

IMPORTANT NOTICE
about
THE MERRILL LYNCH AUCTION RATE SECURITIES PROGRAM
and its
Offer to Purchase for Cash at Par
Eligible Auction Rate Securities

*The Offer commences January 2, 2009 and expires at 5:00 p.m.,
New York City time, on January 15, 2010*

Merrill Lynch is pleased to announce its Offer to Purchase starting January 2, 2009 (the "January 2nd Offer" or "Offer") as part of its previously announced Auction Rate Securities Program (the "ML ARS Program"). The ML ARS Program and the January 2nd Offer cover certain publicly issued and sold auction rate securities issued by municipalities or closed-end funds and publicly issued and sold auction rate securities backed by student loans ("ARS") that were purchased from Merrill Lynch by, or are held at Merrill Lynch by, individual, not-for-profit and small business clients of the Merrill Lynch Global Wealth Management Group meeting certain eligibility thresholds, all as more fully described below.

This Important Notice will provide you with information about the ML ARS Program, including this Offer to Purchase. It also will provide you with certain other information regarding rights that Merrill Lynch has agreed to make available to you under agreements in principle entered into with federal and state regulatory authorities, as more particularly described herein.

Our records indicate that you may qualify to participate in the January 2nd Offer and the ML ARS Program being made hereby and that some or all of your ARS are eligible to be purchased pursuant to this Offer.

THERE ARE NO CONDITIONS TO THE OFFER BUT THERE ARE ELIGIBILITY
REQUIREMENTS THAT MUST BE SATISFIED IN ORDER TO PARTICIPATE.

This Important Notice and Offer to Purchase contains important information and you should carefully read it in its entirety before making a decision with respect to the January 2nd Offer.

If you are eligible and desire to tender Eligible ARS (as defined herein) in the January 2nd Offer, you should give instructions to your Financial Advisor to enter an order to sell the Eligible ARS for you. If you do not have a financial advisor and desire to participate, you may do so by first contacting the Merrill Lynch ARS Support Center at the toll free number: 1-888-706-1381 and making arrangements with them for the tender, which will involve the delivery of your Eligible ARS to Merrill Lynch and meeting account documentation requirements. You may direct any questions for assistance to your Financial Advisor at his or her respective address and telephone number or to the Merrill Lynch ARS Support Center at the toll free number noted above. Additional copies of this Important Notice and Offer to Purchase may be obtained from your Financial Advisor or by contacting the Merrill Lynch ARS Support Center at the toll free number noted above.

Merrill Lynch & Co
The date of this Notice and Offer to Purchase is December 17, 2008

TABLE OF CONTENTS

	Page		Page
OVERVIEW	2	5. <i>No Withdrawal Rights</i>	13
SUMMARY OFFER INFORMATION	3	6. <i>Certain Federal Income Tax Consequences</i>	13
INTRODUCTION	7	7. <i>Background to the Offer</i>	14
THE OFFER	9	8. <i>Description of the Merrill Lynch Settlement</i>	15
1. <i>Terms of the Purchase Offer</i>	9	9. <i>Certain Rights Afforded by the Settlement</i>	17
2. <i>Purchase Price and Payment Dates</i>	11	10. <i>Source and Amount of Funds; The Purchaser</i>	18
3. <i>Acceptance Procedures for the Offer</i>	12	11. <i>Available Information; Miscellaneous</i>	18
4. <i>Important Considerations</i>	12		

OVERVIEW

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”), a registered broker-dealer, by itself or through its affiliates as appropriate, is offering to purchase Eligible ARS from January 2nd Eligible Clients (as defined below) at par in cash.

Eligible ARS are certain publicly issued and sold auction rate securities issued by municipalities or closed-end funds and publicly registered auction rate securities backed by student loans held by a January 2nd Eligible Client that were (i) purchased prior to February 13, 2008 and which were held in the January 2nd Eligible Client’s Merrill Lynch account as of August 7, 2008 or (ii) originally purchased directly from Merrill Lynch at any time prior to February 13, 2008 while a client of Merrill Lynch.

A January 2nd Eligible Client is a current or former client of the Global Wealth Management Group (“GWM”) of Merrill Lynch or its affiliates that meets either of the following requirements:

- an individual client or not for profit organization client (i) that had \$4 million or more in total assets at Merrill Lynch on February 13, 2008 or, if earlier, on the date the Eligible ARS were transferred to another firm or (ii) that is a current client of Merrill Lynch that transferred the Eligible ARS to Merrill Lynch prior to August 7, 2008 and had \$4 million or more in total assets at Merrill Lynch on August 7, 2008.
- a small business client (i) that had less than \$100 million in total assets at Merrill Lynch on February 13, 2008 or, if earlier, the date the Eligible ARS were transferred to another firm or (ii) that is a current client of Merrill Lynch that transferred the Eligible ARS to Merrill Lynch prior to August 7, 2008 and had less than \$100 million in total assets at Merrill Lynch on August 7, 2008.

An individual client includes any retirement plan account established for that individual. A not-for-profit organization includes a charitable, education or religious organization as to which proper documentation of that status is on file at, or is made available to, Merrill Lynch upon its request.

This Offer to Purchase does not extend to ARS purchased by clients after February 13, 2008. It also does not extend to ARS that had not been originally purchased by a client directly from Merrill Lynch which at the time of tender bears a credit rating of “below investment grade” by at least one credit rating agency. In addition, this Offer does not extend to institutional and middle market clients of the Merrill Lynch Global Markets and Investment Banking Group or the Merrill Lynch Institutional Advisory Division.

If you purchased your ARS from another firm and you were not a Merrill Lynch GWM client as of August 7, 2008, you are not eligible for the ML ARS Program. You should contact the financial institution who sold those ARS to you to ascertain your eligibility under their offer, if any.

The Offer provided for under this Offer to Purchase will commence on **January 2, 2009** and expire at 5:00 p.m., New York City time, on **January 15, 2010**. The purchases will be made at par for cash (subject to applicable withholding taxes) together with the payment of any accrued but unpaid dividends or interest on the Eligible ARS. You may only tender your Eligible ARS in whole lots (*i.e.*, the minimum denomination of the particular security). The Offer is being made upon the terms and subject to the eligibility requirements set forth in this Offer to Purchase.

Our records indicate that you may qualify as a January 2nd Eligible Client and that some or all of your auction rate securities are Eligible ARS that may be purchased by Merrill Lynch pursuant to the Offer.

Please note that Merrill Lynch has previously commenced an offer to purchase Eligible ARS from October 1st Eligible Clients (as defined below), which commenced on October 1, 2008 and will expire on January 15, 2010. That offer is substantially similar to this Offer except for the commencement date and the eligibility requirements. The October 1st Eligible Clients are (i) individual clients and not-for-profit organization clients of GWM with total assets of less than \$4 million at Merrill Lynch and (ii) small business clients of GWM with total assets of less than \$4 million at Merrill Lynch as of February 13, 2008, August 7, 2008 or the date of transfer to another firm, if earlier, along the lines outlined above. Please note that we are informing you of the October 1st Offer for your information only.

SUMMARY OFFER INFORMATION

This summary term sheet highlights selected information from this Offer to Purchase and may not contain all of the information that is important to you. To better understand our January 2nd Offer and for a complete description of its legal terms, you should carefully read this Offer to Purchase in its entirety. Questions or requests for assistance may be directed to your Financial Advisor or to a Merrill Lynch representative at the Merrill Lynch ARS Support Center at its toll free number 1-888-706-1381.

Who is offering to buy my Eligible ARS?

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S” or “Merrill Lynch”) is a registered broker dealer subsidiary of Merrill Lynch & Co., Inc. and it will be making the Offer contemplated hereby. Merrill Lynch & Co., Inc. is one of the world’s leading wealth management, capital markets and advisory companies, with offices in 40 countries and territories and total client assets of approximately \$1.6 trillion. For more information on Merrill Lynch & Co., Inc. and MLPF&S, please visit www.ml.com. Merrill Lynch may transfer or assign to one or more of its affiliates, in whole or from time to time in part, its obligation to purchase all or any portion of the Eligible ARS tendered in the Offer as described in this Offer to Purchase. As of the date hereof, Merrill Lynch has determined to transfer to its broker dealer

affiliate First Republic Securities Company LLC (“FRS”) the obligation to purchase Eligible ARS purchased by Eligible Clients of FRS.

Who is eligible to participate in the Offer?

You have to satisfy the eligibility requirements to be considered a January 2nd Eligible Client and you have to have purchased Eligible ARS prior to February 13, 2008. You are a January 2nd Eligible Client if:

- You are an individual client or not for profit organization client (i) that had \$4 million or more in total assets at Merrill Lynch on February 13, 2008 or, if earlier, the date you transferred your Eligible ARS to another firm or (ii) that is a current client of Merrill Lynch that transferred the Eligible ARS to Merrill Lynch prior to August 7, 2008 and had \$4 million or more in total assets at Merrill Lynch on August 7, 2008.
- You are a small business client (i) that had less than \$100 million in total assets at Merrill Lynch on February 13, 2008 or, if earlier, the date you transferred your Eligible ARS to another firm or (ii) that is a current client of Merrill Lynch that transferred the Eligible ARS to Merrill Lynch prior to August 7, 2008 and had less than \$100 million in total assets at Merrill Lynch on August 7, 2008.

The term “individual client” includes any retirement plan account established for that individual at Merrill Lynch and the “not-for-profit organizations” includes all charitable, educational and religious organizations as to which proper documentation is on file at or made available to Merrill Lynch. FRS clients meeting the criteria outlined above may also participate as to their Eligible ARS in the Offer.

What ARS are eligible for purchase by Merrill Lynch?

Only certain public municipality-issued, closed-end fund-issued and student loan-backed auction rate securities purchased by Eligible Clients prior to February 13, 2008 are eligible for purchase under the ML ARS Program and in this Offer. Merrill Lynch may only purchase such Eligible ARS in whole lots, *i.e.*, the minimum denomination of the particular ARS. Under the terms hereof, such Eligible ARS must have been (i) purchased from Merrill Lynch or any other firm prior to February 13, 2008 and held in your account(s) with us on August 7, 2008 or (ii) originally purchased directly from Merrill Lynch prior to February 13, 2008.

In addition, in order for your tender of Eligible ARS to be accepted, the particular Eligible ARS may not be the subject of a successful auction market process or to an announced and pending redemption call by the issuer at the time of tender. See “*Section 1. Terms of the Purchase Offer*” below. See also <http://www.auctionratesecuritydata.com> for information on the current auction status of the particular Eligible ARS you hold.

What if I transferred my Eligible ARS to another firm? Can I still participate in the Offer?

If you are a January 2nd Eligible Client that originally purchased the Eligible ARS directly from Merrill Lynch prior to February 13, 2008, you may participate in the Offer even if you have moved such Eligible ARS to an account at another financial institution or broker-dealer (“ML-Purchased ARS Held Away”). If this is the case for you, in order to participate in the Offer, you should contact the Merrill Lynch ARS Support Center at 1-888-706-1381 to make arrangements for tender.

Merrill Lynch will not accept ML-Purchased ARS Held Away for tender into the Offer unless (i) it is able to verify your eligibility for the Offer (*i.e.*, your having purchased the ARS from Merrill Lynch while a client and your meeting the total asset threshold requirement); (ii) it receives a copy of the ARS transfer form and appropriate tax form (copies of which are enclosed in mailings to January 2nd Eligible Clients holding ML-Purchased ARS Held Away); and (iii) it receives information reasonably satisfactory to it from the firm at which you hold such ARS that the bidding rights associated therewith will be transferred to Merrill Lynch, along with the tendered securities. See “*Section 1. Terms of the Purchase Offer*” below. Please note that it is possible that the financial institution or broker dealer firm

at which you are currently holding the Eligible ARS has made an offer to purchase ARS held in its current clients' accounts. You should determine whether you are eligible for any such offer in order to avoid having to move your securities to Merrill Lynch in order to participate in the Offer. Offers to purchase auction rate securities by other firms will be different from this Offer to Purchase.

How is the amount of my total assets at Merrill Lynch determined?

In determining the total assets held at Merrill Lynch at either August 7, 2008, February 13, 2008, or, if earlier, the date on which you transferred your Eligible ARS to another firm, we will aggregate the assets held in client accounts where the social security number or taxpayer identification number (TIN), as the case may be, associated with the accounts are the same. For example, where an individual has an IRA account, a single name account and is the primary listed holder of a joint account, all three of these accounts will be aggregated to determine the \$4 million threshold. If you have any questions regarding your eligibility, please contact your Financial Advisor or the Merrill Lynch ARS Support Center (toll free) at 1-888-706-1381.

How much are you offering to pay for my Eligible ARS and what is the form of payment?

We will pay the full dollar amount of the principal amount (in the case of debt securities) or liquidation preference (in the case of preferred securities), which amount we refer to as "par", plus accrued interest or dividends to the date of purchase. Your account at Merrill Lynch or the transferring firm will be credited with the payment as soon as practicable following the purchase.

What if the Eligible ARS is the subject of a successful auction or issuer-provided liquidity event?

If there is a successful auction for a particular Eligible ARS at the time you submit an order to sell that Eligible ARS to Merrill Lynch, your tender will not be accepted. At your instruction, your Financial Advisor will assist you in selling your ARS in the next auction for that security. (If you are not a client of Merrill Lynch, you must make that instruction to your current firm.) If, for any reason, the auction is not then successful or any of your ARS securities remain outstanding after that auction is completed, then you may re-tender any and all remaining Eligible ARS to Merrill Lynch pursuant to this Offer to Purchase.

If there is an announced and pending redemption for the particular ARS (detailing redemption date, covered security and redemption percentage amount) occurring within 30 days of your tender request, you may tender your Eligible ARS after the redemption date, if any remain outstanding.

What if I sold my ARS below par?

If you are a January 2nd Eligible Client that *originally purchased* the Eligible ARS directly from Merrill Lynch and sold some or all of it in secondary market sales at less than par, Merrill Lynch will compensate you for the difference between par and the price at which you sold such ARS. To be eligible for compensation, the sales in the secondary market must have occurred prior to August 20, 2008 and relate to Eligible ARS purchased from Merrill Lynch prior to February 13, 2008. Supporting documentation must be provided to evidence the sale of the Eligible ARS below par during this time period. You must exercise this right by January 30, 2009. See "*Section 11. Additional Rights under the Settlement*" for more information.

Why are you making the Offer?

In August 2008, Merrill Lynch announced an agreement in principle with each of the U.S. Securities and Exchange Commission, the New York Attorney General, the Massachusetts Securities Division and other state securities regulators regarding its practices and procedures in the auction rate securities market and settling potential litigation relating thereto (the "Agreements in Principle"). Under these agreements, Merrill Lynch agreed to offer certain individual, charitable and small business retail clients an opportunity to sell Eligible ARS to Merrill Lynch at par. The Agreements in Principle accelerated and enhanced our previously announced ML ARS Program.

Will you have the financial resources to pay for the tendered Eligible ARS?

Merrill Lynch has sufficient liquidity to meet its obligations under the ML ARS Program.

How long do I have to decide whether to participate in the January 2nd Offer?

You may notify us to tender your Eligible ARS in the January 2nd Offer any time prior to the expiration of the Offer, which is currently scheduled for 5:00 p.m., New York City time, on January 15, 2010.

How will I be notified of any material changes to the Offer, including any extensions of the Offer period?

If we make any material changes to the Offer, we will inform you by mailing a supplement to this Offer containing the revised terms of the Offer.

How do I elect to participate in the Offer? Can I withdraw my previously tendered Eligible ARS?

You may elect to participate in the Offer by informing your Financial Advisor that you would like to tender your Eligible ARS in the Offer. If you do not have a financial advisor, you may contact the ML ARS Support Center (toll-free) at 1-888-706-1381 for assistance in tendering your Eligible ARS. You cannot withdraw any Eligible ARS that you tender because, upon tender, they are immediately accepted by Merrill Lynch, unless rejected for failure to meet the eligibility requirements.

What are the U.S. federal income tax consequences of participating in the Offer?

If you are a U.S. person and are not a not for profit organization, your sale of your Eligible ARS could have U.S. federal income tax consequences to you. Holders that are not for profit organizations generally will not have tax consequences arising from the sale of their Eligible ARS. Holders should consult with their tax advisors. See "*Section 6. Certain Federal Income Tax Considerations*" below.

Where can I get information about my ARS or about the January 2nd Offer?

You can contact your Financial Advisor at his or her address and telephone number or contact the Merrill Lynch ARS Support Center (toll-free) at 1-888-706-1381 to obtain information about the ARS you hold, including information about its coupon rate, auction information and eligibility status. Please see the following website for information: <http://www.auctionratesecuritydata.com>.

Are employees who hold ARS eligible for the ML ARS Program?

Yes. Employees of Merrill Lynch & Co., Inc. and its affiliates meeting the eligibility requirements with Eligible ARS may participate in the ML ARS Program and the offers to purchase being made thereunder.

INTRODUCTION

To the January 2nd Eligible Client:

We, Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”), by itself or through its affiliates, are offering to purchase at par in cash Eligible ARS from January 2nd Eligible Clients, as defined below. These purchases will be made at par in cash, net to the seller (subject to applicable withholding taxes), together with accrued but unpaid interest or dividends thereon, upon the terms and subject to satisfying the eligibility requirements set forth in the Offer to Purchase (which, together with any amendments or supplements hereto, being the “Offer” or the “January 2nd Offer”).

Eligible ARS are certain publicly issued and sold auction rate securities issued by municipalities or closed-end funds and publicly registered auction rate securities backed by student loans, in each case, held by a January 2nd Eligible Client that were (i) purchased prior to February 13, 2008 and which were held in the January 2nd Eligible Client’s Merrill Lynch account as of August 7, 2008 or (ii) originally purchased directly from Merrill Lynch at any time prior to February 13, 2008 while a client of Merrill Lynch.

You are an January 2nd Eligible Client if you are a current or former client of the Global Wealth Management Group (“GWM”) of Merrill Lynch or its affiliates that meets either of the following requirements:

- You are an individual client or not for profit organization client (i) that had \$4 million or more in total assets at Merrill Lynch on February 13, 2008 or, if earlier, the date you transferred your Eligible ARS to another firm or (ii) that is a current client of Merrill Lynch that transferred the Eligible ARS to Merrill Lynch prior to August 7, 2008 and had \$4 million or more in total assets at Merrill Lynch on August 7, 2008.
- You are a small business client (i) that had less than \$100 million in total assets at Merrill Lynch on February 13, 2008 or, if earlier, the date you transferred your Eligible ARS to another firm or (ii) that is a current client of Merrill Lynch that transferred the Eligible ARS to Merrill Lynch prior to August 7, 2008 and had less than \$100 million in total assets at Merrill Lynch on August 7, 2008.

The term “individual client” includes any retirement plan account established for that individual at Merrill Lynch and the “not-for-profit organizations” includes all charitable, educational and religious organizations as to which proper documentation is on file at or made available to Merrill Lynch. FRS clients meeting the criteria outlined above may also participate as to their Eligible ARS in the Offer.

The Offer will commence on January 2, 2009 and expire at 5:00 p.m., New York City time, on January 15, 2010.

Tendering January 2nd Eligible Clients will not have to pay brokerage fees or commissions to Merrill Lynch with respect to the purchase of Eligible ARS by Merrill Lynch pursuant to the Offer. For holders tendering Eligible ARS who are not current clients of Merrill Lynch, there may be account transfer and wire transfer fees that apply from the submitting firm. You may need to provide additional documentation to verify eligibility, obtain bidding rights associated with a particular Eligible ARS where such bidding rights are not currently held by Merrill Lynch or to facilitate proper tax reporting of the transaction.

There are no conditions to the Offer. However, Merrill Lynch will only accept Eligible ARS tendered into the Offer that, as of the date of such tender, are the subject of a “failed” or unsuccessful auction and as to which there are no then outstanding redemptions announced and still pending by the Eligible ARS issuer. See “Section 1. Terms of the Purchase Offer- ARS Eligible for Purchase--*Eligible ARS subject to Failed or Unsuccessful Auction or to a Full or Partial Issuer Redemption*” below.

In order to participate in the Offer, you must affirmatively direct us to purchase your Eligible ARS pursuant to this Offer. You should provide us with your instruction to sell your ARS into the Offer even if you have granted Merrill Lynch investment discretion with respect to your account and even if the Eligible ARS were purchased for your account pursuant to that grant of discretion.

SPECIAL NOTICE FOR INVESTMENT ADVISORY CLIENTS INCLUDING THOSE WITH DISCRETIONARY ACCOUNTS

Merrill Lynch will be acting in the capacity of principal when it purchases your Eligible ARS in the Offer. It will not charge a commission for the transaction and does not expect to make a profit upon a later resale (if any) of Eligible ARS purchased in the Offer because the Eligible ARS are generally bought and sold at prices not greater than par plus accrued but unpaid interest or dividends. It does expect to receive interest or dividends on such Eligible ARS (which may in the future bear interest or pay dividends in an amount greater than the current rate). Merrill Lynch may, however, earn customary fees in the future in connection with arranging the sale or refinancing of the purchased Eligible ARS and/or other auction rate securities held by Merrill Lynch or by its clients.

The tender of Eligible ARS and the direction to sell the Eligible ARS by a January 2nd Eligible Client will constitute such client’s consent to the transaction with respect to their investment advisory accounts for which a Merrill Lynch or an advisory affiliate has discretionary authority (“Discretionary Client”). If any such Discretionary Client has not informed its financial advisor orally or in writing that it has elected not to tender its Eligible ARS by the date that is 15 business days prior to the expiration of the Offer, Merrill Lynch (or an investment advisory affiliate) may, but is not obligated to, tender such Eligible ARS on behalf of the Discretionary Client without first obtaining such client’s consent to the transaction. **Because Merrill Lynch may decide that it will not so exercise its discretionary authority to determine whether to tender Eligible ARS on behalf of a Discretionary Client, it is important that a Discretionary Client contact his financial advisor to provide instructions on whether or not the Discretionary Client wishes to participate in the Offer.**

Special Notice for Benefit Plan and Retirement Accounts

If the holder of the Eligible ARS is an employee benefit plan, an IRA or similar type account, then this notice is intended to alert the plan’s fiduciary, the account’s owner, or such other person entitled to exercise control over the assets of such plan or account of the Offer. Furthermore, under the ML ARS Program, Merrill Lynch is merely making an offer to purchase the Eligible ARS. None of Merrill Lynch, its affiliates or your financial advisor is providing you with advice or a recommendation as to whether any such plan or account should participate in this Offer or tender any Eligible ARS held by such plan or account.

You may, at your sole discretion (except as described immediately above), continue to hold some or all of your Eligible ARS or may sell those securities at par to Merrill Lynch at any time during the term of the Offer. Acceptance of the Offer will not constitute a waiver of any claim you may have against Merrill Lynch with respect to those securities.

We will advise you by a further mailing and other forms of notices if we extend the expiration date of the Offer or make other material changes to the terms or eligibility criteria of the Offer.

This Offer to Purchase contains important information and you should carefully read it in its entirety before you make a decision.

This letter also explains other elements of the Agreements in Principle with securities regulators that may be of interest to you.

THE OFFER

1. **Terms of the Purchase Offer**

ARS Eligible for Purchase. In this Offer, Merrill Lynch is only offering to purchase from January 2nd Eligible Clients certain auction rate securities (ARS) publicly issued and sold in the marketplace on a new issue or secondary market basis prior to February 13, 2008 that were issued by municipalities or closed-end funds and publicly issue and sold auction rate securities backed by student loans. To be eligible, the ARS must have been (i) purchased prior to February 13, 2008 and held in the current January 2nd Eligible Client's Merrill Lynch account as of August 7, 2008 or (ii) originally purchased directly from Merrill Lynch at any time prior to February 13, 2008 while a client of Merrill Lynch. ARS in whole lots or units (*i.e.*, the minimum denomination size of the security) will only be accepted for tender into the Offer. At the time of the tender by the Eligible Client into the Offer, the ARS must be the subject of a "failed" or unsuccessful auction for at least one of the three previously scheduled auctions held prior to the time of tender and may not be subject to an announced detailed redemption notice by the issuer thereof, occurring within 30 days of the proposed tender.

Eligible ARS subject to Failed or Unsuccessful Auction or to a Full or Partial Issuer Redemption. ARS for which auctions have not functioned or been successful in one out of the three scheduled auctions held prior to the date the January 2nd Eligible Client accepts the Offer are deemed to be subject to a failed or unsuccessful auction market and therefore are eligible for the Offer.

If the ARS you hold are the subject of a successful auction and you desire to sell the ARS, you should instruct your Financial Advisor to submit the ARS into the auction. If you are not a current client of Merrill Lynch, you must instruct the broker at your current firm to sell your ARS into the auction. If the auction then fails or is unsuccessful, you may then tender the Eligible ARS in the Offer by so instructing your Financial Advisor or making arrangements for tender with the Merrill Lynch ARS Support Center (toll-free) at 1-888-706-1381. See <http://www.auctionratesecuritydata.com> or call your Financial Advisor to determine whether the Eligible ARS you hold is subject to a successful auction.

ARS that are the subject of an issuer's redemption announcement that provides detailed information on the redeeming ARS, the percentage of the issue being redeemed and the redemption date and the redemption date is within 30 days of the date you desired to tender into the Offer are not eligible for the Offer until after the redemption is completed. If, after redemption has been completed by the issuer, you hold Eligible ARS that were not redeemed, you may then submit those ARS remaining for tender in the Offer.

ML-Purchased ARS Held Away from Merrill Lynch. **Note: the following information and process will not apply to you if you hold your Eligible ARS in a Merrill Lynch account.**

Merrill Lynch will purchase in the Offer Eligible ARS that were originally purchased by a January 2nd Eligible Client directly from Merrill Lynch prior to February 13, 2008 but that are currently held at another financial institution or broker dealer firm (“ML-Purchased Eligible ARS Held Away”). In order to tender ML-Purchased Eligible ARS Held Away into the Offer, you have to make arrangements with your financial institution or broker-dealer firm to transfer those Eligible ARS to Merrill Lynch and coordinate such transfer with Merrill Lynch. You may reach a Merrill Lynch representative for this purpose by calling the Merrill Lynch ARS Support Center at 1-888-706-1381 (toll-free).

Merrill Lynch will only accept ML-Purchased Eligible ARS Held Away for tender into its Offer if: (i) it is able to verify your eligibility for the Offer; (ii) it receives a completed W-8 or W-9 tax form, as applicable; (iii) it receives a copy of the completed transfer letter of authorization form; and (iv) it receives information reasonably satisfactory to it from your current firm holding the ARS that the bidding rights associated with those securities will be transferred to Merrill Lynch. To transfer the bidding rights, either you or the institution at which you hold such ARS must provide us with the account name and account number where the ARS are currently held and, if applicable, the account name and number at any other firm where the ARS may have been held after being transferred from Merrill Lynch.

To transfer the ML-Purchased Eligible ARS Held Away back to Merrill Lynch, you should contact your current financial institution or broker-dealer firm and provide them with the completed transfer letter of authorization form contained in this mailing and ask them to work with Merrill Lynch to facilitate the transfer. In order to make appropriate tax reporting on the transaction and to facilitate the orderly transfer of ML-Purchased Eligible ARS Held Away and associated bidding rights, please provide your telephone number on the W-8 or W-9 tax form, as applicable (this is very important in case we need to contact you to address any missing information) and send the completed documents to: [Merrill Lynch, Attention: Auction Rate Security Processing, P.O. Box 1520, Pennington, NJ 08534-1520](#). Both the tax form and the transfer letter of authorization form are enclosed in mailings of this Offer to Purchase to January 2nd Eligible Clients holding ML-Purchased Eligible ARS Held Away. Please contact the ML ARS Support Center for any assistance in respect of this process or to receive additional copies of the forms.

You may also have to provide information necessary to confirm your eligibility for the Offer. This may entail providing us with information so as to verify that you purchased the tendered securities originally from Merrill Lynch while a client at the firm and that you meet the total asset threshold requirements. In order to verify eligibility, we may need for you to furnish the name and account number of your prior Merrill Lynch account, the approximate date on which you purchased the ARS from Merrill Lynch, and/or your social security or tax identification number so we can search our books and records for your purchase. Other documentation and information may be required in order to process the transaction.

Please be advised that ML-Purchased Eligible ARS Held Away will not be processed for tender until all required documentation is received by Merrill Lynch. Any such ARS sent to us without the necessary documentation will be promptly returned to the transferring financial institution or broker-dealer firm.

Eligible ARS Purchased Away from Merrill Lynch. Provided you meet the eligibility requirements for January 2nd Eligible Client and you are a client of Merrill Lynch at the time of tender, Merrill Lynch will purchase in the Offer any Eligible ARS which you held in a Merrill Lynch account as of August 7, 2008 but which had been purchased from another financial institution or broker-dealer firm prior to February 13, 2008 (“Eligible ARS Purchased Away”). Merrill Lynch will not accept for tender Eligible ARS Purchased Away unless it is able to verify that you purchased such ARS prior to February 13, 2008 and the bidding rights associated with those securities are at Merrill Lynch or will be transferred to Merrill Lynch from the selling firm. In order to facilitate the verification process, your Merrill Lynch Financial Advisor may request that you provide information to us so we can confirm the date of purchase at the selling firm and arrange for the transfer of the bidding rights associated with the securities to Merrill Lynch, including the name and account number of your prior account at such firm. We will endeavor to verify and arrange for such transfer as promptly as practicable. Tenders of Eligible ARS Purchased Away will not be accepted until such verification process is complete.

Securities Not Eligible for Purchase -- Privately issued and Certain Below Investment Grade ARS. Merrill Lynch is not offering to purchase ARS issued as part of a collateralized debt obligation financing or issued and sold on a private placement basis to qualifying purchasers. Merrill Lynch is also not offering to purchase auction rate securities that it did not originally sell to a January 2nd Eligible Client and that are rated below investment grade.

For the avoidance of doubt, in addition to the categories of auction rate securities described above as ineligible, auction rate securities are not eligible under the ML ARS Program and this Offer if they were purchased:

- from Merrill Lynch or another firm on or after February 13, 2008
- from another firm but were transferred into a Merrill Lynch account on or after August 7, 2008
- from another firm and were held at Merrill Lynch at one time but are not currently held in a Merrill Lynch account.

You may determine whether your ARS are eligible by calling your Financial Advisor, visiting <http://www.auctionratesecuritydata.com> or calling the Merrill Lynch ARS Support Center (toll free) at 1-888-706-1381.

Commencement Dates for Purchases. This Offer commences January 2, 2009 and expires at 5:00 p.m., New York City time, on January 15, 2010. In order to participate in this Offer, you must be a January 2nd Eligible Client.

2. Purchase Price and Payment Dates

All purchases will be at par, plus accrued but unpaid dividends and interest to the day of purchase. Payment will be made by crediting your account as soon as practicable (expected to be within one to three business days of your tender in the Offer being accepted). Your tender, once eligibility requirements are confirmed, is irrevocable.

For certain Eligible ARS Purchased Away (see above) as to which this Offer is being extended, payment for such ARS will be made as promptly as practicable upon Merrill Lynch receiving (i) the current coupon information necessary to pay you for accrued but unpaid interest or dividends due

thereon, which may be the next auction or coupon date for the security, and (ii) verification from the selling firm that you purchased the ARS prior to February 13, 2008 and that the bidding rights associated with those securities will be transferred to Merrill Lynch. For such Eligible ARS Purchased Away, Merrill Lynch may make a payment of the par tender price and a later payment of any accrued interest or dividends upon ascertaining the amount of such interest or dividend payment to make. Therefore, you may receive a delayed payment of the tender price or of any interest or dividends owing through the settlement date.

Purchase of the Eligible ARS intra auction will mean that you will receive payment of purchase price equal to par plus accrued but unpaid interest or dividends. Your confirmation may show a premium paid, which is equivalent to the accrued but unpaid dividend or interest to which you are entitled. The payment of accrued but unpaid interest or dividends as part of the purchase price may have tax consequences. See “Section 6. Certain Federal Income Tax Considerations”.

No fees, commission or expenses will be charged by Merrill Lynch in connection with the purchase. Some firms to which you may have transferred your Eligible ARS held away may charge a fee to transfer the Eligible ARS back to Merrill Lynch. In addition, Merrill Lynch reserves the right to charge a nominal fee for account and wire transfers for such Eligible ARS transferred to Merrill Lynch from another firm.

If you have any outstanding loans with Merrill Lynch or any of its affiliates against your Eligible ARS, you may apply the proceeds from the sale of your Eligible ARS in the Offer against any outstanding loan balance and arrange for the net amount to be credited to your account. If you do not use the proceeds to pay down any such loans, the loan may remain outstanding at Merrill Lynch’s determination but Merrill Lynch will increase the rate of interest to be paid on the loan to the loan rate by providing you with prior written notice to that effect, as set forth under the terms of the loan agreement. Merrill Lynch is not obligated to keep outstanding any previously extended loan against your Eligible ARS after the January 2, 2009 commencement date.

3. Acceptance Procedures for the Offer

If you desire to tender your Eligible ARS into the Offer, you should contact your Financial Advisor and instruct him or her to tender the securities. If you are not a current client of Merrill Lynch, you may call the ML ARS Support Center (toll free) at 1-888-706-1381 for assistance to tender. Your Financial Advisor or a Merrill Lynch representative will verify your eligibility and work with you as necessary to enable you to tender. If you hold ML-Purchased Eligible ARS Held Away, Merrill Lynch will only accept such ARS for tender if you satisfy the eligibility and documentation requirements set forth above in “Section 1. Terms of the Purchase Offer-ARS Eligible for Purchase--*ML-Purchased ARS Held Away from Merrill Lynch*”. If you hold Eligible ARS Purchased Away from Merrill Lynch, Merrill Lynch will only accept such ARS for tender if you meet the eligibility and documentation requirements set forth in “Section 1. Terms of the Purchase Offer-ARS Eligible for Purchase--*Eligible ARS Purchased Away from Merrill Lynch*”.

4. Important Considerations

Before deciding to accept or reject this Offer, you should carefully consider the following factors. You may wish to consult your Financial Advisor regarding some or all of these issues.

Interest Rate Risk. You should compare the current interest or dividend rate paid on your Eligible ARS with yields that currently may be obtained from other possible investments. Current interest and

dividend rates paid on your Eligible ARS are available by calling your Financial Advisor, visiting <http://www.auctionratesecuritydata.com> or calling Merrill Lynch ARS Support Center (toll free) at 1-888-706-1381. Unlike most other firms that are offering to buy auction rate securities from their clients, Merrill Lynch is providing its clients more than a full year to sell their Eligible ARS to Merrill Lynch. You may find that your Eligible ARS offer an attractive yield relative to market alternatives and that it may be advantageous to delay acceptance of this Offer, bearing in mind that after 5:00 p.m., New York City time, on January 15, 2010, the offer to purchase your Eligible ARS will no longer be available.

Absence of Secondary Market. Unless the auction process revives or the issuers of your Eligible ARS redeem the securities, you may not be able to sell your Eligible ARS at par following the expiration of the Offer. Secondary market sales, if available, may be below par. As we have previously notified you, the value of the auction rate securities appearing on your account statement may not be indicative of the amount the securities could be sold at in the secondary market.

Credit Risks. You should also consider the credit quality of your Eligible ARS. You may not be able to sell your Eligible ARS at par following the termination of this Offer if the credit quality of the securities has deteriorated. You may obtain information regarding the current rating of your security by calling your Financial Advisor or calling Merrill Lynch ARS Support Center (toll free) at 1-888-706-1381.

Purchases and Sales Outside the Offer. Merrill Lynch will also be working with clients with more immediate liquidity needs to purchase their securities or provide loans on favorable terms. In addition, Merrill Lynch may repurchase auction rate securities from its institutional and other clients who may not be eligible for the Offer at negotiated prices at or below par during the term of the ML ARS Program. Merrill Lynch may sell, hold, or seek to restructure, redeem or otherwise dispose of any auction rate securities purchased from its clients.

Merrill Lynch Participation in Auction Markets. Merrill Lynch is an active participant in the auction rate securities markets (even though there have been unsuccessful or failed auctions as to certain ARS), acting on behalf of clients, issuers and for its own account. Merrill Lynch also acts as auction agent for certain auction rate securities. Merrill Lynch may on occasion submit bids in auctions on behalf of municipal issuers or underlying obligors in conduit financings, which may prevent a failed auction. A description of Merrill Lynch's practices and procedures for the auction rate market can be obtained by visiting <http://ml.com/media/70501.pdf>.

Absence of Issuer Involvement with Respect to the Offer. Please note that this Offer is being made without the assistance or prior notice to the auction rate securities issuers and is not contingent on the approval or recommendation of the issuers.

5. No Withdrawal Rights.

Once you have accepted our offer to purchase your Eligible ARS subject to meeting eligibility and documentation requirements detailed herein, we will promptly pay for your Eligible ARS and you will not be able to revoke your decision, even though the term of the Offer has not expired.

6. Certain Federal Income Tax Considerations

If you are a U.S. person and are **not** a not for profit organization, your sale of Eligible ARS could have U.S. federal income tax consequences to you. Holders that are not for profit organizations or that are

retirement plan accounts generally will not have tax consequences arising from the sale of their Eligible ARS unless the investment in that ARS has been debt-financed. Any discussion of holders in special tax situations such as not-for-profit organizations and foreign persons is beyond the scope of this summary. Holders should consult with their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations.

The Internal Revenue Service issued Rev. Proc. 2008-58 on September 23, 2008, which provides "safe harbor" relief for certain taxpayer positions taken in connection with a broker dealer firm's purchase of the taxpayer's auction rate securities pursuant to a settlement offer. Merrill Lynch believes that Rev. Proc. 2008-58, as and when modified, will be applicable to the Offer. Merrill Lynch plans to take the position for information reporting purposes that the purchase of Eligible ARS from a holder occurs only at such time as the holder tenders the Eligible ARS to Merrill Lynch and that the entire purchase price (other than the portion attributable to accrued but unpaid interest, which is treated separately as tax-exempt interest in the case of tax-exempt debt securities and taxable interest in the case of non-exempt securities) is attributable to the purchase of Eligible ARS. Holders should consult their own tax advisors.

Holders also should be aware that in certain situations their tax consequences may be affected by the timing of their tender. If between dividend record dates, you tender Eligible ARS that reflect preferred securities with accrued but unpaid exempt interest dividends, the portion of the payment attributable to such dividends could result in taxable capital gain. This capital gain may be avoided if tender is made on a dividend record date.

All payments under the Offer to a non-corporate holder will be subject to a 28% backup withholding tax if the holder does not have a Form W-8 or Form W-9, as applicable, on file with Merrill Lynch.

7. Background to the Offer

Auction rate securities are municipal bonds, corporate bonds, and preferred stocks with interest rates or dividend yields that are periodically re-set through auctions, typically every 7, 14, 28, or 35 days. In February 2008, ARS were estimated to comprise a \$330 billion market, with municipal and certain taxable student loan backed auction rate securities (estimated at approximately \$265 billion) and auction rate preferred securities (estimated at approximately \$65 billion), principally issued by closed-end funds.

ARS are usually issued with maturities of 30 years, but the maturities can range from five years to perpetuity. Notwithstanding these differences, in a successful auction, ARS are auctioned at par so the return on the investment to the investor and the cost of financing to the issuer between auction dates is determined by the interest rate or dividend yield set through the auctions, subject to maximum rates. Between successful auctions, investors are able to buy or sell ARS in the secondary market at prices slightly greater than, equal to, or slightly less than par.

The marketplace for auction rate securities provided ready liquidity to customers for over 23 years. Since mid-February 2008, however, the turmoil in the financial markets has resulted in an unprecedented collapse of the auction rate securities marketplace. Since then, auction failures have been wide-spread and persistent. Widespread auction failures left many investors holding ARS for which there were no successful auctions and no secondary market that would yield prices at or near par, thereby, severely limiting liquidity in this market.

Many investors filed complaints against the firms where they purchased the auction rate securities that had become illiquid due to the auction market collapse and sought help from various securities regulators, including the U.S. Securities and Exchange Commission (“SEC”) and various state regulators in connection with their efforts to sell their ARS back to selling brokers or to otherwise obtain compensation. Merrill Lynch had been working with the issuers of ARS, particularly the issuers of closed-end fund auction rate preferred securities to help find liquidity options for holders of the ARS. This effort did result in a number of closed-end fund issuers engaging in partial and full redemptions or refinancings after February 2008. However, the pace of these liquidity events did not satisfy Merrill Lynch or the federal and state securities regulators looking into the matter. Merrill Lynch engaged in discussions with these regulators regarding its auction rate securities practices and, one regulator, the Massachusetts Securities Division, filed an enforcement action against Merrill Lynch for alleged violations of sales practices and alleged conflicts of interest.

At the time of these discussions, Merrill Lynch had determined to announce a purchase program aimed at providing liquidity to those of its clients holding auction rate securities purchased prior to the auction market collapse at or around February 13, 2008. It announced its ML ARS Purchase Program on August 7, 2008.

It continued its discussions with the various regulators looking into the matter as to the practices followed by Merrill Lynch as well as by other financial institutions and broker-dealer firms who sold ARS. On August 21, 2008, Merrill Lynch announced that an agreement in principle had been reached with each of the SEC, the New York Attorney General, the Massachusetts Securities Division and the other state securities regulators (the “Agreements in Principle”). The terms of such agreements augmented and accelerated our previously announced ML ARS Program. According to the SEC’s press release announcing the Agreement in Principle, the proposed charges, which have not been finally agreed to, involve allegations that Merrill Lynch told its customers that ARS were safe, highly liquid investments equivalent to money market instruments and cash. Additional allegations claim that Merrill Lynch failed to make adequate disclosures that the liquidity of these securities was based on Merrill Lynch’s alleged support of the auctions it managed when there was not enough demand. Furthermore, the proposed charges would allege that Merrill Lynch continued to highlight the purported liquidity of ARS to customers despite its awareness of the escalating liquidity risks in the weeks and months preceding the collapse of the ARS market. Merrill Lynch did not admit or deny any of the allegations in connection with its Agreement in Principle with the SEC. The terms of the Agreements in Principle are subject to finalization, review and approval by the SEC, the New York Attorney General, the Massachusetts Securities Division and the other state securities regulators.

8. Description of the Merrill Lynch Settlement

Under the terms of the Agreements in Principle, Merrill Lynch has agreed to augment and accelerate its previously announced ARS purchase program. The terms of these agreements provide for the following:

Merrill Lynch is obligated to offer to purchase at par auction rate securities issued by municipalities or closed-end funds or backed by student loans that have not been auctioning from individual investors who purchased such securities from Merrill Lynch prior to February 13, 2008 and who had less than \$4 million in assets at Merrill Lynch. Merrill Lynch is required to keep that offer open from October 1, 2008 until January 15, 2010 and shall promptly purchase such securities from any investor who accepts this offer during the offer period.

- As part of its ML ARS Program, Merrill Lynch expanded the category of clients from whom it would purchase Eligible Securities to include those of its current clients holding Eligible ARS (whether or not purchased from Merrill Lynch) in their Merrill Lynch accounts and who met the total asset requirements as of August 7, 2008.

Merrill Lynch is also obligated to offer to purchase at par auction rate securities issued by municipalities or closed-end funds or backed by student loans that have not been auctioning from individual investors who purchased such securities from Merrill Lynch prior to February 13, 2008 and who had \$4 million or more in assets at Merrill Lynch and from other retail investors who purchased such ARS from Merrill Lynch prior to February 13, 2008 and who had less than \$100 million in assets at Merrill Lynch. Merrill Lynch is to purchase such ARS from investors who accept the offer as of January 2, 2009 and is to keep this offer open until January 15, 2010. It is to promptly purchase such securities from any investor who accepts this offer during the offer period.

- As part of its ML ARS Program, Merrill Lynch expanded the category of clients from whom it would purchase Eligible ARS to include all GWM not-for-profit clients irrespective of the size of their total assets at Merrill Lynch. It also has determined to purchase Eligible ARS from January 2nd Clients that are holding Eligible ARS (whether or not purchased from Merrill Lynch) in their Merrill Lynch accounts as of August 7, 2008.

Relief to Investors who Sold Eligible ARS Below Par. For any covered client or investor reasonably identifiable by Merrill Lynch who sold their ARS that had been originally purchased directly from Merrill Lynch in the secondary market at a price below par, Merrill Lynch will compensate such person for the difference between par and the price at which the security was sold. To be eligible for compensation, the sales in the secondary market must have occurred between February 13, 2008 and August 20, 2008 and relate to those Eligible ARS that were originally purchased directly from Merrill Lynch prior to February 13, 2008. Please note that this right does not apply to all Eligible ARS that are the subject of the ML ARS Program and its Offers to Purchase. It applies to only those purchased from Merrill Lynch prior to February 13, 2008.

In order to receive this payment, you will have to submit to Merrill Lynch documentation satisfactory to it that evidences that you sold the covered ARS as described in the preceding paragraph. This documentation will consist of a copy of the sale confirmation from a registered broker-dealer or (i) a copy of the purchase document between you and the buyer, (ii) evidence of the transfer from an account in your name of the securities sold; and (iii) evidence of receipt of the purchase price thereof. This evidence may include a copy of an account statement from the firm holding your ARS as to such account activity. Any requests for compensation, along with the documentary evidence, should be submitted to your financial advisor (if you maintain an account at Merrill Lynch) or as directed by the ML ARS Support Center. Merrill Lynch representatives, including legal counsel, will be reviewing these materials for authenticity and may need to obtain information from you regarding the sale transaction for verification in order to process your request. You must exercise this right prior to January 30, 2009.

Facilitating Industry Solutions. Merrill Lynch is obligated to endeavor to continue to work with issuers and other interested parties to expeditiously provide liquidity solutions for institutional investors not covered by the offers to purchase contemplated by the Preliminary Settlement. Merrill Lynch is to use its best efforts to facilitate issuer redemptions and/or to resolve liquidity concerns through securitizations and other means.

Loans to Address Liquidity Needs. Merrill Lynch has agreed to make available loan facilities to clients needing liquidity prior to the commencement date of the offers up to the offers' commencement dates. For the clients covered by the Agreements in Principle needing liquidity prior to January 2, 2009 and who are willing to enter into Merrill Lynch standard loan documentation, Merrill Lynch or one of its affiliates will make a loan available to that client of up to 75 percent of the par value of Eligible ARS holdings in the account(s). The interest rate on any such loan will be set such that there is no negative carry. Such loans may become fully due and payable upon the borrower's tender being accepted and upon receipt of proceeds from the offers, upon receipt of proceeds from any redemptions or sales in successful auctions or at the time of the expiration of the offers. For investors who show, on an individualized basis, that they would suffer a hardship unless they could borrow more than 75 percent of the par value of their Eligible ARS holdings, Merrill Lynch will permit borrowings using its standard documentation (except as to the coverage and the interest charged) up to the full par amount of their holdings. Such loans may be fully due and payable upon the par purchase in the offers, redemptions or sales in successful auctions therefor.

Special Consequential Damages Claims Procedure. Pursuant to the terms of the Agreements in Principle, Merrill Lynch and other settling broker-dealer firms who sold ARS have agreed to submit to a special consequential damages claim arbitration process established and overseen by the Financial Industry Regulatory Authority ("FINRA"). This special FINRA process is available to you for the exclusive purpose of arbitrating any consequential damages claim as permitted by law that you may desire to pursue in relation to the ARS originally purchased directly from Merrill Lynch prior to February 13, 2008. Any claims for consequential damages you may have relating to ARS held in your Merrill Lynch account that you purchased from a firm other than Merrill Lynch must be pursued with that firm and not Merrill Lynch.

Under the special FINRA process, claims for consequential damages will be heard by a single independent non-industry arbitrator and Merrill Lynch will pay all forum and filing fees in connection with such claim. Investors who choose to pursue such a claim will bear the burden of proving by a preponderance of the evidence the existence and amount of consequential damages suffered as a result of the illiquidity of the ARS purchased from Merrill Lynch. You will not be able to assert claims of punitive damages or any other type of claims other than consequential damages as permitted by law in the arbitration. For more information regarding the procedure, including how to bring your claim, limitations on discovery and to obtain a claim form, please visit the FINRA website at <http://www.finra.org/arbitrationmediation/P116972>.

Other Terms. We also will establish a dedicated telephone assistance line to respond to questions from financial advisors and clients relating to the terms of the ML ARS Program, including accessing this Offer and the Agreements in Principle. As part of the Agreements in Principle, without admitting or denying any liability, we have agreed to pay a regulatory fine to the state regulators of \$125 million.

9. Certain Rights Afforded by the Settlement

For any January 2nd Eligible Client reasonably identifiable by Merrill Lynch who originally purchased their Eligible ARS directly from Merrill Lynch prior to February 13, 2008 and sold those ARS in the secondary market at a price below par, Merrill Lynch will compensate such person for the difference between par and the price at which the security was sold. To be eligible for compensation, the sales in the secondary market must have occurred between February 13, 2008 and August 20, 2008 and relate to those Eligible ARS that were originally purchased directly from Merrill Lynch prior to February 13, 2008. Please note that this right does not apply to all Eligible ARS that are the subject of the ML ARS Program and its Offers to Purchase.

In order to receive this payment, you will have to submit to Merrill Lynch documentation satisfactory to it that evidences that you sold the covered ARS as described in the preceding paragraph. This documentation will consist of a copy of the sale confirmation from a registered broker-dealer or (i) a copy of the purchase document between you and the buyer, (ii) evidence of the transfer from an account in your name of the securities sold and (iii) evidence of receipt of the purchase price thereof. This evidence may include a copy of an account statement from the firm holding your ARS as to such account activity. Any requests for compensation, along with the documentary evidence, should be submitted to your financial advisor, if you maintain an account at Merrill Lynch, or as directed by the ML ARS Support Center (toll-free at 1-888-706-1381). Merrill Lynch representatives, including legal counsel, will be reviewing these materials for authenticity and may need to obtain information from you regarding the sale transaction for verification in order to process your request. You must exercise this right prior to January 30, 2009.

10. Source and Amount of Funds; Certain Information regarding the Purchaser

Merrill Lynch has sufficient liquidity to meet the obligations under the ML ARS Program. Merrill Lynch intends to use cash from its working capital, borrowings obtained in the ordinary course and existing lines of credit to pay for any Eligible ARS tendered in the Offer. Merrill Lynch does not expect the fine or its purchase of Eligible ARS in 2008 through January 15, 2010 to have a materially adverse impact on its capital ratios, liquidity, or consolidated financial performance.

11. Available Information; Miscellaneous

Merrill Lynch has established a dedicated telephone assistance line to respond to any questions you have concerning the terms of the Offer and other elements of the Agreements in Principle. You can call the Merrill Lynch ARS Support Center (toll-free) at 1-888-706-1381 to speak with a Merrill Lynch representative.