



Strategia Capital Protected Note

September 2005

Key features of the Note

- 100% Principal Protection at Maturity
- Lock-In feature designed such that 50% of gains over the threshold level are “Locked-In” at each anniversary
- Access to the ML Strategia Fund Basket
- Ideal Basket Profile and Weighting
- Initial exposure between 90% and 100% to the ML Strategia Fund Basket
- Maximum exposure of 200% to the ML Strategia Fund Basket
- Weekly secondary market liquidity

100% Principal Protection at Maturity

A direct investment in equities, mutual funds and hedge funds exposes investors to potential loss of capital if the investment does not perform well. An investment in the Strategia Capital Protected Note guarantees investors a minimum return equal to their initial investment while at the same time giving exposure to positive performance of the ML Strategia Fund Basket.

Lock-In feature designed such that 50% of gains over the threshold level are “locked-in” at each anniversary

Investors have the opportunity to “Lock-In” half of their gains each year, which would result in an increase in their Minimum Redemption Amount. For example, if the Strategia Protected Index reaches 120 at the end of the first anniversary the Minimum Redemption of the Notes will be increased from USD 1,000 to USD 1,100 per denomination.

Access to the ML Strategia Fund Basket

The Strategia Capital Protected Note is linked to the ML Strategia Fund Basket which is composed of the GLG Market Neutral Fund, GLG Capital Appreciation Fund and GLG Multi Strategy Fund. The funds represent some of the most well known funds in the hedge fund and mutual fund world with proven track records. Additionally the Basket offers access to the GLG Market Neutral Fund which may be closed for distribution to investors in other circumstances.

Ideal Basket Profile and Weighting

Strategia has carefully designed the profile of the Basket to provide qualified investors with an exposure to a reasonably strong and attractive double digit return potential accompanied by a relatively low level of volatility.

Initial exposure between 90% and 100% to the ML Strategia Fund Basket

The Strategia Capital Protected Note is linked to the performance of the Strategia Protected Index, that allocates assets dynamically between the ML Strategia Fund Basket and the reserve asset units.

Maximum exposure of 200% to the ML Strategia Fund Basket

The Strategia Protected Index uses an active protection strategy to allocate between units of the ML Strategia Fund Basket and reserve asset units. It is the intention of the strategy that as the Index increases in value the percentage allocation to the ML Strategia Fund Basket will be increased. This can be to a maximum of 200%. As the value of the Index decreases in value the percentage allocation to the ML Strategia Fund Basket will be reduced.

Weekly secondary market liquidity

Merrill Lynch International intends to make a weekly secondary market in the Notes during the entire term of the Notes. However, it is recommended that investors hold the Strategia Capital Protected Note for the full term of 6 years. However, should unforeseen circumstances arise, Merrill Lynch International intends to make a weekly secondary market in the Notes at any time during the term of the Notes.

What problems do investors currently face?

Over the past few years many investors have found equity markets difficult to predict and the future outlook remains uncertain. However, investors would still like to achieve the high returns offered by the equity markets in the past.

During the equity market downturn, many investors choose to invest a larger portion of their assets into fixed income and money market investments. However, unprecedented monetary easing by the central banks across the world has resulted in interest rates reaching very low levels, making traditional fixed income investments less attractive.

The situation has led to a change in focus from traditional investments to a combination of well managed traditional investments together with the alternative investment classes such as hedge funds. Hedge funds potentially offer a return similar to that of equity investment, but in a steadier way.

The Solution – the Strategia Capital Protected Note

The Strategia Capital Protected Note offers investors both an excellent alternative investment vehicle and a potentially high yielding capital protected investment.

The Strategia Capital Protected Note is linked to the Strategia Protected Index. Using a pre-defined asset allocation mechanism, the Index allocates assets between the ML Strategia Fund Basket and reserve asset units. On the Initial Index Determination Date, the Index will be composed of 90% to 100% ML Strategia Fund Basket and 0% to 10% reserve asset units.

As the ML Strategia Fund Basket rises in value

The Strategia Protected Index is adjusted so that it consists of more units of the ML Strategia Fund Basket (up to a maximum of 200% through the use of leverage), thus allowing the investor to increasingly profit from the Basket gains. The potential exposure of 200% means that it is possible for the Strategia Protected Index to outperform the underlying ML Strategia Fund Basket. However, the use of leverage can magnify both gains and losses.

As the ML Strategia Fund Basket falls in value

The Strategia Protected Index is adjusted so that it consists of more units of reserve assets. This reduces the exposure of the investment to further decreases in the ML Strategia Fund Basket. The Reserve asset units ensure that the payout at Maturity for the Notes will not be less than the original Issue Price (plus any Lock-In's) of the Notes.

The Lock-In Feature

The Strategia Capital Protected Note has a Lock-In feature that is designed so that 50% of the difference between the Reference Index level and the Threshold Level (as illustrated below) is Locked In on each anniversary of the Note.

Threshold Level

Year 1 anniversary	100
Year 2 anniversary	105
Year 3 anniversary	110
Year 4 anniversary	115
Year 5 anniversary	120

Strategia Investment Company

Strategia is originally the product of spinning off the real estate division of one of the leading publicly listed financial investment companies in Kuwait. Soon after the spin off took place in March 2004, Strategia further transformed itself from a dedicated real estate company to a fully fledged investment company providing investment products and services covering all areas of the investment universe.

The Company is regulated by the Central Bank of Kuwait. Strategia's shareholder profile varies from banking and investment institutions to high net-worth private concerns and individual investors.

Strategia is managed by a team of professionals with extensive investment experience in the local and international investment markets with strong international

academic backgrounds. The team has a collective experience of over 50 years in investments with a special focus on international real estate. The team is based in both our Kuwait office and our San Francisco office in the US.

By employing its resources and experience whether from our local or international offices, Strategia provides the following products and services:

- A selection of investment funds and products
- Personalized local and international portfolios as per investors' requirements
- Complete transparency while maintaining absolute discretion to the specifics of the investors' investments

The ML Strategia Fund Basket

The ML Strategia Fund Basket consists of:

GLG Market Neutral Fund	10%
GLG Capital Appreciation Fund	30%
GLG Multi Strategy Fund	60%



GLG Partners

GLG Partners was founded in 1995 as a division of Lehman Brothers and established itself as an independent partnership in 2000.

GLG Partners has grown to be one of Europe's largest independent hedge fund groups, delivering outstanding absolute returns to its investors.

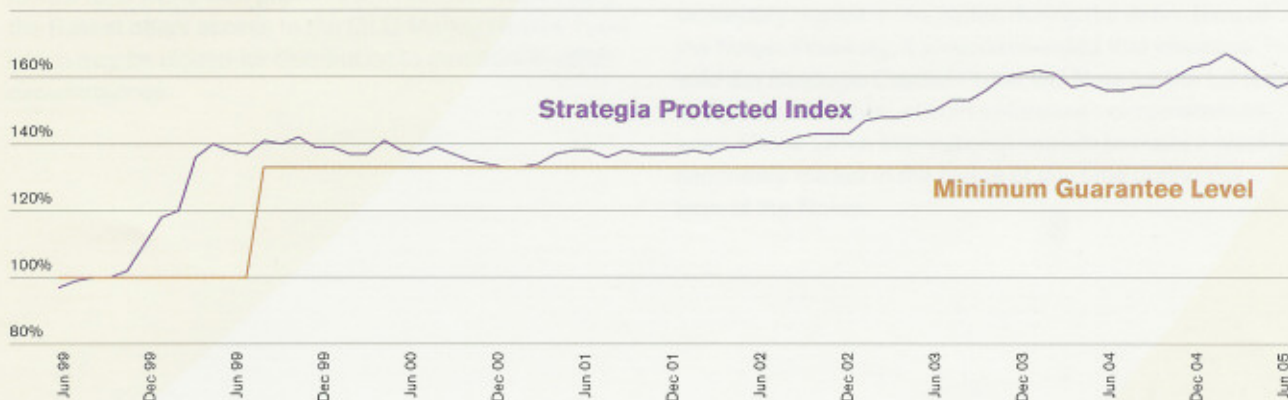
The Managing Directors, Noam Gottesman, Pierre Lagrange and Philippe Jabre are pioneers in establishing a leading investment house offering a wealth of experience in managing global equity and fixed income portfolios. Today, GLG has approximately USD 12.5bn of assets under management and a resource of 170 employees. GLG is supported by an institutional quality infrastructure focusing on trading, research, risk management and

client servicing. GLG has a track record for continually attracting and retaining the best talent in the industry.

GLG has a clear and explicit investment approach which combines fundamental analysis with tactical trading and places an emphasis on both the qualitative and quantitative assessment of investment opportunities. Teams of specialised analysts work together by both sector and region and GLG's dominant position with the brokerage community provides superior access to third party resources.

How would the Strategia Capital Protected Notes have performed if the Notes were launched 6 years ago?

The chart below tracks the hypothetical back tested performance of the Strategia Protected Index for a product that starts in June 1999 and ends in June 2005. The Notes, at maturity would have paid 158.90% of the initial investment. In addition the Notes would have reached a Minimum Redemption Amount at Maturity of 132.80% at the first anniversary of the product.



GLG Market Neutral Fund



The aim of the GLG Market Neutral Fund is to obtain an appreciation of capital utilising convertible arbitrage strategies. The Fund thus aims to produce returns which have a low correlation with the global equity markets. The investment strategy of this Fund is based on the creation of a hedged position obtained through the purchase of a security (mainly convertible bonds, warrants and preferred convertible stock) and the simultaneous short sale of the underlying security. The Fund targets absolute returns.

GLG Market Neutral Fund – Monthly Return Analysis Since Inception 1998 – YTD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
1998	5.27%	10.36%	5.20%	4.12%	1.62%	4.04%	2.42%	-3.24%	-6.19%	-0.58%	3.41%	2.24%	31.47%
1999	7.90%	2.42%	1.91%	3.50%	0.50%	1.93%	5.88%	-1.80%	-1.67%	-1.38%	7.27%	12.10%	44.79%
2000	5.54%	13.02%	4.32%	1.44%	-0.52%	1.24%	-1.24%	0.55%	-1.21%	1.42%	1.05%	-1.87%	25.42%
2001	3.85%	-0.31%	2.83%	0.93%	-3.61%	-2.03%	-1.78%	0.64%	4.02%	1.39%	3.39%	0.00%	9.35%
2002	1.03%	-3.18%	0.91%	-2.73%	0.76%	2.16%	3.29%	-0.43%	6.21%	0.71%	2.56%	-1.24%	10.13%
2003	4.65%	2.69%	0.22%	-0.18%	8.29%	2.35%	-0.22%	1.34%	4.93%	2.10%	1.13%	2.89%	34.32%
2004	4.53%	0.75%	3.20%	-1.55%	-3.70%	-1.28%	-0.22%	0.34%	-0.68%	-1.95%	2.59%	4.54%	6.36%
2005	-1.64%	3.11%	-4.66%	-4.86%	-9.98%	3.16%	3.46%						-11.61%

GLG Capital Appreciation Fund



The GLG Capital Appreciation Fund targets capital appreciation through a diversified portfolio of good quality global equities and bonds. A particular emphasis is placed on stock selection, with most of the investments currently geared towards the European and US equity markets. However, the Fund will primarily invest in equities and will utilise the fixed income and money markets for diversification. As at 30 June 2005, the portfolio's asset allocation was 82% Equity; 13% Bonds; 5% Cash.

GLG Capital Appreciation Fund – Monthly Return Analysis Since Inception 1997 – YTD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
1997	--	--	0.42%	-0.25%	1.00%	8.06%	5.69%	-2.68%	5.19%	-4.30%	2.76%	4.35%	21.37%
1998	1.71%	5.72%	6.55%	-2.25%	2.23%	1.49%	2.44%	-3.36%	-6.67%	1.91%	5.73%	3.95%	20.25%
1999	2.12%	-0.38%	-0.67%	4.01%	-1.39%	3.27%	0.26%	1.67%	-0.80%	3.06%	4.90%	5.72%	23.71%
2000	-1.43%	7.28%	-1.72%	-2.69%	-0.82%	2.79%	-0.44%	2.29%	-2.44%	-0.57%	-2.82%	1.48%	0.44%
2001	3.66%	-4.61%	-2.60%	4.00%	-0.44%	-1.59%	-0.89%	-2.89%	-5.59%	2.16%	6.49%	0.46%	-2.52%
2002	-1.88%	0.20%	3.58%	-2.62%	0.64%	-5.57%	-2.78%	-0.32%	-2.32%	-0.84%	4.39%	-5.24%	-12.50%
2003	-0.69%	0.63%	-0.12%	4.64%	6.97%	3.32%	1.63%	1.18%	3.27%	5.81%	0.74%	4.31%	36.31%
2004	3.80%	2.01%	0.66%	0.08%	-2.39%	2.18%	-2.78%	1.20%	1.77%	1.26%	2.92%	3.38%	15.01%
2005	0.52%	4.37%	-1.24%	-2.11%	-0.24%	2.47%	3.14%						6.93%

GLG Multi Strategy Fund

The GLG Multi Strategy Fund is a fund of predominantly GLG hedge funds. The product is diversified, and aims to have a low correlation to traditional asset classes. GLG manages a number of hedge and long-only funds allowing the Fund's Investment Committee to allocate a broad range of investment styles, geographic regions, sectors and market instruments.

GLG Multi-Strategy Fund – Monthly Return Analysis Since Inception 2003 – YTD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003	2.25%	0.71%	0.89%	-1.25%	2.36%	-0.02%	-0.69%	0.89%	0.61%	1.11%	0.31%	1.44%	8.91%
2004	3.01%	0.95%	0.04%	-1.18%	-1.55%	0.05%	-0.83%	-0.18%	0.40%	0.29%	2.51%	2.29%	5.83%
2005	0.77%	1.85%	-2.16%	-2.28%	-2.02%	1.80%	2.57%						0.41%

Indicative Terms and Conditions

Name

Strategia Capital Protected Note

Issuer

A+ rated or better

Calculating Agent

Merrill Lynch International

Investment Advisor

Strategia Investment Company

Fund Manager

GLG Partners

Capital Protection

100% of Issue Price at Maturity

Currency

US Dollar ("USD")

Denomination

USD 1,000 per Note

Minimum Investment

USD 5,000 (i.e. 5 Notes) on primary market

Minimum Trading

USD 1,000 (i.e. 1 Note) on secondary market

Issue Price

100%

Minimum Redemption

100% of Denomination at Maturity

Participation

100% of the Index's positive performance at maturity

Schedule

Trade Date	TBD
Issue Date	10 Business Days after Trade Date
Valuation Date	6 Years after Trade Date
Maturity Date	7 Business Days after Valuation date

Reference Index

Strategia Protected Index

Redemption at Maturity:

100% + Max [Lock-In, (If - 100)/100] of Issue Price

Where 'If' = Is the level of the Reference Index on Valuation Date

Reuters Page

TBD

Settlement

Clearstream Bank/Euroclear

ISIN Code

TBD

Secondary Market

Weekly Liquidity with 1% bid/ask spread

Early Redemption

An early redemption fee will be charged on redemption orders, at a rate of $3\% \times (m/12)$ of Issue Price, m being the number of entire months remaining until Issue Date + 1 year. No redemption fee will be charged after the first anniversary of the Notes.

Investment Objective

The investment objective of the Note is to seek capital appreciation over the medium term while providing capital protection at maturity.

The exposure of the Reference Index to the Market Asset Unit (proportion of its net assets allocated to the alternative investment strategies) will be adjusted regularly in accordance with its Dynamic Allocation Strategy.

ML Strategia Fund Basket

GLG Market Neutral Fund	10.00%
GLG Capital Appreciation Fund	30.00%
GLG Multi Strategy Fund	60.00%

Market Asset Units

Units of the ML Strategia Fund Basket which is denominated in USD

Reserve Asset

Consisting of cash holdings

Initial Exposure

90% to 100% (to be determined on trade date)

Dynamic Allocation Strategy

The Reference Index is constructed using a technique known as Constant Proportion Portfolio Insurance ("CPPI").

The asset allocation algorithm is designed so that the level of the Reference Index should not equal less than 100 on the Valuation Date. The target weighting of the Market Asset Units on a re-balancing date (the "Theoretical Exposure") will depend on the current level of the Reference Index, the Floor Level and the Trading Multiple, and is subject to a maximum weighting of 200%. The Theoretical Exposure will be equal to:

$$\text{Trading Multiple} \times (\text{Cushion} / \text{Reference Index})$$

The "Cushion" equals the current Reference Index minus the Floor Level.

The "Floor Level" is the present value of the Minimum Redemption at Maturity. The "Trading Multiple" is set between 4 and 4.5 (TBD on Trade Date)

Leverage Cost

1 Month USD Libor +50 bps

Lock-In Feature

The Lock-In feature is designed so that the 50% of the difference between the Reference Index level and the Threshold Level is locked in on each anniversary of the note to increase the Minimum Redemption at Maturity. The Threshold Level is equal to:

Year 1	100
Year 2	105
Year 3	110
Year 4	115
Year 5	120

Initial Reference Index Components

90% to 100% Market Asset Units

0% to 10% Reserve Asset Units

0% Leverage Units

Initial Trading Level

100

Initial Index Level

97

Adjustment Fee

1.51% p.a.

Liquidity

Weekly

Risk Factors and Disclaimers

This is not an offer to buy or sell or solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. The terms outlined herein are summary and indicative only and are subject to change. Any written offer of such security may be made only by means of a private placement memorandum/offering circular or similar document and any related supplements thereto. While we consider the information herein reliable, we do not represent that it is accurate or complete and it should not be relied upon as such. The investments described herein are not for sale in the United States or to U.S. persons. This material may not be distributed in the United States.

Under the terms of the Prospect Directive, no prospectus has been approved by any competent authority, therefore no publication of these securities may be made in any member state of the European Economic Area.

Merrill Lynch International, London, or any duly appointed successor will act as Calculation Agent in respect of the Notes.

The Minimum Redemption amount (i.e. 100% of the Principal Amount) of the Note is due to be repaid at maturity. If the Note is redeemed prior to maturity in accordance with its terms and conditions, deductions may be made resulting in the client receiving significantly less than the Minimum Redemption amount of the Note.

Calculation of the return on the Note is linked to the Reference Index and is designed for investors who believe that the value of the Reference Index will rise over the next 6 years. The Reference Index may depreciate as well as appreciate and, although the investor has the opportunity to receive a high return, the investor risks a lower return than comparable instruments. As such, the investment may not be suitable for persons unfamiliar with the Reference Index, or unwilling or unable to bear the risk attendant with this investment. Clients should consult their advisers if in any doubt as to the nature of the investment and its suitability in the light of their particular circumstances. The Notes are denominated in USD. A Non-USD investor will be subject to fluctuations in exchange rates that could have an adverse effect on the investor's return upon the conversion into local currency received, or the maturing Note amount. The security referred to involves risk, which includes interest rate, index, currency, credit, political, liquidity, time value, commodity and market risk and is not suitable for all investors.

We or our affiliates may buy or sell securities or have long or short positions in securities economically related to any security mentioned herein. We or our affiliates may have an investment banking or other commercial relationship with the Issuer of any security mentioned herein.

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