

STOCK EXCHANGE			
Regulatory Information Circular			
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**Subject: Protected Notes Linked to the Performance of the Global Equity Basket**

**Background Information on the Notes**

The Protected Notes are designed for investors who want to protect their investment by receiving at least 97% principal amount of their investment at maturity and to participate in possible increases in the Global Equity Basket (the “Basket”). The Global Equity Basket is an index basket comprised of the Nikkei 225 Index, the Dow Jones EURO STOXX 50 Index (the “EURO STOXX 50 Index”) and the S&P 500 Index, each initially equally weighted. The indices that comprise the Basket are described below:

- The NIKKEI 225 Index is an index published by Nihon Keizai Shimbun, Inc. (“NKS”) that measures the composite price performance of selected Japanese stocks. The Nikkei 225 Index is currently based upon 225 common stocks traded on the Tokyo Stock Exchange (the “TSE”) and represents a broad cross section of Japanese industry. All 225 underlying stocks are listed on the First Section of the TSE and are, therefore, among the most actively traded stocks on the TSE. The Nikkei 225 Index is a modified, price-weighted index. Each stock’s weight in the Nikkei 225 Index is based on its price per share rather than the total market capitalization of the issuer. NKS calculates the Nikkei 225 Index by multiplying the per share price of each underlying stock by the corresponding weighting factor for that underlying stock, calculating the sum of all these products and dividing that sum by a divisor initially set on May 16, 1949 at 225 and subject to periodic adjustments. On April 30, 2004, the divisor was 23.156. The level of the Nikkei 225 Index is calculated once per minute during TSE trading hours.
- The EURO STOXX 50 Index was created by STOXX: a joint venture founded by SWX-Swiss Exchange, SBF-Bourse de Paris, Deutsche Borse AG and Dow Jones. This index is designed to include those companies which have the greatest market capitalization within the eligible countries and within each industry sector. The EURO STOXX 50 Index is currently calculated by (i) multiplying the per share price of each underlying security by the number of outstanding shares (and, if the stock is not quoted in euro, then multiplied by the country currency and an exchange factor which reflects the exchange rate between the country currency and the euro); (ii) calculating the sum of all these products (the “Index Aggregate Market Capitalization”); and (iii) dividing the Index Aggregate Market Capitalization by a divisor which represents the Index

Aggregate Market Capitalization on the base date of the EURO STOXX 50 Index and which can be adjusted to allow changes in the issued share capital of individual underlying securities, including the deletion and addition of stocks, the substitution of stocks, stock dividends and stock splits, to be made without distorting the EURO STOXX 50 Index. The value of this index is updated every 15 seconds.

- The S&P 500 is published by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is intended to provide an indication of the pattern of common stock price movement. The S&P 500 is a capitalization-weighted index, with each stock's weight proportionate to its market value. The value of the S&P 500 is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. S&P chooses companies for inclusion in the S&P 500 with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the S&P Stock Guide Database, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the market value and trading activity of the common stock of that company. S&P may from time to time, in its sole discretion, add or delete companies to achieve the objectives stated above. The value of the S&P 500 is updated every 15 seconds.

The Protected Notes have certain unique characteristics, and members should provide to investors an explanation of such special characteristics and risks attendant to trading the Protected Notes, including, but not limited to, the following:

- The Protected Notes are a series of senior debt securities issued by Merrill Lynch & Co., Inc. and are not secured by collateral.
- The Protected Notes will trade like an equity security.
- The Protected Notes will mature on February 14, 2012, and cannot be redeemed at any earlier date.
- No payments will be made on the Protected Notes until maturity.
- On the stated maturity date, for each unit of the Protected Notes holders will receive a cash payment equal to the sum of the \$9.70 per unit and an additional amount based on the percentage increase, if any, in the value of the Global Equity Basket multiplied by a participation rate equal to 112%.
- If the value of the Global Equity Basket decreases or does not increase sufficiently, at maturity a holder will receive less than the \$10 principal amount per unit. The value of the Global Equity Basket must increase by 2.68% in order for you to receive at least the principal amount of \$10 per unit. In no event, will you receive less than 97% of the principal amount per unit.

### **Other Important Information**

There can be no assurances as to how the Protected Notes will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics

similar to the Protected Notes are unique securities, and there is currently no secondary market for the Protected Notes. The market value for the Protected Notes will be affected by a number of factors including, but not limited to:

- The value of the indices comprising the Basket.
- The volatility of the indices comprising the Basket.
- Events that affect the stocks underlying the indices comprising the Basket or stock markets generally that may affect the value of the indices comprising the Basket.
- Interest and dividend yield rates in the market.
- Merrill Lynch & Co., Inc.'s creditworthiness.

Before a member undertakes to recommend a transaction in the Protected Notes, such member shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs. A member is required to make reasonable efforts to obtain information concerning the customer's financial status, tax status and investment objectives, and such other information used or considered reasonable by the member in making recommendations to the customer. Members are requested to communicate this information to all branches.

### **Exchange Rules Applicable to Trading in the Notes**

The Notes are considered equity securities, thus rendering trading in the Notes subject to the Exchange's existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the Notes on ISE is on a UTP basis and is subject to ISE equity trading rules. The Notes will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Equity EAMs trading the Notes during the Extended Market Sessions are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

ISE will halt trading in the Shares of a Trust in accordance with ISE Rule 2101(a)(2)(iii). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, ISE will stop trading the Shares of a Trust if the primary market de-lists the Shares.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

**This Regulatory Information Circular is not a statutory Prospectus. Equity EAMs should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP Number</b>
PGEB	97% Protected Notes Linked to the Performance of the Global Equity Basket due February 14, 2012 of Merrill Lynch & Co., Inc. (the "Protected Notes")	59021W-46-4