## Risks and Special Considerations

*Investing in the Notes 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 Notes in light of their particular financial circumstances and financial objective. The information and explanations relating to the terms and investment in the Notes may not be suitable for all investors. The Issuer reserves the right not to issue the Notes in its sole discretion. The Notes are not sponsored, endorsed, sold or promoted by the Sponsors. The Sponsors make no representation or warranty, express or implied, to the beneficial owners of the Notes or any member of the public regarding the advisability of investing in securities generally or the Notes particularly or the ability of the Indices to track general stock market performance.*

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

Calculation of the return on the Note is linked to the level of the Indices, which may depreciate as well as appreciate. It is possible that the level of one or more of the Indices will be at or below 100% of the Initial Index Level in which case the return on the Notes 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 Indices, or unwilling or unable to bear the risk attendant with these Notes. If one or more of the Indices falls in value over the life of the Notes this is one factor which may affect the value at which the Note trades and the Notes may trade well below par prior to maturity. Where the Note contains a capital protection feature, such that the minimum redemption amount (i.e. 100% of the Principal Amount) of the Note is due to be repaid at maturity, you are advised that if the Note is redeemed prior to maturity in accordance with its terms and conditions the market value of the Note at such time together with deductions that may be made can result in the Noteholder receiving significantly less than the minimum redemption amount of the Note.

### **Index Rebalancing Risk**

The securities comprising the Indices may change substantially over the life of the investment. In particular, it is possible that the initial constituent securities of an Index will increase substantially in value prior to the Maturity Date but that such

Index will decline in value during such period. Noteholders should have regard to this when considering the importance of the identity of the initial securities comprising the Indices.

### **No Investigation**

No investigation or review of the underlying securities comprised in the Indices 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 such Indices. Nor is any guarantee or express or implied warranty made in respect of the selection of the underlying securities comprised within the Indices or the methodology of calculating such Indices nor is any assurance or guarantee given as to the performance of such Indices. Investors should not conclude that the sale by the Issuer of the Notes is any form of investment recommendation by it or any of its affiliates.

The value of the Notes 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 Notes. Investors in the Notes 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 Notes 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 Notes, there can be no assurance as to the prices that would be indicated or that Merrill Lynch will offer to purchase the Notes. 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 Notes may be purchased. The price of these Notes before maturity will be affected by many factors including, but not limited to, the remaining time to the Maturity Date, the outstanding principal amount of the Notes, the performance of the Indices, 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 Notes it owns.

### **Foreign Exchange Risk**

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

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

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

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

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 Notes 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 Notes 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, 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

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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 Notes.

The Notes 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 Notes 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.

## **Index Licence Disclaimers**

[insert relevant index disclaimers]