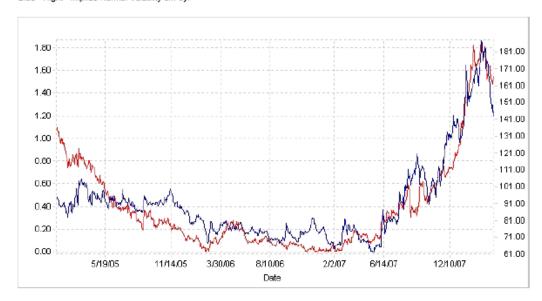


Value Concepts from the ML Trading Desk

The Correlation of the Yield Curve and Volatility

Red - Left - Absolute Value Sw10yr rate minus Sw2yr rate Blue - Right - Implied Normal Volatility 3m-5yr



ML US Rates Strategy April 9, 2008

RateLab is prepared by the U.S. Rates trading desk; RateLab is not a product of Merrill Lynch ("ML") Research. RateLab is not prepared, reviewed or approved by ML Research. Any views expressed are as of the date and time of transmission. ML undertakes no obligation to update this information. Views expressed may differ from the views of other ML trading desks and the views of ML Research. The U.S. Rates trading desk, other ML trading desks, or any ML affiliates may trade as principal in securities or related derivatives mentioned herein, may have a long or short position in these securities or related derivatives, and may have accumulated a position in these securities or related derivatives on the basis of these views prior to this transmission.

This information does not constitute an offer, recommendation, general solicitation or official confirmation of terms. ML does not guarantee this information is accurate or complete. This information does not constitute advice or an expression as to whether a particular security or financial instrument is appropriate for you and meets your financial objectives. ML will not be liable for any investment decision based in whole or in part on this material; you are required to make your own investment decisions, using as necessary the advice of independent advisors or consultants. All prices/availability/quotations are indicative only and subject to change without notice. Indicated returns not guaranteed. Past performance is no guarantee of future results. Assumptions may materially impact returns.