



## Information Circular: Merrill Lynch & Co., Inc. STEP Income Securities

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**To:** Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

**From:** William Slattery, Associate Vice President, NASDAQ Listing Qualifications Department

**DATE:** June 18, 2008

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Equity-Linked Notes	Symbol	CUSIP Number
Merrill Lynch & Co., Inc. STEP Income Securities Linked to the Common Stock of Apple Inc.	AXD	59023V324

### Information on the Notes

Merrill Lynch & Co., Inc. (the "Issuer") has issued STEP Income Securities ("STEPS") linked to the common stock of Apple Inc. ("Apple"). The STEPS were priced at \$10 each and mature on June 25, 2009.

The STEPS are senior, unsecured debt securities of the Issuer that are designed for investors who seek quarterly interest payments on their investment and want the opportunity to receive an additional payment at maturity if the Ending Value of Apple stock on the June 18, 2009 valuation date is at or above the Step Level (204.2481). If the Ending Value of Apple stock on the valuation date is below the Step Level, the amount investors receive on the maturity date will not be greater than the \$10 original public offering price per unit and will be based on the direction of and percentage change in the level of Apple stock from the Starting Value (182.2017), to the Ending Value, as determined on the valuation date.

Investors must be willing to accept a payment of principal that may be less, and potentially significantly less, than the \$10 original public offering price of the Notes.

Investors should also be willing to accept that no Step Payment will be payable on the maturity date if the closing level of Apple stock is below the Step Level and be willing to lose a portion of their principal if the Ending Value is below the Threshold Level (163.9815).

At maturity, investors will receive interest on their STEPS at a rate of 12.10% per year, payable quarterly in arrears computed on the basis of a 360-day year of twelve 30-day months. In addition to any interest due and payable, on the maturity date investors will be entitled to receive the Redemption Amount, a payment per STEPS calculated as follows:

- If Ending Value is greater than or equal to Step Level (204.2481):

\$10 + Step Payment

- If Ending Value is greater than or equal to Threshold Value (163.9815) but less than Step Level (204.2481):

\$10

- If Ending Value is less than Threshold Value (163.9815):

$\$10 + [\$10 \times ((\text{Ending Value} - \text{Threshold Value}) / \text{Starting Value}) \times 100\%]$

Investors should be aware that they will not receive a Step Payment at maturity unless the Ending Value is greater than or equal to the Step Level on the valuation date. Investors should also note that an investment in STEPS may result in a loss. Also, the potential return is limited and will not reflect the return of a direct investment in Apple stock.

Since all payments which may be due to holders of STEPS are the sole responsibility of the Issuer, it is the credit of Merrill Lynch & Co., Inc. which stands behind the STEPS.

It is expected that the market value of the STEPS will depend substantially on the value of Apple and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of Apple stock, the time remaining to maturity, the dividend yield of Apple stock, and the credit ratings of the Issuer.

The Trustee for the securities is The Bank of New York.

Trading in the STEPS on NASDAQ is on a UTP basis and is subject to [NASDAQ equity trading rules](#). The STEPS will trade from 7:00 a.m. until 8:00 p.m. Eastern Time. Additional risks may exist with respect to trading the STEPS during Nasdaq's Pre-Market and Post-Market sessions.

Trading of the STEPS on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in the STEPS to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules.

Members also should review [NASD Notice to Members 03-71](#) for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Information Circular is not a statutory prospectus. NASDAQ members should consult the registration statement or prospectus for the STEPS for additional information.**

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Inquiries regarding this Information Circular should be directed to:

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