

**PRODUCT SUPPLEMENT RN-1
(To MTN prospectus supplement,
general prospectus supplement
and prospectus, each dated March 31, 2006)**



**Merrill Lynch & Co., Inc.
Medium-Term Notes, Series C
Range Notes
(the "Notes")**

The Notes:

- We may offer from time to time Range Notes (the "Notes"). The Notes will be senior unsecured debt securities of Merrill Lynch & Co., Inc. and part of a series entitled "Medium-Term Notes, Series C". The Notes will be linked to one or more market measures (each a "Market Measure"), which will be described in a relevant prospectus supplement (which may be called the "index supplement"). This product supplement describes some of the general terms that apply to the Notes and the general manner in which they may be offered and sold. When we offer the Notes, we will provide investors with one or more additional prospectus supplements or pricing supplements (each of which may be called "term sheets") which will describe the specific terms of that issue of Notes. Such term sheets will identify the Market Measure that will be used to calculate a return on the Notes offered thereby. The term sheet will either describe the Market Measure or identify the index supplement which describes the Market Measure.
- The Notes are designed for investors who believe that the level of the Market Measure will remain within the prescribed range (the "Range") during the applicable valuation period (the "Valuation Period").
 - The "Range" will be set forth in the applicable term sheet. The Range will have an upper limit (the "Upper Range Level") that is equal to or is a specified percentage above or below the value of the Market Measure on the Pricing Date, (the "Starting Value"), and a lower level (the "Lower Range Level") that is equal to or is a specified percentage above or below the Starting Value.
- The Valuation Period may be a single day or period of days. To determine whether the level of the Market Measure remains within the Range during the Valuation Period, the level of the Market Measure may be observed continuously, at one or more times on each day or at one or more times on a specific day or days. The length of the Valuation Period and the frequency of the observations of the Market Measure will be set forth in the applicable term sheet.
- The Notes will have the level of principal protection on the maturity date set forth in the applicable term sheet. If the Notes are less than 100% principal protected, investors must be willing to lose up to the percentage of their investment indicated in the applicable term sheet.
- Unless otherwise set forth in the applicable term sheet, there will be no payments prior to the maturity date and we cannot redeem the Notes prior to the maturity date.
- The Notes will be denominated in U.S. dollars or as specified in the applicable term sheet.
- If the applicable term sheet provides that we will apply to have the Notes listed on a securities exchange and if approval of such application is granted,

the Notes will be listed on such securities exchange at the time of such approval. We make no representation, however, that the Notes will be listed on such securities exchange, or, if listed, will remain listed for the entire term of the Notes.

- A Market Measure may be a commodity-based or equity-based index, a basket of indices, the value of a single commodity or item, the stock of a company, or any other statistical measure of economic or financial performance, including, but not limited to, measurements of interest rates, any consumer price or mortgage index, or any combination thereof. As may be set forth in the applicable term sheet, the Notes may be linked to two or more Market Measures and payment on the Notes may be determined by comparison or combination of the levels of those Market Measures. Any reference to "Market Measure" in this product supplement assumes that there may be two or more Market Measures to which a specific issuance of the Notes is linked.
- As set forth in the applicable term sheet, an affiliate of ours will be our agent for purposes of determining, among other things, the Starting Value, whether the value of the Market Measure has remained within the Range during the Valuation Period, and the Ending Value, as applicable, and calculating the amount payable on the maturity date (in such capacity, the "Calculation Agent").

Payment on the maturity date:

- The amount you receive on the maturity date (the "Redemption Amount") will depend on whether the level of the Market Measure remains within the Range during the Valuation Period.
- If the Market Measure remains within the Range during the Valuation Period, the Redemption Amount will equal the original public offering price of the Notes (the "Original Public Offering Price") plus a contingent supplemental payment calculated as set forth in the applicable term sheet (the "Contingent Supplemental Payment"). The Contingent Supplemental Payment may depend on the absolute change in the level of the Market Measure (or a percentage or multiple thereof) or it may be a fixed amount or percentage of the Original Public Offering Price.
- If the Market Measure is outside the Range during the Valuation Period, the Redemption Amount will be equal to a payment that will be calculated as set forth in the applicable term sheet (the "Out-of-Range Payment"). The Out-of-Range Payment may depend on the absolute change in the level of the Market Measure (or a percentage thereof) or it may be a fixed amount or percentage of the Original Public Offering Price. The Out-of-Range Payment you receive in the event the level of the Market Measure increases above the Range during the Valuation Period may be different from the Out-of-Range Payment you receive in the event the Market Measure decreases below the Range during the Valuation Period.

Information included in this product supplement supersedes information in the accompanying MTN prospectus supplement, general prospectus supplement and prospectus to the extent that it is different from that information.

Investing in the Notes involves risks that are described in the "[Risk Factors](#)" section beginning on page PS-4 of this product supplement and beginning on page S-3 of the accompanying MTN prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this product supplement or the accompanying MTN prospectus supplement, general prospectus supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Merrill Lynch & Co.

The date of this product supplement is August 27, 2008.

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References in this product supplement to “ML&Co.,” “we,” “us” and “our” are to Merrill Lynch & Co., Inc.

References in this product supplement to “MLPF&S” are to Merrill Lynch, Pierce, Fenner & Smith Incorporated.

This product supplement, together with the general prospectus supplement, the MTN prospectus supplement, any index supplement relating to the Market Measure to which the Notes are linked, and the term sheet which relates to a specific issue of Notes will be referred to herein, collectively, as the “prospectus.” You should rely only on the information contained or incorporated by reference in the prospectus. Neither we nor MLPF&S has authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor MLPF&S is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in the prospectus is accurate only as of the date on the front cover of the applicable term sheet.

RISK FACTORS

Your investment in the Notes will involve risks. You should carefully consider the following discussion of risks and the discussion of risks included in the accompanying MTN prospectus supplement before deciding whether an investment in the Notes is suitable for you.

Unless otherwise specified in the applicable term sheet, you will earn a return on your investment at maturity only if the Market Measure remains within the specified Range during the Valuation Period

Unless otherwise specified in the applicable term sheet, you will earn a return on your investment at maturity only if the level of the Market Measure remains within the Range during the Valuation Period. If the level of the Market Measure has been outside the Range during the Valuation Period (often referred to as a “knock-out” event), your investment will yield no return unless the applicable term sheet provides for an Out-of-Range Payment that is greater than the Original Public Offering Price and will result in a loss if the Out-of-Range Payment is less than the Original Public Offering Price. The Out-of-Range Payment will not be greater than the Original Public Offering Price, unless otherwise provided for in the applicable term sheet.

Your investment may result in a loss

Your Notes will be subject to an Out-of-Range Payment which will be set forth in the applicable term sheet, and which may be greater than, equal to or less than the Original Public Offering Price. If the level of the Market Measure is outside the Range during the Valuation Period and the Out-of-Range Payment is equal to the Original Public Offering Price, you will not earn a return on your investment and if the Out-of-Range Payment is less than the Original Public Offering Price your investment will result in a loss. Unless otherwise set forth in the applicable term sheet, once the Market Measure has been outside the Range during the Valuation Period, subsequent changes in the level of the Market Measure over the term of the Notes will have no impact on the amount you receive on the maturity date. This will be true even if such changes cause the level of the Market Measure to be within the Range on subsequent days during the Valuation Period. We have no control over market fluctuations that affect the level of the Market Measure.

Your risk of not receiving a Contingent Supplemental Payment is expected to be higher during volatile market conditions

The level of the Market Measure may fluctuate significantly, resulting in the level of the Market Measure to be outside of the Range during the Valuation Period and precluding the payment of a Contingent Supplemental Payment at maturity. The likelihood of the level of the Market Measure being outside of the Range during the Valuation Period is expected to be significantly greater during volatile market conditions. In such event, your investment will yield no return at maturity, unless the applicable term sheet provides for an Out-of-Range Payment that is greater than the Original Public Offering Price.

Your yield, which in certain instances could be negative, may be lower than the yield on other debt securities of comparable maturity

The yield that you receive on your Notes, which could be negative if the Out-of-Range Payment is less than the Original Public Offering Price, may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a traditional interest bearing debt security of ML&Co. with the same stated maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

Your return is capped at the Contingent Supplemental Payment and may not reflect the return on a direct investment in the components included in the Market Measure

The opportunity to participate in the possible changes in the level of the Market Measure through an investment in the Notes is limited because your return is limited to the Contingent Supplemental Payment, if any, which will be calculated as set forth in the applicable term sheet.

If the Contingent Supplemental Payment for your Notes is calculated by reference to the absolute change in the level of the Market Measure, you will obtain a positive return based on any increase or decrease in the value of the Market Measure from the Pricing Date to the Final Valuation Date. If the Market Measure increases, you will participate in such increase up to the higher limit of the Range and if the Market Measure decreases, you will participate in such decrease down to the lower limit of the Range, in each case, as provided in the applicable term sheet. However, if the Market Measure is outside the Range at any observation point during the Valuation Period,

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your return will be limited to the Out-of-Range Payment and you will not participate in any increases or decreases in the Market Measure; in such event, your investment will yield no return unless the applicable term sheet provides for an Out-of-Range Payment that is greater than the Original Public Offering Price, and if the Out-of-Range Payment is less than the Original Public Offering Price, your investment will result in a loss.

If the Contingent Supplemental Payment for your Notes is a fixed amount or a percentage of the Original Public Offering Price, the opportunity to participate in the possible increases or decreases in the value of the Market Measure through an investment in the Notes will be limited because the Contingent Supplemental Payment will not exceed such fixed amount or such fixed percentage of the Original Public Offering Price. You will not participate in increases or decreases that might otherwise result in a higher payment had the Contingent Supplemental Payment been calculated by reference to the percentage increase or decrease of the Market Measure.

You must rely on your own evaluation of the merits of an investment linked to the Market Measure

In the ordinary course of their businesses, affiliates of ML&Co. may express views on expected movements in a Market Measure or in the components of a Market Measure, and these views may be communicated to clients of our affiliates in the ordinary course of their business. However, such views are subject to change from time to time. Moreover, other professionals who deal in markets related to a Market Measure may at any time have significantly different views from those of our affiliates. For these reasons, you are encouraged to derive information concerning a Market Measure or the components of a Market Measure from multiple sources and should not rely on the views expressed by affiliates of ML&Co.

Exchange rate movements may impact the value of the Notes

The Notes will be denominated in U.S. dollars. If the value of a Market Measure or any Market Measure component is traded in a currency other than U.S. dollars and, as per the Market Measure, is converted into U.S. dollars or another currency, then movements in the relevant exchange rates will affect the value of the Market Measure and therefore could affect whether or not the Market Measure remains within the Range during the Valuation Period. As a result, the amount payable on the Notes on the maturity date will depend in part on the relevant exchange rates.

In seeking to provide investors with what we believe to be commercially reasonable terms for the Notes while providing MLPF&S with compensation for its services, we have considered the costs of developing, hedging and distributing the Notes. If a trading market develops for the Notes (and such a market may not develop), these costs are expected to affect the market price you may receive or be quoted for your Notes on a date prior to the stated maturity date

Unless otherwise provided in the applicable term sheet, the Notes will not be listed on any futures or securities exchange and we do not expect a trading market for the Notes to develop. Although MLPF&S, our subsidiary, has indicated that it currently expects to bid for Notes offered for sale to it by holders of the Notes, it is not required to do so and may cease making those bids at any time.

If the applicable term sheet provides that we will apply to have the Notes listed on a securities exchange and if approval of such application is granted, the Notes will be listed on such securities exchange at the time of such approval. We will make no representation, however, that the Notes will be listed on such securities exchange, or, if listed, will remain listed for the entire term of the Notes. In any event, you should be aware that the listing of the Notes on a securities exchange does not necessarily ensure that a trading market will develop for the Notes. If a trading market does develop, there can be no assurance that there will be liquidity in the trading market.

The development of a trading market for the Notes will depend on our financial performance and other factors, including changes in the level of the Market Measure.

If the trading market for the Notes is limited, there may be a limited number of buyers for your Notes if you do not wish to hold your investment until the stated maturity date. This may affect the price you receive if you choose to sell your Notes prior to the maturity date.

In determining the economic terms of the Notes, and consequently the potential return on the Notes to you, a number of factors are taken into account. Among these factors are certain costs associated with creating, hedging and offering the Notes. In structuring the economic terms of the Notes, we seek to provide investors with what we believe to be commercially reasonable terms and to provide MLPF&S with compensation for its services in developing the securities. If a market-maker (which may be MLPF&S) makes a market in the Notes, the price it quotes would reflect any changes in market conditions and other relevant factors. In addition, the price, if any, at

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which you could sell your Notes in a secondary market transaction is expected to be affected by the factors that we considered in setting the economic terms of the Notes, namely the underwriting discount paid in respect of the Notes and other costs associated with the Notes, and compensation for developing and hedging the product. This quoted price, or listed price in the case of listed Notes, could be higher or lower than the Original Offering Price. MLPF&S is not obligated to make a market in the Notes.

Assuming there is no change in the value of the Market Measure to which your Notes are linked and no change in market conditions or any other relevant factors, the price, if any, at which MLPF&S or another purchaser might be willing to purchase your Notes in a secondary market transaction could be lower than the Original Offering Price. This is due to, among other things, the fact that the Original Offering Price included, and secondary market prices are likely to exclude, underwriting discounts paid with respect to, and the developing and hedging costs associated with, the Notes.

If the Market Measure to which your Notes are linked is a basket, changes in the value of one or more basket components may offset each other

For Notes linked to a basket of two or more components, price movements in the basket components may not correlate with each other. At a time when the value of one or more of the basket components increases, the value of one or more of the other basket components may not increase as much or may even decline in value. Therefore, in calculating the value of a basket component at a given time, increases in the value of one or more of the basket components may be moderated, or wholly offset, by lesser increases or declines in the value of one or more of the other basket components.

You cannot predict the future performance of any basket components or the basket as a whole, or whether increases in the values of any of the basket components will be offset by decreases in the values of the other basket components, based on their historical performance.

The respective publishers of the Market Measure may adjust such Market Measure or any component of a Market Measure in a way that affects its level, and these respective publishers have no obligation to consider your interests

The publishers of each Market Measure (each a "Market Measure Publisher") can add, delete or substitute the components included in a Market Measure or make other methodological changes that could change the value of such Market Measure. You should realize that the changing of companies, commodities or other components included in a Market Measure may affect such Market Measure, as a newly added component may perform significantly better or worse than the component it replaces. Additionally, a Market Measure Publisher may alter, discontinue or suspend calculation or dissemination of its Market Measure. Any of these actions could adversely affect the value of the Notes. The Market Measure Publishers have no obligation to consider your interests in calculating or revising the Market Measure.

Many factors affect the trading value of the Notes; these factors interrelate in complex ways and the effect of any one factor may offset or magnify the effect of another factor

The trading value of the Notes will be affected by factors that interrelate in complex ways. The effect of one factor may offset the increase in the trading value of the Notes caused by another factor and the effect of one factor may exacerbate the decrease in the trading value of the Notes caused by another factor. The following paragraphs describe the expected impact on the trading value of the Notes given a change in a specific factor, assuming all other conditions remain constant.

The level of the Market Measure is expected to affect the trading value of the Notes. We expect that the trading value of the Notes will depend substantially on the level of the Market Measure and whether the level of the Market Measure was outside the Range during the Valuation Period. In addition, because the return on the Notes is effectively capped by the Contingent Supplemental Payment on the maturity date, we do not expect that the Notes will trade in the secondary market above an amount that exceeds the Original Public Offering Price plus the Contingent Supplemental Payment.

Changes in the volatility of the Market Measure are expected to affect the trading value of the Notes. Volatility is the term used to describe the size and frequency of price and/or market fluctuations. Increased volatility in the Market Measure will increase the risk that the Market Measure will be outside of the Range during the Valuation Period and, as a result, that there will be no Contingent Supplemental Payment. If the volatility of the Market Measure increases, the trading value of the Notes may be adversely affected.

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Changes in the levels of interest rates are expected to affect the trading value of the Notes. We expect that changes in interest rates will affect the trading value of the Notes. Generally, unless your Notes are linked to an interest rate, if interest rates increase, we expect the trading value of the Notes will decrease and, conversely, if interest rates decrease, we expect the trading value of the Notes will increase.

Changes in dividend yields on the stocks included in equity-based Market Measures are expected to affect the trading value of the Notes. In general, if dividend yields on the stocks included in an equity-based Market Measure increase or decrease, that the trading value of the Notes may be adversely affected.

Changes in our credit ratings may affect the trading value of the Notes. Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings may affect the trading value of the Notes. However, because the return on your Notes is dependent upon factors in addition to our ability to pay our obligations under the Notes, such as whether the Market Measure has been outside the Range during the Valuation Period, an improvement in our credit ratings will not reduce the other investment risks related to the Notes.

In general, assuming all relevant factors are held constant, we expect that the effect on the trading value of the Notes of a given change in some of the factors listed above will be less if it occurs later in the term of the Notes than if it occurs earlier in the term of the Notes. We expect, however, that the effect on the trading value of the Notes of a given change in the level of the Market Measure will be greater if it occurs later in the term of the Notes than if it occurs earlier in the term of the Notes.

Purchases and sales by us and our affiliates may affect your return

We and our affiliates may from time to time buy or sell the Market Measures, components of Market Measures or futures or options contracts on Market Measures or components of the Market Measures for our own accounts for business reasons and expect to enter into these transactions in connection with hedging our obligations under the Notes. These transactions could affect the price of these components and, in turn, the value of a Market Measure in a manner that could be adverse to your investment in the Notes. Any purchases or sales by us, our affiliates or others on our behalf on or before the date an issue of the Notes are priced for initial sale to the public (the "Pricing Date") may temporarily increase or decrease the prices of a Market Measure or components of a Market Measure. Temporary increases or decreases in the market prices of the Market Measure or components of a Market Measure may also occur as a result of the purchasing activities of other market participants. Consequently, the prices of such Market Measure or component may change subsequent to the Pricing Date of an issue of Notes, affecting the value of the Market Measure and therefore the trading value of the Notes.

Potential conflicts of interest could arise

As set forth in the applicable term sheet, an affiliate of ours may be our agent for the purposes of determining the Starting Value, the Ending Value, if applicable, whether the Market Measure has remained within the applicable Range during the Valuation Period and the Redemption Amount. Under certain circumstances, such entity's position as our affiliate and its responsibilities as Calculation Agent for the Notes could give rise to conflicts of interest. These conflicts could occur, for instance, in connection with its determination as to whether the level of a Market Measure can be calculated on a particular trading day, or in connection with judgments that it would be required to make in the event of a discontinuance or unavailability of a Market Measure. See the sections entitled "Description of the Notes—Adjustments to the Market Measure" and "Description of the Notes—Discontinuance of the Market Measure" in this product supplement. Any affiliate of ours is required to carry out its duties as Calculation Agent in good faith and using its reasonable judgment. However, because we may control such affiliate, potential conflicts of interest could arise.

We expect to enter into arrangements to hedge the market risks associated with our obligation to pay the Contingent Supplemental Payment, if any, due on the maturity date on the Notes. We may seek competitive terms in entering into the hedging arrangements for the Notes, but are not required to do so, and we may enter into such hedging arrangements with one of our subsidiaries or affiliated companies. Such hedging activity is expected to result in a profit to those engaging in the hedging activity, which could be more or less than initially expected, but which could also result in a loss for the hedging counterparty.

ML&Co. or its affiliates may presently or from time to time engage in business with one or more of the companies whose stocks are included in an equity-based Market Measure, including extending loans to, or making equity investments in, those companies or providing advisory services to those companies, including merger and

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acquisition advisory services. In the course of business, ML&Co. or its affiliates may acquire non-public information relating to those companies and, in addition, one or more affiliates of ML&Co. may publish research reports about those companies. ML&Co. does not make any representation to any purchasers of the Notes regarding any matters whatsoever relating to the companies corresponding to the stocks included in an equity-based Market Measure. Any prospective purchaser of the Notes should undertake an independent investigation of the companies included in an equity-based Market Measure as in its judgment is appropriate to make an informed decision regarding an investment in the Notes. The composition of those companies does not reflect any investment recommendations of ML&Co. or its affiliates.

Tax consequences are uncertain

You should consider the tax consequences of investing in the Notes, aspects of which are uncertain. See the section entitled “United States Federal Income Taxation” in this product supplement.

Equity-Based Market Measures

If the Market Measure to which your Notes are linked is equity-based, you will not have the right to receive cash dividends or exercise ownership rights with respect to the component stocks included in such Market Measure

If the Market Measure to which your Notes are linked is equity-based or is an Underlying Stock, you will not have voting rights or rights to receive cash dividends or other ownership rights in the Underlying Stocks or stocks included in such Market Measure. In addition, your return on the Notes will not reflect the return you would realize if you actually owned the Underlying Stocks or component stocks included in the Market Measure and received the dividends paid on those stocks because the levels of certain equity-based indices reflect only the prices of the common stocks included in the Market Measure or its components and do not take into consideration the value of dividends paid on those stocks.

If the Market Measure to which your Notes are linked includes stocks traded on foreign exchanges, your return may be affected by factors affecting international securities markets

Equity-based Market Measures that include stocks traded on foreign exchanges are computed by reference to the value of the equity securities of companies listed on a foreign exchange or exchanges. The return on the Notes will be affected by factors affecting the value of securities in the relevant markets. The relevant foreign securities markets may be more volatile than United States or other securities markets and may be affected by market developments in different ways than United States or other securities markets. Direct or indirect government intervention to stabilize a particular securities market and cross-shareholdings in companies in the relevant foreign markets may affect prices and the volume of trading in those markets. Also, there is generally less publicly available information about foreign companies than about United States companies that are subject to the reporting requirements of the Securities and Exchange Commission. Additionally, accounting, auditing and financial reporting standards and requirements in foreign countries differ from those applicable to United States reporting companies.

The prices and performance of securities of companies in foreign countries may be affected by political, economic, financial and social factors in those regions. In addition, recent or future changes in government, economic and fiscal policies in the relevant jurisdictions, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could negatively affect the relevant securities markets. Moreover, the relevant foreign economies may differ favorably or unfavorably from the United States economy in economic factors such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

Commodity-Based Market Measures

If the Market Measure to which your Notes are linked is commodity-based, ownership of the Notes will not entitle you to any rights with respect to any futures contracts or commodities included in or tracked by the Market Measure

If the Market Measure to which your Notes are linked is commodity-based, you will not own or have any beneficial or other legal interest in, and will not be entitled to any rights with respect to, any of the commodities or commodity futures included in such Market Measure. ML&Co. will not invest in any of the commodities or commodity futures contracts included in such Market Measure on behalf or for the benefit of holders of the Notes.

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Trading in the components of a commodity-based Market Measure can be volatile based on a number of factors that we cannot control

Trading in commodities is speculative and can be extremely volatile. Market prices of the commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather; agriculture; trade; fiscal, monetary, and exchange control programs; domestic and foreign political and economic events and policies; disease; technological developments; and changes in interest rates. These factors may affect the level of a commodity-based Market Measure and the value of the Notes in varying ways, and different factors may cause the value of the commodities, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates. Additionally, certain commodity-based Market Measures may be concentrated in only a few, or even a single industry. These Market Measures are likely to be more volatile than those comprised of a variety of commodities.

With respect to a commodity-based Market Measure, suspension or disruptions of market trading in the commodity and related futures markets, or in the Market Measure, may adversely affect the value of the Notes

The commodity markets are subject to disruptions due to various factors, including the lack of liquidity in the markets and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price.” Once the maximum or maximum limit price has been reached in a particular contract, no trades may be made at a higher price or a lower price, as the case may be. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. There can be no assurance that any such disruption or any other *force majeure* (such as an act of God, fire, flood, severe weather conditions, act of governmental authority, labor difficulty, etc.) will not have an adverse affect on the level of or trading in the Market Measure, or the manner in which it is calculated, and therefore, the value of the Notes.

Notes linked to a commodity-based Market Measure will not be regulated by the CFTC

Unlike an investment in the Notes linked to a commodity-based Market Measure, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the Commodity Futures Trading Commission (the “CFTC”) as a “commodity pool operator” (a “CPO”). Because Notes linked to a commodity-based Market Measure will not be interests in a commodity pool, such Notes will not be regulated by the CFTC as a commodity pool, ML&Co. will not be registered with the CFTC as a CPO and you will not benefit from the CFTC’s or any non-United States regulatory authority’s regulatory protections afforded to persons who trade in futures contracts or who invest in regulated commodity pools. Notes linked to a commodity-based Market Measure will not constitute investments by you or by ML&Co. on your behalf in futures contracts traded on regulated futures exchanges, which may only be transacted through a person registered with the CFTC as a “futures commission merchant” (“FCM”). ML&Co. is not registered with the CFTC as an FCM and you will not benefit from the CFTC’s or any other non-United States regulatory authority’s regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered FCM.

A commodity-based Market Measure may include futures contracts on foreign exchanges that are less regulated than U.S. markets

A commodity-based Market Measure may include futures contracts on physical commodities on exchanges located outside the United States. The regulations of the CFTC do not apply to trading on foreign exchanges, and trading on foreign exchanges may involve different and greater risks than trading on United States exchanges. Certain foreign markets may be more susceptible to disruption than United States exchanges due to the lack of a government-regulated clearinghouse system. Trading on foreign exchanges also involves certain other risks that are not applicable to trading on United States exchanges. Those risks include: (a) exchange rate risk relative to the U.S. dollar; (b) exchange controls; (c) expropriation; (d) burdensome or confiscatory taxation; and (e) moratoriums, and political or diplomatic events. It will also likely be more costly and difficult for a Market Measure Publisher to enforce the laws or regulations of a foreign country or exchange, and it is possible that the foreign country or exchange may not have laws or regulations which adequately protect the rights and interests of investors in the Market Measure.

DESCRIPTION OF THE NOTES

ML&Co. will issue Notes as part of series of senior unsecured debt securities entitled “Medium-Term Notes, Series C,” which is more fully described in the accompanying MTN prospectus supplement, under the 1983 Indenture, which is more fully described in the accompanying general prospectus supplement. The Bank of New York Mellon has succeeded JPMorgan Chase Bank, N.A. as the trustee under such indenture. The Notes will mature on the date set forth in the applicable term sheet relating to a specific issue of Notes. Information included in this product supplement supersedes information in the accompanying MTN prospectus supplement, general prospectus supplement and prospectus to the extent that it is different from that information.

The specific terms of the Notes will be described in the applicable term sheet accompanying this product supplement RN-1. The terms described in that term sheet supplement those described herein and in any accompanying prospectus supplements, including the accompanying MTN prospectus supplement, general prospectus supplement and prospectus. If the terms described in the applicable term sheet are inconsistent with those described herein or in any accompanying prospectus supplements, including the accompanying MTN prospectus supplement, general prospectus supplement and prospectus, the terms described in the applicable term sheet shall control.

The Notes are our unsecured and unsubordinated obligations and will rank *pari passu* with all of our other unsecured and unsubordinated obligations.

The Notes will not be subject to redemption by ML&Co. or repayment at the option of any holder of the Notes prior to the maturity date.

ML&Co. will issue the Notes in the denominations of whole units, each with a public offering price per unit as set forth in the applicable term sheet (the “Original Public Offering Price”). You may transfer the Notes only in whole units. You will not have the right to receive physical certificates evidencing your ownership except under limited circumstances. Instead, we will issue the Notes in the form of a global certificate, which will be held by The Depository Trust Company, also known as DTC, or its nominee. Direct and indirect participants in DTC will record your ownership of the Notes. You should refer to the section entitled “Description of Debt Securities—Depository” in the accompanying general prospectus supplement.

The Notes will not have the benefit of any sinking fund. The Notes will have the level of principal protection on the maturity date set forth in the applicable term sheet.

Unless otherwise indicated in the applicable term sheet, the Notes will not pay interest. If your Notes provide for the payment of interest, the applicable term sheet will indicate the relevant terms on which you will receive interest payments, including (but not limited to) (i) whether the interest rate will be fixed or variable and, if fixed, the rates per annum, (ii) the method or basis for determining any variable interest rates, (iii) the interest payment and record dates, (iv) the interest reset dates for variable interest rates, (v) any contingencies relating to such interest becoming payable to holders of the Notes, and (vi) the business day convention.

All determinations made by the Calculation Agent, absent a determination of manifest error, will be conclusive for all purposes and binding on ML&Co. and the holders and beneficial owners of the Notes.

Payment on the Maturity Date

On the maturity date, for each unit of Notes that you own, you will be entitled to receive a cash amount equal to the Redemption Amount calculated as set forth in the applicable term sheet.

The Range and the Valuation Period

The Redemption Amount will depend on whether the Market Measure has remained within the Range during the Valuation Period set forth in the applicable term sheet. If the level of the Market Measure remains within the Range during the Valuation Period, you will receive the Original Public Offering Price plus the Contingent Supplemental Payment. If the level of the Market Measure is outside the Range during the Valuation Period, you will receive only the Out-of-Range Payment.

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The “Range” will be set forth in the applicable term sheet. The Range will have an upper limit (the “Upper Range Level”) that is equal to or is a specified percentage above or below the Starting Value (as defined below), and a lower level (the “Lower Range Level”) that is equal to or is a specified percentage above or below the Starting Value. The Range may be symmetrical (e.g. an Upper Range Level of 15% above the Starting Value and a Lower Range Level of 15% below the Starting Value) or asymmetrical (e.g. an Upper Range Level of 15% above the Starting Value and a Lower Range Level of 10% below the Starting Value). The Range may include the Starting Value or may exclude the Starting Value (e.g. an Upper Range Level of 30% above the Starting Value and a Lower Range Level of 10% above the Starting Value).

The length of the “Valuation Period” and the number of observations within the Valuation Period will be set forth in the applicable term sheet. The Valuation Period may be, but is not limited to:

- a single day (the “Observation Date”) (e.g. the Observation Date could be the fifth scheduled Market Measure Business Day prior to the Maturity Date); or
- a period of days (e.g. the Valuation Period could be the ten scheduled Market Measure Business Days from the thirteenth scheduled Market Measure Business Day to the third scheduled Market Measure Business Day prior to the Maturity Date; or the Valuation Period could be each Market Measure Business Day beginning on the Pricing Date and ending on the third scheduled Market Measure Business Day prior to the Maturity Date).

Within the Valuation Period, to determine whether the level of the Market Measure remains within the Range, the level of the Market Measure may be observed:

- continuously (e.g. the level of the Market Measure must remain within the Range at all times during the Valuation Period);
- at one or more times on each day during the Valuation Period (e.g. the closing level of the Market Measure must be within the Range on each day during the Valuation Period); or
- at one or more times on specific days (e.g. the closing level of the Market Measure must be within the Range on the 15th day of each month from the Pricing Date to the third scheduled Market Measure Business Day prior to the Maturity Date).

The length of the Valuation Period and the timing and frequency of the observations of the Market Measure (the “Observation Type”) will be set forth in the applicable term sheet.

Determination of the Redemption Amount—Contingent Supplemental Payment

If the level of the Market Measure is within the Range during the Valuation Period, the Redemption Amount per unit will be equal to the Original Public Offering Price per unit plus the Contingent Supplemental Payment per unit. The method for calculating the Contingent Supplemental Payment, if any, will be set forth in the applicable term sheet.

Absolute Return Range Notes

If your Notes are designated Absolute Return Range Notes in the applicable term sheet, the Contingent Supplemental Payment per unit will be based on the absolute change in the level of the Market Measure during the Valuation Period and will be equal to:

$$\text{Original Public Offering Price} \times \text{Absolute Return}$$

The “Absolute Return” equals the absolute value of:

$$\left| \frac{\text{Ending Value} - \text{Starting Value}}{\text{Starting Value}} \right|$$

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The Absolute Return will always be a positive number (regardless of whether the Ending Value is greater than or less than the Starting Value) or zero.

Range Notes with a Fixed Return

If your Notes are designated as Range Notes in the applicable term sheet, the Contingent Supplemental Payment per unit will be a fixed amount or percentage of the Original Public Offering Price.

Determination of the Redemption Amount—Out-of-Range Payment

If the level of the Market Measure is outside the Range during the Valuation Period, the Redemption Amount per unit will be equal to the Out-of-Range Payment. The method for calculating the Out-of-Range Payment will be set forth in the applicable term sheet. The Out-of-Range Payment may be, but is not limited to:

- a fixed amount, which may be the Original Public Offering Price;
- a percentage above or below the Original Public Offering Price; or
- determined by reference to the change in the level of the Market Measure.

Additionally, the applicable term sheet may provide that the Out-of-Range Payments be different depending on whether the Market Measure increased above the Range or decreased below the Range. For example, the applicable term sheet may provide for an Out-of-Range Payment equal to 104% of the Original Public Offering Price if the Market Measure increases above the Range, but an Out-of-Range Payment equal to 100% of the Original Public Offering Price if the level of the Market Measure decreases below the Range.

Determination of the Redemption Amount—Certain Definitions

For the purposes of determining the Redemption Amount per unit, and unless otherwise provided in the applicable term sheet:

(i) the “Starting Value” will equal the closing level of the Market Measure on the Pricing Date (except as provided under “Pricing Date Market Disruption Calculation” below), as determined by the Calculation Agent;

(ii) the “Ending Value” in the case of Absolute Return Range Notes means the closing level of the Market Measure on the Final Valuation Date. For more information regarding the Ending Value for Underlying Stock, see “—Closing Price of an Underlying Stock” below;

(iii) the “Final Valuation Date” will be the final day of the Valuation Period, or the Observation Date (in the case of a single day Valuation Period). Unless otherwise indicated in the applicable term sheet, if the Market Measure to which your Notes are linked is an equity based index, an Underlying Stock or an interest rate, if the Final Valuation Date is not a Market Measure Business Day or if there is a Market Disruption Event on such day, the Final Valuation Date, or Observation Date, as applicable, will be the immediately succeeding Market Measure Business Day during which no Market Disruption Event shall have occurred or is continuing; provided that the closing level of the Market Measure will be determined (or, if not determinable, estimated by the Calculation Agent in a manner which is considered commercially reasonable under the circumstances) on a date no later than the second scheduled Market Measure Business Day prior to the maturity date, regardless of the occurrence of a Market Disruption Event (as described below under “—Market Disruption Events— Stock-Based Market Measures” or “—Market Disruption Events— Equity Index-Based Market Measures”, as applicable) on that scheduled Market Measure Business Day; and

Unless otherwise indicated in the applicable term sheet, if the Market Measure to which your Notes are linked is commodity-based, if the Final Valuation Date is not a Market Measure Business Day or if there is a Market Disruption Event on such day, the Ending Value will be determined according to the Market Disruption Calculation (as described below “—Market Disruption Events— Commodity-Based Market Measures”).

(iv) a “Market Measure Business Day” means, unless otherwise indicated in the applicable term sheet, (1) with respect to an Underlying Stock, any Trading Day; (2) with respect to any interest rate, any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions in The City of New York

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are authorized or required by law, regulation or executive order to close; and (3) with respect to any other Market Measure, a day on which the Market Measure or any successor thereto is calculated and published.

(v) a “Trading Day” is, unless otherwise indicated in the applicable term sheet, a day, as determined by the Calculation Agent, on which trading is generally conducted (or was scheduled to have been generally conducted, but for the occurrence of a Market Disruption Event) on the New York Stock Exchange, the Nasdaq, the Chicago Mercantile Exchange, the Chicago Board Options Exchange, and in the over-the-counter market for equity securities in the United States, or any successor exchange or market, or in the case of a security traded on one or more non-U.S. securities exchanges or markets, on the principal non-U.S. securities exchange or market for such security.

Market Disruption Events

Stock-Based Market Measures

“Market Disruption Event” with respect to Notes linked to shares of stock in a specified company (the “Underlying Stock”) means either of the following events as determined by the Calculation Agent in its sole discretion:

- (A) a suspension of, absence of, including the absence of an official closing price, or material limitation on, trading of the Underlying Stock on the primary market for the Underlying Stock for more than two hours of trading or during the one-half hour period preceding the close of trading, as determined by the Calculation Agent in its sole discretion; or the suspension or material limitation on the primary market for trading in options contracts related to the Underlying Stock, if available, during the one-half hour period preceding the close of trading in the applicable market, in each case as determined by the Calculation Agent in its sole discretion; and
- (B) a determination by the Calculation Agent in its sole discretion that the event described in clause (A) above could materially interfere with the ability of ML&Co., MLPF&S or any of their affiliates to unwind all or a material portion of a potential hedge with respect to the Notes.

For purposes of determining whether a Market Disruption Event has occurred:

- (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange;
- (2) a decision to permanently discontinue trading in the relevant options contracts related to the Underlying Stock will not constitute a Market Disruption Event;
- (3) limitations pursuant to any rule or regulation enacted or promulgated by the NYSE or the Nasdaq Stock Market or other regulatory organization with jurisdiction over the NYSE or the Nasdaq Stock Market on trading during significant market fluctuations will constitute a suspension or material limitation of trading in the Underlying Stock;
- (4) a suspension of trading in an options contract on the Underlying Stock by the primary securities market trading in the options contracts related to the Underlying Stock, if available, by reason of:
 - a price change exceeding limits set by the securities exchange or market;
 - an imbalance of orders relating to options contracts on the Underlying Stock; or
 - a disparity in bid and ask quotes relating to options contracts on the Underlying Stock

will constitute a suspension or material limitation of trading in options contracts related to the Underlying Stock; and

- (5) a suspension of, absence of or material limitation on trading on the primary securities market on which options contracts related to the Underlying Stock are traded will not include any time when that securities market is itself closed for trading under ordinary circumstances.

Equity Index-Based Market Measures

For Market Measures which are equity-based indices, “Market Disruption Event” means either of the following events as determined by the Calculation Agent in its sole discretion:

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- (A) the suspension of or material limitation on trading, in each case, for more than two hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange where component stocks of a Market Measure trade as determined by the Calculation Agent (without taking into account any extended or after-hours trading session), in 20% or more of the stocks which then comprise the Market Measure or any Successor Market Measure; or
- (B) the suspension of or material limitation on trading, in each case, for more than two hours of trading, or during the one-half hour period preceding the close of trading, on the primary exchange that trades options contracts or futures contracts related to the Market Measure as determined by the Calculation Agent (without taking into account any extended or after-hours trading session), whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise, in options contracts or futures contracts related to the Market Measure, or any Successor Market Measure.

For the purpose of determining whether a Market Disruption Event has occurred:

- (1) a limitation on the hours in a trading day and/or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange;
- (2) a decision to permanently discontinue trading in the relevant futures or options contracts related to the Market Measure, or any Successor Market Measure, will not constitute a Market Disruption Event;
- (3) a suspension in trading in a futures or options contract on the Market Measure, or any Successor Market Measure, by a major securities market by reason of (a) a price change violating limits set by that securities market, (b) an imbalance of orders relating to those contracts or (c) a disparity in bid and ask quotes relating to those contracts will constitute a suspension of or material limitation on trading in futures or options contracts related to the Market Measure;
- (4) a suspension of or material limitation on trading on the relevant exchange will not include any time when that exchange is closed for trading under ordinary circumstances; and,
- (5) if applicable to equity-based Market Measures with component stocks listed on the NYSE, for the purpose of clauses (A) and (B) above, any limitations on trading during significant market fluctuations under NYSE Rule 80B, or any applicable rule or regulation enacted or promulgated by the NYSE or any other self regulatory organization or the Securities and Exchange Commission of similar scope as determined by the Calculation Agent, will be considered "material".

Commodity-Based Market Measures

For commodity-based Market Measures, "Market Disruption Event" means one or more of the following events as determined by the Calculation Agent in its sole discretion:

- (1) a material limitation, suspension, or disruption of trading in one or more Market Measure components which results in a failure by the exchange on which each applicable Market Measure component is traded to report an exchange published settlement price for such contract on the day on which such event occurs or any succeeding day on which it continues;
- (2) the exchange published settlement price for any Market Measure component is a "limit price", which means that the exchange published settlement price for such contract for a day has increased or decreased from the previous day's exchange published settlement price by the maximum amount permitted under applicable exchange rules;
- (3) failure by the applicable exchange or other price source to announce or publish the exchange published settlement price for any Market Measure component;
- (4) a suspension of trading in one or more Market Measure components, for which the trading does not resume at least ten (10) minutes prior to the scheduled or rescheduled closing time; or
- (5) any other event, if the Calculation Agent determines in its sole discretion that the event materially interferes with our ability or the ability of any of our affiliates to unwind all or a material potential of a hedge with respect to the Notes that we or our affiliates have effected or could have effected

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as described below under “Use of Proceeds and Hedging”.

For Notes linked to a commodity-based Market Measure, in the event a Market Disruption Event has occurred on the Valuation Date, the Ending Value will be determined by the Calculation Agent pursuant to the following “Market Disruption Calculation”:

- (1) with respect to each Market Measure component, which is not affected by the Market Disruption Event, the Market Measure level will be based on the exchange published settlement price on the Valuation Date;
- (2) with respect to each Market Measure component which is affected by the Market Disruption Event, the Market Measure level will be based on the exchange published settlement price of each such contract on the first day following the Valuation Date on which no Market Disruption Event occurs with respect to such contract. In the event that a Market Disruption Event occurs with respect to any contract included in the Market Measure on the Valuation Date and on each day to and including the second scheduled Market Measure Business Day prior to maturity (the “Cut-Off Date”), the price of such contract used to determine the Ending Value will be estimated by the Calculation Agent in its sole discretion and in a manner which the Calculation Agent considers commercially reasonable under the circumstances; and
- (3) the Calculation Agent shall determine the Market Measure level by reference to the exchange published settlement prices or other prices determined in clauses (1) and (2), above, using the then current method for calculating the Market Measure. The exchange on which a futures contract included in the Market Measure is traded for purposes of the foregoing definition means the exchange used to value such futures contract for the calculation of the Market Measure.

Pricing Date Market Disruption Calculation

For Notes linked to a commodity-based Market Measure, in the event a Market Disruption Event occurs on the Pricing Date, the Calculation Agent will establish an initial value for the Market Measure (the “Initial Market Measure Level”) and the Starting Value pursuant to the following “Pricing Date Market Disruption Calculation”:

- (1) With respect to each commodity or futures contract the value of which is tracked by the Market Measure and which is not affected by the Market Disruption Event (an “Unaffected Component”), both the Initial Market Measure Level and the Starting Value will be based on the exchange published settlement price of such Unaffected Component on the Pricing Date.
- (2) With respect to each commodity or futures contract the value of which is tracked by the Market Measure and which is affected by a Market Disruption Event (an “Affected Component”):
 - (a) the Calculation Agent will establish the Initial Market Measure level on the Pricing Date based on (i) the above-referenced settlement price of each Unaffected Component and (ii) the last exchange published settlement price for each Affected Component on the Pricing Date;
 - (b) the Calculation Agent will adjust the Initial Market Measure Level for purposes of determining the Starting Value based on the exchange published settlement price of each Affected Component on the first scheduled Market Measure Business Day following the Pricing Date on which no Market Disruption Event occurs with respect to such Affected Component. In the event that a Market Disruption Event occurs with respect to any Affected Component on each scheduled Market Measure Business Day to and including the third scheduled Market Measure Business Day following the Pricing Date, the Calculation Agent (not later than the fourth scheduled Market Measure Business Day) will estimate the price of such Affected Component used to determine the Starting Value in a manner that the Calculation Agent considers commercially reasonable under the circumstances; and
 - (c) the final term sheet made available in connection with sales of the Notes will set forth the Initial Market Measure Level, a brief statement of the facts relating to the establishment of the Initial Market Measure Level (including a description of the relevant Market Disruption Event(s)), and the Starting Value.

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- (3) The Calculation Agent will determine the Initial Market Measure Level by reference to the exchange published settlement prices or other prices determined in clauses (1) and (2), above, using the then current method for calculating the Market Measure. The exchange on which a futures contract included in the Market Measure is traded for purposes of the above definition means the exchange used to value such futures contract for the calculation of the Market Measure.

All determinations made by the Calculation Agent, absent a determination of manifest error, will be conclusive for all purposes and binding on ML&Co. and the holders and beneficial owners of the Notes.

Closing price of an Underlying Stock

Unless otherwise set forth in the applicable term sheet, the relevant closing price for an Underlying Stock for purposes of determining whether the Underlying Stock remains within the Range on any given day, will equal the Closing Market Price (as defined below) of the Underlying Stock on each scheduled Market Measure Business Day during the Valuation Period multiplied by the Price Multiplier. The "Price Multiplier" will be set forth in the applicable term sheet and will be subject to adjustment for certain corporate events relating to the Underlying Company described below under "—Adjustments to an Underlying Stock".

"Closing Market Price" means:

If the Underlying Stock is (or any other security underlying a Market Measure for which a Closing Market Price must be determined for purposes of the Notes is) listed or admitted to trading on a national securities exchange in the United States registered under the Securities Exchange Act of 1934 ("registered national securities exchange"), is included in the OTC Bulletin Board Service ("OTC Bulletin Board") operated by the Financial Industry Regulatory Authority, Inc. ("FINRA"), or is quoted on a United States quotation medium or inter-dealer quotation system (e.g., the Pink-Sheets), then the Closing Market Price for any date of determination on any Trading Day means for one share of Underlying Stock (or any other security underlying a Market Measure for which a Closing Market Price must be determined for purposes of the Notes):

- the last reported sale price, regular way, on that day on the principal registered national securities exchange on which that security is listed or admitted to trading (without taking into account any extended or after-hours trading session);
- if the last reported sale price is not obtainable on a registered national securities exchange, then the last reported sale price on the over-the-counter market as reported on the OTC Bulletin Board or, if not available on the OTC Bulletin Board, then the last reported sale price on any other United States quotation medium or inter-dealer quotation system on that day (without taking into account any extended or after-hours trading session); or
- if the last reported sale price is not available for any reason on a registered national securities exchange, on the OTC Bulletin Board, or on any other United States quotation medium or inter-dealer quotation system, including, without limitation, due to the occurrence of a Market Disruption Event, as described above, then the mean of the last reported bid and offer price of the principal trading session on the registered national securities exchange, or if there were no bids and offers on such exchange, then the mean of the last reported bid and offer on the over-the-counter market as reported on the OTC Bulletin Board or, if there were no bids and offers on the OTC Bulletin Board, then the mean of the last reported bid and offer on any other United States quotation medium or inter-dealer quotation system on that day as determined by the Calculation Agent or from as many dealers in that security, but not exceeding three, as have made the bid prices available to the Calculation Agent after 3:00 p.m., local time in the principal market of the Underlying Stock (or any other security underlying a Market Measure for which a Closing Market Price must be determined for purposes of the Notes) on that date (without taking into account any extended or after-hours trading session).

If the Underlying Stock (or any other security underlying a Market Measure for which a Closing Market Price must be determined for purposes of the Notes) is not listed on a registered national securities exchange, is not

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included in the OTC Bulletin Board, or is not quoted on any other United States quotation medium or inter-dealer system, then the Closing Market Price for any date of determination on any Trading Day means for one share of Underlying Stock (or any other security underlying a Market Measure for which a Closing Market Price must be determined for purposes of the Notes) the U.S. dollar equivalent of the last reported sale price (as determined by the Calculation Agent in its sole discretion and reasonable judgment) on that day on a foreign securities exchange on which that security is listed or admitted to trading with the greatest volume of trading for the calendar month preceding that Trading Day as determined by the Calculation Agent; provided that if the last reported sale price is for a transaction which occurred more than four hours prior to the close of that foreign exchange, then the Closing Market Price will mean the U.S. dollar equivalent (as determined by the Calculation Agent in its sole discretion and reasonable judgment) of the average of the last available bid and offer price on that foreign exchange.

If the Underlying Stock (or any other security underlying a Market Measure for which a Closing Market Price must be determined for purposes of the Notes) is not listed on a registered national securities exchange, is not included in the OTC Bulletin Board, is not quoted on any other United States quotation medium or inter-dealer quotation system, is not listed or admitted to trading on any foreign securities exchange, or if the last reported sale price or bid and offer are not obtainable, then the Closing Market Price will mean the average of the U.S. dollar value (as determined by the Calculation Agent in its sole discretion) of the last available purchase and sale prices in the market of the three dealers which have the highest volume of transactions in that security in the immediately preceding calendar month as determined by the Calculation Agent based on information that is reasonably available to it.

Dilution Adjustments to an Underlying Stock

The Price Multiplier for the Underlying Stock is subject to adjustment by the Calculation Agent as described in this section.

No adjustments to the Price Multiplier will be required unless the Price Multiplier adjustment would require a change of at least 0.1% in the Price Multiplier then in effect. The Price Multiplier resulting from any of the adjustments specified below will be rounded to the eighth decimal place with five one-billionths being rounded upward. The Calculation Agent will not be required to make any adjustments to the Price Multiplier after the close of business on the Final Valuation Date. If the Underlying Stock is an American Depositary Receipt ("ADR"), all references herein to Underlying Stock refer to that class of the Underlying Company's common stock that is represented by such ADR. Furthermore, in the case of ADRs, any reorganization event, whether to the Underlying Company's common stock or to the ADR itself, will cause the ADR to be subject to the dilution adjustments described herein.

No adjustments to the Price Multiplier will be required other than those specified below. However, the Calculation Agent may, at its sole discretion, make additional adjustments to the Price Multiplier to reflect changes occurring in relation to the Underlying Stock or any other security received in a reorganization event in other circumstances where the Calculation Agent determines that it is appropriate to reflect those changes to ensure an equitable result. The required adjustments specified below do not cover all events that could affect the Closing Market Price of the Underlying Stock, including, without limitation, a partial tender or exchange offer for the Underlying Stock.

The Calculation Agent will be solely responsible for the determination and calculation of any adjustments to the Price Multiplier and of any related determinations and calculations with respect to any distributions of stock, other securities or other property or assets, including cash, in connection with any corporate event described below; its determinations and calculations will be conclusive absent a determination of a manifest error.

No adjustments will be made for certain other events, such as offerings of common stock by the Underlying Company for cash or in connection with the occurrence of a partial tender or exchange offer for the Underlying Stock by the Underlying Company.

ML&Co. will, within ten Market Measure Business Days following the occurrence of an event that requires an adjustment to the Price Multiplier, or, if later, within ten Market Measure Business Days following the date on which ML&Co. becomes aware of this occurrence, provide written notice to the trustee, which will provide notice to the holders of the Notes of the occurrence of this event and a statement in reasonable detail setting forth the adjusted Price Multiplier.

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Stock splits and reverse stock splits

If the Underlying Stock is subject to a stock split or reverse stock split, then once any split has become effective, the Price Multiplier relating to the Underlying Stock will be adjusted to equal the product of the prior Price Multiplier and the number of shares which a holder of record of one share of Underlying Stock before the effective date of that stock split or reverse stock split would have owned or been entitled to receive immediately following the applicable effective date.

Stock dividends

If the Underlying Stock is subject to a (i) stock dividend (i.e., issuance of additional shares of Underlying Stock) that is given ratably to all holders of record of the Underlying Stock or (ii) distribution of Underlying Stock as a result of the triggering of any provision of the corporate charter of the Underlying Company, then, once the dividend has become effective and the Underlying Stock is trading ex-dividend, the Price Multiplier will be adjusted so that the new Price Multiplier will equal the prior Price Multiplier plus the product of:

- the prior Price Multiplier; and
- the number of the shares of Underlying Stock which a holder of one share of Underlying Stock before the date the dividend became effective and the Underlying Stock traded ex-dividend would have owned or been entitled to receive immediately following that date as a result of such dividend;

provided that no adjustment will be made for a stock dividend for which the number of shares of Underlying Stock paid or distributed is based on a fixed cash equivalent value, unless such distribution is an Extraordinary Dividend (as defined below).

Extraordinary Dividends

There will be no adjustments to the Price Multiplier to reflect any cash dividends or cash distributions paid with respect to the Underlying Stock other than Extraordinary Dividends, as described below, and distributions described under the section entitled “—Reorganization Events” below.

An “Extraordinary Dividend” means, with respect to a cash dividend or other distribution with respect to the Underlying Stock, a dividend or other distribution which exceeds the immediately preceding non-Extraordinary Dividend on the Underlying Stock (as adjusted for any subsequent corporate event requiring an adjustment hereunder, such as a stock split or reverse stock split) by an amount equal to at least 10% of the Closing Market Price of the Underlying Stock on the Trading Day preceding the ex-dividend date with respect to the Extraordinary Dividend (the “ex-dividend date”). If an Extraordinary Dividend occurs with respect to the Underlying Stock, the Price Multiplier will be adjusted on the ex-dividend date with respect to the Extraordinary Dividend so that the new Price Multiplier will equal the product of:

- the prior Price Multiplier; and
- a fraction, the numerator of which is the Closing Market Price per share of Underlying Stock on the Trading Day preceding the ex-dividend date, and the denominator of which is the amount by which the Closing Market Price per share of Underlying Stock on the Trading Day preceding the ex-dividend date exceeds the Extraordinary Dividend Amount.

The “Extraordinary Dividend Amount” with respect to an Extraordinary Dividend for the Underlying Stock will equal:

- in the case of cash dividends or other distributions that constitute quarterly dividends, the amount per share of Underlying Stock of that Extraordinary Dividend minus the amount per share of the immediately preceding non-Extraordinary Dividend for that share of Underlying Stock; or
- in the case of cash dividends or other distributions that do not constitute quarterly dividends, the amount per share of Underlying Stock of that Extraordinary Dividend.

To the extent an Extraordinary Dividend is not paid in cash, the value of the non-cash component will be determined by the Calculation Agent, whose determination will be conclusive. A distribution on the Underlying Stock described in clause (a), (d) or (e) of the section entitled “—Reorganization Events” below that also constitutes an Extraordinary Dividend will only cause an adjustment pursuant to clause (a), (d) or (e) under the section entitled “—Reorganization Events”. A distribution on the Underlying Stock described in the section entitled “—Issuance of

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transferable rights or warrants” that also constitutes an Extraordinary Dividend will only cause an adjustment pursuant to that section.

Issuance of transferable rights or warrants

If the Underlying Company issues transferable rights or warrants to all holders of record of the Underlying Stock to subscribe for or purchase the Underlying Stock, including new or existing rights to purchase the Underlying Stock pursuant to a shareholder’s rights plan or arrangement, then the Price Multiplier will be adjusted on the Market Measure Business Day immediately following the issuance of those transferable rights or warrants so that the new Price Multiplier will equal the prior Price Multiplier plus the product of:

- the prior Price Multiplier; and
- the number of shares of Underlying Stock that can be purchased with the cash value of those warrants or rights distributed on one share of Underlying Stock.

The number of shares that can be purchased will be based on the Closing Market Price of the Underlying Stock on the date the new Price Multiplier is determined. The cash value of those warrants or rights, if the warrants or rights are traded on a registered national securities exchange, will equal the closing price of that warrant or right, or, if the warrants or rights are not traded on a registered national securities exchange, will be determined by the Calculation Agent and will equal the average of the bid prices obtained from three dealers at 3:00 p.m., New York time on the date the new Price Multiplier is determined, provided that if only two of those bid prices are available, then the cash value of those warrants or rights will equal the average of those bids and if only one of those bids is available, then the cash value of those warrants or rights will equal that bid.

Reorganization Events

If prior to the maturity date of the Notes:

- (a) there occurs any reclassification or change of the Underlying Stock, including, without limitation, as a result of the issuance of tracking stock by the Underlying Company;
- (b) the Underlying Company, or any surviving entity or subsequent surviving entity of the Underlying Company (a “Successor Entity”), has been subject to a merger, combination or consolidation and is not the surviving entity;
- (c) any statutory exchange of securities of the Underlying Company or any Successor Entity with another corporation occurs, other than pursuant to clause (b) above;
- (d) the Underlying Company is liquidated or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law;
- (e) the Underlying Company issues to all of its shareholders securities of an issuer other than the Underlying Company, including equity securities of subsidiaries or affiliates of the Underlying Company, other than in a transaction described in clauses (b), (c) or (d) above;
- (f) a tender or exchange offer or going-private transaction is consummated for all the outstanding shares of the Underlying Company;
- (g) there occurs any reclassification or change of the Underlying Stock that results in a transfer or an irrevocable commitment to transfer all such shares of Underlying Stock outstanding to another entity or person;
- (h) the Underlying Company or any Successor Entity has been subject to a merger, combination or consolidation and is the surviving entity but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by the other party to such merger, combination or consolidation) immediately prior to such event collectively representing less than 50% of the outstanding Underlying Stock immediately following such event; or
- (i) the Underlying Company ceases to file the financial and other information with the SEC in accordance with Section 13(a) of the Securities Exchange Act of 1934 (an event in clauses (a) through (i) a “Reorganization Event”),

then, on or after the date of the occurrence of a Reorganization Event, the Calculation Agent shall, in its sole discretion (A) make such adjustment to the Price Multiplier or to the method of determining the amount payable on each Note or any other terms of the Notes as the Calculation Agent, in its sole discretion, determines appropriate to account for the economic effect on the Notes of such Reorganization Event (including adjustments to account for

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changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Stock or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Reorganization Event by an options exchange to options on the relevant Underlying Stock traded on such options exchange and (B) determine the effective date of that adjustment, or if the Calculation Agent determines that no adjustment that it could make will produce a commercially reasonable result, then the Calculation Agent may cause the Notes to be accelerated to the fifth Market Measure Business Day following the date of that determination and the Redemption Amount payable to you will be calculated as though the date of early repayment were the stated maturity date of the Notes except you will not be entitled to a Contingent Supplemental Payment.

If the Underlying Company ceases to file the financial and other information with the SEC in accordance with Section 13(a) of the Securities Exchange Act of 1934 and the Calculation Agent determines in its sole discretion that sufficiently similar information is not otherwise available to you, the maturity date of the Notes will be accelerated to the fifth Market Measure Business Day following the date of that determination and the Redemption Amount payable to you will be calculated as though the date of early repayment were the stated maturity date of the Notes except you will not be entitled to Contingent Supplemental Payment. If the Calculation Agent determines that sufficiently similar information is available to you, the Reorganization Event will be deemed to have not occurred.

Alternative Dilution and Reorganization Adjustments

The Calculation Agent may elect at its discretion to not make any of the adjustments to the Price Multiplier or to the method of determining the amount payable on the Notes described in this section, but may instead make adjustments in its discretion to the Price Multiplier or the method of determining the amount payable on the Notes that will reflect the adjustments to the extent practicable made by the Options Clearing Corporation on options contracts on the Underlying Stock or any successor common stock. ML&Co. will provide notice of that election to the trustee not more than two Trading Days following the date that the Options Clearing Corporation publishes notice of its adjustments relating to the Underlying Stock and will detail in that notice the actual adjustment made to the Price Multiplier or to the method of determining the amount payable on the Notes.

Adjustments to a Market Measure

If at any time a Market Measure Publisher makes a material change in the formula for or the method of calculating a Market Measure, or Market Measure component in the case of a basket, or in any other way materially modifies that Market Measure so that the Market Measure does not, in the opinion of the Calculation Agent, fairly represent the level of the Market Measure had those changes or modifications not been made, then, from and after that time, the Calculation Agent will, at the close of business for each Market Measure Business Day, make any adjustments in its sole discretion and good faith judgment which may be necessary in order to arrive at a calculation of a level of a stock index, in the case of equity-based Market Measures, or of a level of a commodity futures index, in the case of a commodity-based Market Measure, comparable to such specific Market Measure as if those changes or modifications had not been made, and calculate the closing level with reference to the Market Measure, as so adjusted. Accordingly, if the method of calculating a Market Measure is modified so that the level of the Market Measure is a fraction or a multiple of what it would have been if it had not been modified, then the Calculation Agent will adjust the Market Measure in order to arrive at a level of the Market Measure as if it had not been modified. In the event the Calculation Agent makes any such adjustment to the Market Measure, any determination as to whether the Market Measure, as so adjusted, is above or below the Range will be based on this closing level and, if your Notes provide for continuous observations during the Valuation Period, intra-day levels will not be taken into account.

Discontinuance of the Market Measure

If a Market Measure Publisher discontinues publication of a Market Measure to which an issue of Notes is linked, or one or more components of a Market Measure in the case of a basket, and such Market Measure Publisher or another entity publishes a successor or substitute market measure that the Calculation Agent determines, in its sole discretion, to be comparable to that Market Measure (a "Successor Market Measure"), then, upon the Calculation Agent's notification of that determination to the trustee and ML&Co., the Calculation Agent will substitute the Market Measure with a Successor Market Measure as calculated by the relevant Market Measure Publisher or any other entity and calculate the Ending Value as described above under "—Payment on the Maturity Date". Upon any selection by the Calculation Agent of a Successor Market Measure, ML&Co. will cause notice to be given to holders of the Notes.

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In the event that a Market Measure Publisher discontinues publication or disallows use of a Market Measure and:

- the Calculation Agent does not select a Successor Market Measure; or
- the Successor Market Measure is not published on a Valuation Date,

the Calculation Agent will compute a substitute level for the Market Measure in accordance with the procedures last used to calculate the Market Measure before any discontinuance or disallowance. If a Successor Market Measure is selected or the Calculation Agent calculates a level as a substitute for a Market Measure as described below, the Successor Market Measure or level will be used as a substitute for that Market Measure for all purposes, including the purpose of determining whether a Market Disruption Event exists. In such event, any determination as to whether the Market Measure, as so calculated, is above or below the Range will be based on this closing level and, if your Notes provide for continuous observations during the Valuation Period, intra-day levels will not be taken into account.

If a Market Measure Publisher discontinues publication or disallows the use of the Market Measure before a Valuation Date and the Calculation Agent determines that no Successor Market Measure is available at that time, then on each Market Measure Business Day until the earlier to occur of:

- the Final Valuation Date; or
- a determination by the Calculation Agent that a Successor Market Measure is available,

the Calculation Agent will determine the value that would be used in determining whether the Market Measure has remained within the Range as if that day were a Market Measure Business day during the Valuation Period. In such event, any determination as to whether the Market Measure, as so calculated, is within the Range will be based on this closing level and, if your Notes provide for continuous observations during the Valuation Period, intra-day levels will not be taken into account. The Calculation Agent will arrange for information with respect to these values to be made available by telephone.

Unless otherwise provided in the applicable term sheet, a “Business Day” is any day on which (i) the Market Measure or any Successor Market Measure, if any, that have not been discontinued, is calculated and published and (ii) with respect to the Market Measure, or any Successor Market Measures, which have been discontinued, a day on which the applicable exchanges listing the stocks of companies or exchanges quoting the commodities futures contracts, as applicable to the Market Measure, used to calculate a substitute level for a Market Measure following a discontinuance, as discussed above, are open for trading. For the purposes of this definition, as applicable to Notes linked to a basket, “Market Measure” refers to any basket component or components.

Notwithstanding these alternative arrangements, discontinuance of the publication of the specific Market Measure to which your Notes are linked may adversely affect trading in the Notes.

Events of Default and Acceleration

In case an Event of Default with respect to any issue of Notes has occurred and is continuing, the amount payable to a holder of a Note upon any acceleration permitted by the Notes, with respect to each Original Public Offering Price per unit, will be equal to the Redemption Amount per unit, calculated as though the date of acceleration were the maturity date of the Notes.

In case of default in payment of the Notes, whether on the maturity date or upon acceleration, from and after that date the Notes will bear interest, payable upon demand of their holders, at the then current Federal Funds Rate, reset daily, as determined by reference to Reuters page FEDFUNDS1 under the heading “EFFECT”, to the extent that payment of such interest shall be legally enforceable, on the unpaid amount due and payable on that date in accordance with the terms of the Notes to the date payment of that amount has been made or duly provided for. “Reuters page FEDFUNDS1” means such page or any successor page, or page on a successor service, displaying such rate. If the Federal Funds Rate cannot be determined by reference to Reuters page FEDFUNDS1, such rate will be determined in accordance with the procedures set forth in the accompanying MTN prospectus supplement relating to the determination of the Federal Funds Rate in the event of the unavailability of Moneyline Telerate page 120.

THE MARKET MEASURE

General

The Market Measure (as defined below) to which a specific issue of Notes is linked will be set forth in the applicable term sheet. Specific information regarding the Market Measure may be set forth in one or more prospectus supplements (each of which may be called a term sheet or an index supplement).

A “Market Measure” may be a single stock, a basket of single-stocks, a basket of futures contracts or commodities, a commodity- or equity-based index, a basket of indices, the value of a single commodity or item, or any other statistical measure of economic or financial performance including, but not limited to, measurements of interest rates, any consumer price or mortgage index, or any combination thereof. As may be set forth in an applicable term sheet, the Notes may be linked to two or more Market Measures and payment on the Notes may be determined by comparison or combination of the levels of those Market Measures. In such a case, to the extent it is different from the information set forth herein, the applicable term sheet will set forth the method for determining the Starting Value, the value of the Market Measure on any Market Measure Business Day during the Valuation Period, or the Redemption Amount. Any reference to “Market Measure” assumes that there may be two or more Market Measures to which a specific issuance of the Notes is linked.

Underlying Stock

For Notes linked to an Underlying Stock, any information regarding the Underlying Company or the Underlying Stock will be derived from publicly available documents published by the Underlying Company. We make no representation or warranty as to the accuracy or completeness of this information. Any Underlying Stock will be registered under the Securities Exchange Act of 1934. Information provided to or filed with the SEC by any Underlying Company can be located at the SEC’s facilities or through the SEC’s web site. See “Where You Can Find More Information” in the accompanying general prospectus supplement and prospectus. ML&Co. makes no representation or warranty as to the accuracy or completeness of the information or reports.

The selection of the Underlying Stock is not a recommendation to buy or sell the Underlying Stock. Neither ML&Co. nor any of its subsidiaries or affiliates makes any representation to any purchaser of the Notes as to the performance of the Underlying Stock.

ML&Co. will not be affiliated with any Underlying Company. Any Underlying Company will have no obligations with respect to the Notes. This product supplement and any related term sheet relates only to the Notes and does not relate to the Underlying Stock or other securities of the Underlying Company. All disclosures contained in this product supplement or any related term sheet regarding the Underlying Company will be derived from the publicly available documents described above. Neither ML&Co. nor MLPF&S has or will participate in the preparation of the publicly available documents described above. Neither ML&Co. nor MLPF&S has made any due diligence inquiry with respect to any Underlying Company in connection with the offering of the Notes. Neither ML&Co. nor MLPF&S makes any representation that the publicly available documents or any other publicly available information regarding any Underlying Company are accurate or complete. Furthermore, there can be no assurance that all events occurring prior to the date of the applicable term sheet, including events that would affect the accuracy or completeness of the publicly available documents described above, that would affect the trading price of the Underlying Stock have been or will be publicly disclosed. Subsequent disclosure of any events or the disclosure of or failure to disclose material future events concerning any Underlying Company could affect the value of the Underlying Stock on the Valuation Date and therefore could affect your Redemption Amount. Neither ML&Co. nor any of its subsidiaries or affiliates makes any representation to any purchaser of the Notes as to the performance of the Underlying Stock.

ML&Co. or its subsidiaries or affiliates may presently or from time to time engage in business, directly or indirectly, with any Underlying Company including extending loans to, or making equity investments in, any Underlying Company or providing investment banking or advisory services to any Underlying Company, including merger and acquisition advisory services. In the course of that business, ML&Co. or its subsidiaries or affiliates may acquire non-public information with respect to any Underlying Company and, in addition, one or more affiliates of ML&Co. may publish research reports with respect to any Underlying Company.

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Any prospective purchaser of the Notes should undertake an independent investigation of any Underlying Company as in its judgment is appropriate to make an informed decision with respect to an investment in the Notes.

Baskets

A basket is designed to allow investors to participate in changes in the levels of the basket components from the Starting Value to the value of the basket on the applicable scheduled Market Measure Business Days during the Valuation Period. If the Market Measure to which your Notes are linked is a basket, the basket components will be set forth in the applicable term sheet. Each basket component will be assigned a weighting (the “Initial Weighting”) so that each basket component represents a specified portion of the value of the basket on the Pricing Date. The basket components may be assigned with equal or unequal Initial Weightings. The Initial Weighting of any basket component will be set forth in the applicable term sheet.

Determination of the Multiplier for each Basket Component

A fixed factor (the “Multiplier”) will be determined for each basket component, based upon the weighting of that basket component. The Multiplier for each basket component will be calculated on the Pricing Date and will equal:

- the Initial Weighting (as a percentage) for that basket component, multiplied by 100; and
- divided by the closing level of that basket component on the Pricing Date, and rounded to eight decimal places.

The Multipliers will be calculated in this way so that the value of the basket will equal 100 on the Pricing Date. The Multipliers for each individual basket component will be subject to adjustment in accordance with the procedures for adjusting the Price Multiplier as described in the section entitled “Description of the Notes—Adjustments to a Market Measure” and “Description of the Notes—Dilution Adjustments to an Underlying Stock”.

Computation of the Basket

The Calculation Agent will calculate the value of the basket on any Market Measure Business Day during the Valuation Period by summing the products of the closing level for each basket component on the applicable day and the Multiplier applicable to each basket component. The value of the basket will vary based on the increase or decrease in the level of each basket component. Any increase in the level of a basket component (assuming no change in the level of the other basket component or basket components) will result in an increase in the value of the basket. Conversely, any decrease in the level of a basket component (assuming no change in the level of the other basket component or basket components) will result in a decrease in the value of the basket.

The following tables are for illustration purposes only, and do not reflect the actual composition, Initial Weightings or Multipliers, which will be set forth in the applicable term sheet.

Example 1:

The hypothetical basket components are Index ABC and Index XYZ, each weighted equally on a hypothetical Pricing Date:

<u>Basket Component</u>	<u>Initial Weighting</u>	<u>Closing Level⁽¹⁾</u>	<u>Hypothetical Multiplier⁽²⁾</u>	<u>Initial Basket Level Contribution</u>
Index ABC	50.00%	500.00	0.10000000	50.00
Index XYZ	50.00%	3,500.00	0.01428571	50.00
Starting Value				100.00

Example 2:

The hypothetical basket components are Index ABC, Index XYZ and Index RST, with their Initial Weightings being 50.00%, 25.00% and 25.00%, respectively:

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<u>Basket Component</u>	<u>Initial Weighting</u>	<u>Closing Level⁽¹⁾</u>	<u>Hypothetical Multiplier⁽²⁾</u>	<u>Initial Basket Level Contribution</u>
Index ABC	50.00%	500.00	0.10000000	50.00
Index XYZ	25.00%	2,420.00	0.01033058	25.00
Index RST	25.00%	1,014.00	0.02465483	25.00
Starting Value				100.00

- (1) This is the closing level of each basket component on the hypothetical Pricing Date.
- (2) The hypothetical Multiplier equals the initial weighting of the basket component (as a percentage) multiplied by 100, and then divided by the closing level of that basket component on the hypothetical Pricing Date, and rounded to eight decimal places. The actual basket components, Initial Weightings, Multipliers and the Pricing Date will be set forth in the applicable term sheet.

UNITED STATES FEDERAL INCOME TAXATION

Set forth in full below is the opinion of Sidley Austin LLP, tax counsel to ML&Co., as to certain United States federal income tax consequences of the purchase, ownership and disposition of the Notes. This opinion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including retroactive changes in effective dates) or possible differing interpretations. The discussion below supplements the discussion set forth under the section entitled “Certain United States Federal Income Tax Considerations” that is contained in the accompanying MTN prospectus supplement and supersedes that discussion to the extent that it contains information that is inconsistent with that which is contained in the accompanying MTN prospectus supplement. The discussion below deals only with Notes held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities or currencies, traders in securities that elect to mark to market, entities that are classified as partnerships, tax-exempt entities or persons holding Notes in a tax-deferred or tax-advantaged account (except to the extent specifically discussed below), persons whose functional currency is not the United States dollar, persons subject to the alternative minimum tax or persons holding Notes as a hedge against currency risks, as a position in a “straddle” or as part of a “hedging”, “conversion” or “integrated” transaction for tax purposes. It also does not deal with holders other than original purchasers (except where otherwise specifically noted in this product supplement). The following discussion also assumes that the issue price of the Notes, as determined for United States federal income tax purposes, equals the principal amount thereof. If a partnership holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Thus, persons who are partners in a partnership holding the Notes should consult their own tax advisors. Moreover, all persons considering the purchase of the Notes should consult their own tax advisors concerning the application of the United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used in this product supplement, the term “U.S. Holder” means a beneficial owner of a Note that is for United States federal income tax purposes (a) a citizen or resident of the United States, (b) a corporation (or other entity treated as a corporation) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, (d) 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 or (e) any other person whose income or gain in respect of a Note is effectively connected with the conduct of a United States trade or business. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. As used herein, the term “non-U.S. Holder” means a beneficial owner of a Note that is not a U.S. Holder.

General

There are no statutory provisions, regulations, published rulings or judicial decisions addressing or involving the characterization, for United States federal income tax purposes, of the Notes or securities with terms substantially the same as the Notes. However, unless stated otherwise in the applicable term sheet, although the matter is not free from doubt, under current law, each Note should be treated as a debt instrument of ML&Co. for United States federal income tax purposes. Unless stated otherwise in the applicable term sheet, ML&Co. currently intends to treat each Note as a debt instrument of ML&Co. for United States federal income tax purposes and, where required, intends to file information returns with the Internal Revenue Service (the “IRS”) in accordance with this treatment, in the absence of any change or clarification in the law, by regulation or otherwise, requiring a different characterization of the Notes. Prospective investors in the Notes should be aware, however, that the IRS is not bound by ML&Co.’s characterization of the Notes as indebtedness, and the IRS could possibly take a different position as to the proper characterization of the Notes for United States federal income tax purposes. The following discussion of the principal United States federal income tax consequences of the purchase, ownership and disposition of the Notes is based upon the assumption that each Note will be treated as a debt instrument of ML&Co. for United States federal income tax purposes. If the Notes are not in fact treated as debt instruments of ML&Co. for United States federal income tax purposes, then the United States federal income tax treatment of the purchase, ownership and disposition of the Notes could differ from the treatment discussed below with the result that the timing and character of income, gain or loss recognized in respect of a Note could differ from the timing and character of income, gain or loss recognized in respect of a Note had the Notes in fact been treated as debt instruments of ML&Co. for United States federal income tax purposes.

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U.S. Holders

Notes with Maturities of One Year or Less

The following discussion applies to Notes with maturities of one year or less (“Short-Term Notes”).

Cash Method U.S. Holders. The amount payable at maturity with respect to a Short-Term Note in excess of the principal amount thereof, if any, should generally be includible in income by a U.S. Holder who uses the cash method of tax accounting as ordinary interest on the date the amount payable at maturity is received by the U.S. Holder. Upon the sale or exchange of a Short-Term Note prior to maturity, a U.S. Holder who uses the cash method of accounting generally should recognize taxable gain or loss in an amount equal to the difference between the amount realized on the sale or exchange and such U.S. Holder’s tax basis in the Short-Term Note. Such a U.S. Holder’s tax basis in a Short-Term Note generally should equal such U.S. Holder’s initial investment in the Short-Term Note. Such gain or loss generally would be short-term capital gain or loss. However, all or a portion of any such gain should be treated as ordinary income to the extent of the amount of original issue discount (as described below under “Accrual Method U.S. Holders”) that has accrued on a straight-line basis, or upon election under a constant yield method (based on daily compounding), through the date of such sale or exchange.

Accrual Method U.S. Holders. U.S. Holders who use the accrual method of tax accounting, and certain other U.S. Holders including banks and dealers in securities, should be required to accrue original issue discount on a Short-Term Note on a straight-line basis unless an election is made to accrue the original issue discount under a constant yield method (based on daily compounding). Such original issue discount should accrue based upon an estimated yield for the Short-Term Note. Upon maturity of a Short-Term Note, to the extent that the actual yield on the Short-Term Note (i.e., the Redemption Amount) differs from this estimated yield, such difference should be treated as additional original issue discount or as an offset to previously accrued original issue discount. Upon the sale or exchange of a Short-Term Note prior to the maturity date, a U.S. Holder who uses the accrual method of accounting generally should recognize short-term capital gain or loss (or, in some cases, possibly an offset to previously accrued original issue discount) in an amount equal to the difference between the amount realized on the sale or exchange and such U.S. Holder’s adjusted tax basis in the Short-Term Note. Such a U.S. Holder’s adjusted tax basis generally should equal such U.S. Holder’s initial investment in the Short-Term Note increased by any original issue discount included in income by the U.S. Holder.

Notes with Maturities of More than One Year

The following discussion applies to Notes with maturities of more than one year (“Long-Term Notes”).

Long-Term Notes will be treated as contingent payment debt instruments. On June 11, 1996, the Treasury Department issued final regulations (the “CPDI Regulations”) concerning the proper United States federal income tax treatment of contingent payment debt instruments such as Long-Term Notes, which apply to debt instruments issued on or after August 13, 1996 and, accordingly, will apply to Long-Term Notes. In general, the CPDI Regulations cause the timing and character of income, gain or loss reported on a contingent payment debt instrument to substantially differ from the timing and character of income, gain or loss reported on a conventional noncontingent payment debt instrument. Specifically, the CPDI Regulations generally require a U.S. Holder of such an instrument to include future contingent and noncontingent interest payments in income as that interest accrues based upon a projected payment schedule. Moreover, in general, under the CPDI Regulations, any gain recognized by a U.S. Holder on the sale, exchange, or other disposition (including retirement) of a contingent payment debt instrument is treated as ordinary income, and all or a portion of any loss realized could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances). The CPDI Regulations provide no definitive guidance as to whether or not an instrument is properly characterized as a debt instrument for United States federal income tax purposes.

In particular, solely for purposes of applying the CPDI Regulations to the Long-Term Notes, ML&Co. will be required to construct a projected payment schedule for the Long-Term Notes which will consist of a projected cash payment on the maturity date of an amount equal to an estimate of the Redemption Amount per unit of the Long-Term Notes (the “Projected Redemption Amount”). This projected payment schedule will represent an estimated yield on the Long-Term Notes. Accordingly, during the term of the Long-Term Notes, a U.S. Holder of a Long-Term Note will be required to include in income as ordinary interest an amount equal to the sum of the daily portions of interest on the Long-Term Note that are deemed to accrue at this estimated yield for each day during the taxable year (or portion of the taxable year) on which the U.S. Holder holds the Long-Term Note. The amount of

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interest that will be deemed to accrue in any accrual period (i.e., generally each six-month period during which the Long-Term Notes are outstanding) will equal the product of this estimated yield (properly adjusted for the length of the accrual period) and the Long-Term Note's adjusted issue price (as defined below) at the beginning of the accrual period. The daily portions of interest will be determined by allocating to each day in the accrual period the ratable portion of the interest that is deemed to accrue during the accrual period. In general, for these purposes a Long-Term Note's adjusted issue price will equal the Long-Term Note's issue price (i.e., the Original Public Offering Price of a Long-Term Note), increased by the interest previously accrued on the Long-Term Note. On the maturity date of a Long-Term Note, in the event that the actual cash payment on the maturity date (the "Actual Redemption Amount"), if any, exceeds the Projected Redemption Amount, a U.S. Holder will be required to include the excess of the Actual Redemption Amount over the Projected Redemption Amount in income as ordinary interest on the maturity date. Alternatively, in the event that the Actual Redemption Amount is less than the Projected Redemption Amount, the amount by which the Projected Redemption Amount exceeds the Actual Redemption Amount will be treated first as an offset to any interest otherwise includible in income by the U.S. Holder with respect to the Long-Term Note for the taxable year in which the maturity date occurs to the extent of the amount of that includible interest. Further, a U.S. Holder will be permitted to recognize and deduct, as an ordinary loss that is not subject to the limitations applicable to miscellaneous itemized deductions, any remaining portion of the Projected Redemption Amount in excess of the Actual Redemption Amount that is not treated as an interest offset pursuant to the foregoing rules. Any remaining portion of the Projected Redemption Amount in excess of the Actual Redemption Amount that is not treated as an interest offset or an ordinary loss pursuant to the foregoing rules will be treated as a capital loss (which will be long term if the Note has been held for more than one year as of the maturity date). In addition, U.S. Holders purchasing a Long-Term Note at a price that differs from the adjusted issue price of the Long-Term Note as of the purchase date (e.g., subsequent purchasers) will be subject to rules providing for certain adjustment to the foregoing rules and these U.S. Holders should consult their own tax advisors concerning these rules.

Notwithstanding the foregoing, special rules will apply if a contingent payment on a Long-Term Note becomes fixed more than six months prior to its scheduled date of payment. For this purpose, a payment will be treated as fixed if (and when) all remaining contingencies with respect to it are remote or incidental, within the meaning of the CPDI Regulations. Thus, if the level of the Market Measure is outside the Range during the Valuation Period, these special rules could possibly apply to the Long-Term Notes. Generally, in such a case, a U.S. Holder would be required to account for the difference between the present value of the fixed amount of the contingent payment and the present value of the amount of the projected payment in a reasonable manner over the remaining term of the Long-Term Note. A U.S. Holder's tax basis in a Long-Term Note and the character of any gain or loss on the sale of the Long-Term Note could also be affected. U.S. Holders should consult their own tax advisors concerning these special rules.

Upon the sale, exchange or other disposition of a Long-Term Note prior to the maturity date, a U.S. Holder will be required to recognize taxable gain or loss in an amount equal to the difference, if any, between the amount realized by the U.S. Holder upon that sale, exchange or other disposition and the U.S. Holder's adjusted tax basis in the Long-Term Note as of the date of disposition. A U.S. Holder's adjusted tax basis in a Long-Term Note generally will equal the U.S. Holder's initial investment in the Long-Term Note increased by any interest previously included in income with respect to the Long-Term Note by the U.S. Holder. Any taxable gain will be treated as ordinary income. Any taxable loss will be treated as ordinary loss to the extent of the U.S. Holder's total interest inclusions on the Long-Term Note. Any remaining loss generally will be treated as long-term or short-term capital loss (depending upon the U.S. Holder's holding period for the Long-Term Note). All amounts includible in income by a U.S. Holder as ordinary interest pursuant to the CPDI Regulations will be treated as original issue discount.

All prospective investors in the Long-Term Notes should consult their own tax advisors concerning the application of the CPDI Regulations to their investment in the Long-Term Notes.

The projected payment schedule (including both the Projected Redemption Amount and the estimated yield on the Long-Term Notes) will be established solely for United States federal income tax purposes (i.e., for purposes of applying the CPDI Regulations to the Long-Term Notes), and is neither a prediction nor a guarantee of what the actual Redemption Amount will be. The projected payment schedule (including both the Projected Redemption Amount and the estimated yield on the Long-Term Notes, as established by ML&Co. for purposes of applying the CPDI Regulations to the Long-Term Notes), will be set forth in the applicable term sheet. In addition, investors in the Long-Term Notes may obtain the projected payment schedule and the estimated yield, as established by ML&Co. for purposes of applying the CPDI Regulations to the Long-Term Notes, by submitting a written request for that information to Merrill Lynch & Co., Inc., Corporate Secretary's Office, 222 Broadway, 17th Floor, New York, New York 10038, (212) 670-0432, corporatesecretary@exchange.ml.com.

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Unrelated Business Taxable Income

Section 511 of Internal Revenue Code of 1986, as amended (the “Code”) generally imposes a tax, at regular corporate or trust income tax rates, on the “unrelated business taxable income” of certain tax-exempt organizations, including qualified pension and profit sharing plan trusts and individual retirement accounts. In general, if the Notes are held for investment purposes, the amount of income or gain realized with respect to the Notes will not constitute unrelated business taxable income. However, if a Note constitutes debt-financed property (as defined in Section 514(b) of the Code) by reason of indebtedness incurred by a holder of a Note to purchase or carry the Note, all or a portion of any income or gain realized with respect to such Note may be classified as unrelated business taxable income pursuant to Section 514 of the Code. Moreover, prospective investors in the Notes should be aware that whether or not any income or gain realized with respect to a Note which is owned by an organization that is generally exempt from United States federal income taxation constitutes unrelated business taxable income will depend upon the specific facts and circumstances applicable to such organization. Accordingly, any potential investors in the Notes that are generally exempt from United States federal income taxation are urged to consult with their own tax advisors concerning the United States federal income tax consequences to them of investing in the Notes.

Non-U.S. Holders

A non-U.S. Holder will not be subject to United States federal income taxes on payments of principal, premium (if any) or interest (including original issue discount) on a Note, unless the non-U.S. Holder is a direct or indirect 10% or greater shareholder of ML&Co., a controlled foreign corporation related to ML&Co. or a bank receiving interest described in Section 881(c)(3)(A) of the Code. However, income allocable to non-U.S. Holders will generally be subject to annual tax reporting on IRS Form 1042-S. For a non-U.S. Holder to qualify for the exemption from taxation, any person, U.S. or foreign, that has control, receipt or custody of an amount subject to withholding, or who can disburse or make payments of an amount subject to withholding (the “Withholding Agent”) must have received a statement that (a) is signed by the beneficial owner of the Note under penalties of perjury, (b) certifies that the owner is a non-U.S. Holder and (c) provides the name and address of the beneficial owner. The statement may generally be made on IRS Form W-8BEN (or other applicable form) or a substantially similar form, and the beneficial owner must inform the Withholding Agent of any change in the information on the statement within 30 days of that change by filing a new IRS Form W-8BEN (or other applicable form). Generally, an IRS Form W-8BEN provided without a U.S. taxpayer identification number will remain in effect for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. If a Note is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide a signed statement to the Withholding Agent. Under certain circumstances, the signed statement must be accompanied by a copy of the applicable IRS Form W-8BEN (or other applicable form) or the substitute form provided by the beneficial owner to the organization or institution.

Under current law, a Note will not be includible in the estate of a non-U.S. Holder unless the individual is a direct or indirect 10% or greater shareholder of ML&Co. or, at the time of the individual’s death, payments in respect of that Note would have been effectively connected with the conduct by the individual of a trade or business in the United States.

Backup Withholding

Backup withholding at the applicable statutory rate of United States federal income tax may apply to payments made in respect of the Notes to registered owners who are not “exempt recipients” and who fail to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Notes to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Note to (or through) a broker, the broker must withhold on the entire purchase price, unless either (a) the broker determines that the seller is a corporation or other exempt recipient or (b) the seller provides, in the required manner, certain identifying information (e.g., an IRS Form W-9) and, in the case

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of a non-U.S. Holder, certifies that the seller is a non-U.S. Holder (and certain other conditions are met). This type of a sale must also be reported by the broker to the IRS, unless either (a) the broker determines that the seller is an exempt recipient or (b) the seller certifies its non-U.S. status (and certain other conditions are met). Certification of the registered owner's non-U.S. status would be made normally on an IRS Form W-8BEN (or other applicable form) under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against the beneficial owner's United States federal income tax provided the required information is furnished to the IRS.

ERISA CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (a “Plan”), should consider the fiduciary standards of ERISA in the context of the Plan’s particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our subsidiaries and affiliates, including MLPF&S, may be each considered a party in interest within the meaning of ERISA, or a disqualified person within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (also “Plans”). Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the securities are acquired by or with the assets of a Plan with respect to which MLPF&S or any of its affiliates is a party in interest, unless the securities are acquired pursuant to an exemption from the prohibited transaction rules. A violation of these prohibited transaction rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

Under ERISA and various prohibited transaction class exemptions (“PTCEs”) issued by the U.S. Department of Labor, exemptive relief may be available for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the securities. Those exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts), PTCE 84-14 (for certain transactions determined by independent qualified asset managers), and the exemption under new Section 408(b)(17) of ERISA and new Section 4975(d)(20) of the Code for certain arm’s-length transactions with a person that is a party in interest solely by reason of providing services to Plans or being an affiliate of such a service provider (the “Service Provider Exemption”).

Because we may be considered a party in interest with respect to many Plans, the securities may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include plan assets by reason of any Plan’s investment in the entity (a “Plan Asset Entity”) or any person investing plan assets of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCE 96-23, 95-60, 91-38, 90-1, or 84-14 or the Service Provider Exemption, or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the securities will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the securities that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such securities on behalf of or with plan assets of any Plan or with any assets of a governmental, church or foreign plan that is subject to any federal, state, local or foreign law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition are eligible for exemptive relief or such purchase, holding and disposition are not prohibited by ERISA or Section 4975 of the Code (or in the case of a governmental, church or foreign plan, any substantially similar federal, state, local or foreign law).

Under ERISA, assets of a Plan may include assets held in the general account of an insurance company which has issued an insurance policy to such plan or assets of an entity in which the Plan has invested. Accordingly, insurance company general accounts that include assets of a Plan must ensure that one of the foregoing exemptions is available. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the securities on behalf of or with “plan assets” of any Plan consult with their counsel regarding the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or the Service Provider Exemption.

Purchasers of the securities have exclusive responsibility for ensuring that their purchase, holding and disposition of the securities do not violate the prohibited transaction rules of ERISA or the Code or any similar regulations applicable to governmental or church plans, as described above.

USE OF PROCEEDS AND HEDGING

The net proceeds from the sale of the Notes will be used as described under “Use of Proceeds” in the accompanying general prospectus supplement and to hedge market risks of ML&Co. associated with its obligation to pay the Redemption Amount.

SUPPLEMENTAL PLAN OF DISTRIBUTION

MLPF&S has advised ML&Co. that it will initially offer all or part of the Notes directly to the public on a fixed price basis at the offering prices set forth on the applicable term sheet and it may offer the Notes to dealers at that price less a concession not in excess of the underwriting discount set forth on the cover of the applicable term sheet. After the initial public offering, the public offering price and concession may be changed. The obligations of MLPF&S are subject to certain conditions and it is committed to take and pay for all of the Notes if any are taken.

EXPERTS

The consolidated financial statements incorporated by reference in this product supplement from Merrill Lynch & Co., Inc.’s Annual Report on Form 10-K for the year ended December 28, 2007 and the effectiveness of Merrill Lynch & Co., Inc. and subsidiaries’ internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, incorporated herein by reference (which reports (1) expressed an unqualified opinion on the consolidated financial statements and 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 discussed in Note 20 to the consolidated financial statements and (2) expressed an unqualified opinion on the effectiveness of internal control over financial reporting). Such consolidated financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information for the three-month periods ended March 28, 2008 and March 30, 2007 and the three-month and six-month periods ended June 27, 2008 and June 29, 2007, which is incorporated herein by reference, Deloitte & Touche LLP, an independent registered public accounting firm, have applied limited procedures in accordance with the standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports included in Merrill Lynch & Co., Inc.’s Quarterly Reports on Form 10-Q for the quarters ended March 28, 2008 (which report included an explanatory paragraph relating to the restatement discussed in Note 16 to the condensed consolidated interim financial statements), and June 27, 2008 (which report included explanatory paragraphs related to the restatement discussed in Note 16 to the condensed consolidated interim financial statements and a number of transactions subsequent to the balance sheet date which are expected to have a material impact on the interim financial statements for the three and nine month periods ended September 26, 2008 discussed in Note 18 to the condensed consolidated interim financial statements), and incorporated by reference herein, they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited interim financial information because those reports are not “reports” or a “part” of the Registration Statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

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Merrill Lynch & Co., Inc.

**Medium-Term Notes, Series C
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PRODUCT SUPPLEMENT

Merrill Lynch & Co.

August 27, 2008
