

SUPPLEMENTAL PROSPECTUS

UDIGE NOTES SERIES 2008-1 MXN 126,000,000 (EQUIVALENT TO UDI 31,448,228) (UP TO MXN 10,000,000,000) FACE AMOUNT OF SECOND UPSIZE CERTIFICATES

This supplemental Prospectus (**Second Supplemental Prospectus**) is supplemental to, and should be read in conjunction with the Prospectus dated May 13, 2008, as supplemented by the Supplemental Prospectus dated June 13, 2008 (the **First Supplemental Prospectus**, together with the **Original Prospectus** and the Second Supplemental Prospectus, the **Prospectus**) in relation to the MXN 110,000,000 (equivalent to UDI 27,454,803) up to MXN 10,000,000,000 Face Amount of Certificates issued by UDIGE NOTES SERIES 2008-1 (the **Trust** or the **Issuer**), a trust established on April 24, 2008 under the laws of the State of Delaware pursuant to a Declaration of Trust and Trust Agreement (as amended from time to time, the **Trust Agreement**), dated as of April 24, 2008, among HSBC Bank USA, National Association, as trustee (the **Trustee**), HSBC Bank USA, National Association, as transfer agent (the **Transfer Agent**), HSBC Trust Company (Delaware), National Association (as successor to HSBC Bank USA, National Association), as Delaware trustee (the **Delaware Trustee**), and Merrill Lynch International, as distributor and trustor (the **Distributor** and the **Trustor**, respectively). Unless the context otherwise requires, terms defined in the Original Prospectus shall have the same meaning when used in this Supplemental Prospectus.

This Supplemental Prospectus has been prepared for the purpose of giving information about the issue of MXN 126,000,000 face amount Certificates (the **Second Upsize Certificates**) by the Trust. The Second Upsize Certificates are a further issuance of certificates, in addition to (i) the MXN 110,000,000 issued on April 24, 2008 (the **Original Certificates**) and (ii) the MXN 360,000,000 issued on June 13, 2008 (the **First Upsize Certificates**, and together with the Original Certificates and the Second Upsize Certificates, the **Certificates**), and will be consolidated with and will form a single series with the Original Certificates. The total face amount of the Original Certificates, the First Upsize Certificates and the Second Upsize Certificates now being issued will be MXN 596,000,000 (UDI 148,755,112).

The Second Upsize Certificates shall initially be represented by a Temporary Global Certificate. Interests in such Temporary Global Certificate shall be exchanged on the 40th day after the Second Upsize Date (as defined herein) for interests in the relevant Permanent Global Certificate; provided each holder of such beneficial interests provides to the Common Depositary a certification in the form provided in the Trust Agreement that it is a non-U.S. Person. The Temporary Global Certificate and the Permanent Global Certificate (each one a **Global Certificate**) will be deposited with HSBC Bank plc (the **Depositary**), acting as common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream** and together with Euroclear, the **Clearing Systems**) and registered in the name of HSBC Issuer Services Common Depositary Nominee (UK) Limited, a limited liability company, as common nominee for Euroclear and Clearstream. Transfers of beneficial interests in Certificates may be effected pursuant to Regulation S under the Securities Act subject to the restrictions described herein. See "*The Certificates – Book-Entry Registration*" in the Prospectus.

Holders of the Certificates may own beneficial interests in the Global Certificate through the facilities of S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V., Mexico (**Indeval**), which is a participant in each of Clearstream, and Euroclear. Indeval is a privately owned securities depositary that is authorized and acts as a clearinghouse, depositary and central custodian for securities in Mexico. As such, Indeval provides settlement and transfer services and is the registration agent for Mexican securities transactions, eliminating the need for physical transfer of securities. In addition, holders who own beneficial interests in the Certificates through Indeval may be required to certify as to their residency in accordance with the procedures of Indeval.

This Supplemental Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Second Upsize Certificates or the distribution of this Supplemental Prospectus in any jurisdiction where such action is required.

THE CERTIFICATES WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE CERTIFICATES ARE BEING OFFERED OUTSIDE THE UNITED STATES, TO PERSONS WHO ARE NOT U.S. PERSONS ("NON-U.S. PERSONS") AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S") IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS. THE CERTIFICATES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS OR TO "U.S. PERSONS" (AS DEFINED IN REGULATIONS AND IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED). NEITHER THE CERTIFICATES NOR ANY INTEREST THEREIN MAY BE BENEFICIALLY OWNED BY ANY U.S. PERSON. THE CERTIFICATES ARE SUBJECT TO OTHER RESTRICTIONS ON TRANSFERABILITY AND RESALE, AND EACH PURCHASER OF THE CERTIFICATES IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH THEREUNDER. SEE "*THE CERTIFICATES—TRANSFER RESTRICTIONS*."

THE CERTIFICATES HAVE NOT BEEN REGISTERED IN THE MEXICAN NATIONAL SECURITIES REGISTRY (REGISTRO NACIONAL DE VALORES), AND THEREFORE THEY ARE NOT THE SUBJECT OF A PUBLIC OFFER IN MEXICO. INTERMEDIATION OF THE CERTIFICATES IN MEXICO IS SUBJECT TO THE RESTRICTIONS OF THE MEXICAN SECURITIES MARKET LAW. ANY INVESTOR OF MEXICAN NATIONALITY THAT PURCHASES THESE CERTIFICATES, WILL DO SO UNDER ITS OWN RESPONSIBILITY.

THE INFORMATION CONTAINED IN THIS SUPPLEMENTAL PROSPECTUS IS THE EXCLUSIVE RESPONSIBILITY OF THE ISSUER (OTHER THAN THE INFORMATION RELATING TO THE CERTIFICATES RATINGS BY S&P) AND HAS NOT BEEN REVIEWED BY THE NATIONAL BANKING AND SECURITIES COMMISSION OF MEXICO (COMISIÓN NACIONAL BANCARIA Y DE VALORES).

See "*RISK FACTORS*" beginning on page 7 of the Original Prospectus for certain risks relating to an investment in the Certificates.

The Original Certificates and the First Upsize Certificates have been listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's regulated market. Furthermore, notification will be given for the Second Upsize Certificates to be listed on the Official List of the UK Listing Authority and to have the Second Upsize Certificates admitted to trading on the London Stock Exchange's regulated market. The Original Certificates have also been listed on the Bolsa Mexicana de Valores, S.A. de C.V. (the **Bolsa Mexicana de Valores**) under the Sistema Internacional de Cotizaciones. Furthermore, notification will also be given to the Bolsa Mexicana de Valores to have the Second Upsize Certificates listed under the Sistema Internacional de Cotizaciones.

Merrill Lynch International

The date of this Supplemental Prospectus is December 29, 2009.

OFFERING SUMMARY

This summary highlights information not otherwise contained in the Original Prospectus. Save as specified in this Supplemental Prospectus, all terms and conditions applicable to the First Upsize Certificates are contained in the Original Prospectus. This Supplemental Prospectus must be read in conjunction with the Original Prospectus.

Second Upsize Certificates: MXN 126,000,000 (equivalent to UDI 31,448,228) face amount of Certificates.

The Second Upsize Certificates are a further issuance of the MXN 470,000,000 face amount of Original and First Upsize Certificates and will be consolidated to form a single series and will, upon the exchange of the Temporary Global Certificate for an interest in the Permanent Global Certificate on or about February 8, 2010, be fungible with the MXN 110,000,000 face amount of the Original Certificates originally issued on April 24, 2008 and with the additional MXN 360,000,000 face amount of the First Upsize Certificates issued on June 13, 2008. The total face amount of the Original and First Upsize Certificates previously issued and the Second Upsize Certificates now being issued will be MXN 596,000,000.

Issue Dates: April 24, 2008 (the **Initial Closing Date**); June 13, 2008 (the **First Upsize Date**); and December 29, 2009 (the **Second Upsize Date**).

Issue Price: 97.481362% of the face amount of the Second Upsize Certificates (which is inclusive of any accrued interest with respect to the relevant portion of the Second Upsize Certificates' first Accrual Period). For the avoidance of doubt, the Issue Price of the Second Upsize Certificates is MXN 122,826,516.46.

Use of Proceeds: The Second Upsize Certificates will be issued to the Distributor on the Second Upsize Date in exchange for the purchase by the Trust of additional Underlying Collateral in the principal amount of USD 11,935,000.

Initial Purchaser of the Second Upsize Certificates: Merrill Lynch International (the **Distributor**).

Authorized Denomination: The minimum denomination shall be MXN 1,000,000 (equivalent to UDI 249,589.11), with integral multiples of MXN 1,000,000 in excess thereof.

Rating: The rating of the Certificates reflects the credit risk of Merrill Lynch & Co., Inc., as guarantor (the **Guarantor**) of the obligations of Merrill Lynch Capital Services, Inc. (**MLCS**) under the Swap Agreement. The Second Upsize Certificates are rated "AA+" by S&P as of the Second Upsize Date. The rating assigned to the Second Upsize Certificates applies only as of and for the purposes of the Second Upsize Date and is not subject to ongoing surveillance by S&P. The Rating does not address any risks associated with any

Upsizes, any risks associated with inflation as measured by the UDI Index Level, or any risks associated with changes of the USD/MXN exchange rate.

Form, Registration and Transfer of the Certificates:

Each Global Certificate will be deposited with HSBC Bank plc, acting as common depository for Euroclear and Clearstream and registered in the name of HSBC Issuer Services Common Depository Nominee (UK) Limited, as nominee for Euroclear and Clearstream.

Holder of the Certificates may own beneficial interests in the Global Certificate through the facilities of Indeval, which is a participant in each of Clearstream, and Euroclear. Indeval is a privately owned securities depository that is authorized and acts as a clearinghouse, depository and central custodian for securities in Mexico. As such, Indeval provides settlement and transfer services and is the registration agent for Mexican securities transactions, eliminating the need for physical transfer of securities. In addition, holders who own beneficial interests in the Certificates through Indeval may be required to certify as to their residency in accordance with the procedures of Indeval.

Listing:

The Financial Services Authority (the **FSA**) in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) has approved the Original Certificates and the First Upsize Certificates to be admitted to the official list of the UK Listing Authority (the **Official List**), and the London Stock Exchange plc (the **London Stock Exchange**) has approved the Original Certificates and the First Upsize Certificates to be admitted to trading on the London Stock Exchange's regulated market (the **Market**). Furthermore, notification will be given to the UK Listing Authority for the Second Upsize Certificates to be admitted to the Official List and to the London Stock Exchange for the Second Upsize Certificates to be admitted to trading on the Market. The Original Certificates and the First Upsize Certificates have also been listed on the Bolsa Mexicana de Valores, S.A. de C.V. (the **Bolsa Mexicana de Valores**) under the Sistema Internacional de Cotizaciones. Furthermore, notification will also be given to the Bolsa Mexicana de Valores to have the Second Upsize Certificates listed on the Bolsa Mexicana de Valores under the Sistema Internacional de Cotizaciones. There can be no assurance that such admission will be obtained. See "*General Information*" in the Original Prospectus. In addition, there is currently no market for the Second Upsize Certificates, and there can be no assurance that such a market will develop.

Certain U.S. Federal Income Tax Consequences:

See "*Certain U.S. Federal Income Tax Consequences.*" in the Original Prospectus.

Transfer Restrictions:

The Second Upsize Certificates are subject to substantial investor eligibility and transfer restrictions. See "*Certain ERISA Considerations and Other Considerations*" and "*Notice to Investors*;"

Investor Deemed Representations" in the Original Prospectus.

You should rely only on the information contained in this Supplemental Prospectus and the Original Prospectus. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell the Second Upsize Certificates. The information in this document may be accurate only on the date hereof.

PLAN OF DISTRIBUTION

In connection with the issuance of the Second Upsize Certificates, the Trust has entered into a distribution agreement (the **Distribution Agreement**) with the Distributor, pursuant to which the Distributor has agreed to purchase Second Upsize Certificates from the Trust, and the Trust has agreed to sell Second Upsize Certificates to the Initial Purchaser in exchange for the delivery of the additional Underlying Collateral. The obligations of the Distributor to purchase Second Upsize Certificates pursuant to the Distribution Agreement are subject to certain conditions. Resales of the Second Upsize Certificates are restricted as described under "*Notice to Investors; Investor Deemed Representations*" and "*The Certificates – Transfer Restrictions*" in the Original Prospectus.

The Second Upsize Certificates are being offered by the Distributor, subject to prior sale, when, as and if issued and subject to approval of certain legal matters by counsel for the Distributor and certain other conditions. The Distributor reserves the right to offer Certificates at a price different from the initial offering price at any time.

The Second Upsize Certificates may not be directly or indirectly offered, sold or delivered in any jurisdiction except in compliance with applicable law. No action has been or will be taken in any jurisdiction where action for that purpose is required that would permit a public offering of the Second Upsize Certificates or possession or distribution of any prospectus or any amendment or supplement thereto or any other offering material relating to the Second Upsize Certificates.

No dealer, salesperson or other person has been authorized to give any information or to make any representation other than those contained in the Prospectus in connection with the offer contained herein, and, if given or made, such information or representation must not be relied upon as having been authorized by the Trust or the Distributor. The Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Second Upsize Certificate in any jurisdiction where, or to any person to whom, it is not lawful to make any such offer or solicitation. Neither the delivery of the Prospectus nor any sale made hereunder shall, under any circumstance, create an implication that there has been no change in the affairs of the Trust since the date hereof or that the information herein or therein is correct as of any time subsequent to its date.

By acquiring a Second Upsize Certificate, each Holder appoints the Trustee to act on its behalf pursuant to the terms of the Trust Agreement and agrees to be bound by the terms and conditions of the Trust Agreement to the same extent as if such Holder were a signatory thereto. The Second Upsize Certificates and related documentation (including, without limitation, the Trust Agreement and the Distribution Agreement) may be amended or supplemented from time to time, without the consent of, but upon notice to, the holders of Certificates sent to their registered addresses, on the terms and conditions set forth herein and in the Trust Agreement.

LISTING AND GENERAL INFORMATION

1. The Financial Services Authority (the **FSA**) in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) has approved the Original Certificates and the First Upsize Certificates to be admitted to the official list of the UK Listing Authority (the **Official List**), and the London Stock Exchange plc (the **London Stock Exchange**) has approved the Original Certificates and the First Upsize Certificates to be admitted to trading on the London Stock Exchange's regulated market (the **Market**). Furthermore, notification will be given to the UK Listing Authority for the Second Upsize Certificates to be admitted to the Official List and to the London Stock Exchange for the Second Upsize Certificates to be admitted to trading on the Market. References in the Prospectus to Certificates being listed (and all related references) shall mean that Certificates have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of the Investment Services Directive 93/22/EC.
2. The Original Certificates and the First Upsize Certificates have also been listed on the Bolsa Mexicana de Valores, S.A. de C.V. (the **Bolsa Mexicana de Valores**) under the Sistema Internacional de Cotizaciones, and a notice will also be given to the Bolsa Mexicana de Valores to have the Second Upsize Certificates listed under the Sistema Internacional de Cotizaciones.
3. The International Securities Identification Number for the Second Upsize Certificates is XS0476448013. The permanent International Securities Identification Number for the Certificates is XS0358733508.
4. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) since the date of its formation which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer.
5. There has been no material adverse change in the financial position or prospects of the Issuer since its formation.
6. Copies of the Trust Agreement may be inspected at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AD, during usual business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this document.
7. Interests of Holders of the Certificates to receive redemption amounts rank senior to other creditors of the Issuer up to the amount of the redemption amount.
8. The Trust Property has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Certificates.

OFFICE OF THE TRUST

UDIGE NOTES SERIES 2008-1

c/o HSBC Bank USA, National Association
Corporate Trust and Loan Agency
452 Fifth Avenue
New York, NY 10018
Telephone Number: +1 212 525 1540

TRUSTEE

HSBC Bank USA, National Association
Corporate Trust and Loan Agency
452 Fifth Avenue
New York, NY 10018

PAYING AGENT AND CERTIFICATE REGISTRAR

HSBC Bank USA, National Association
as Paying Agent and Certificate Registrar
452 Fifth Avenue
New York, NY 10018

LEGAL ADVISORS

to the Distributor and the Swap Counterparties

as to New York and United States federal law

Allen & Overy LLP

1221 Avenue of the Americas
New York, NY 10020

As to Delaware law

Richards, Layton & Finger P.A

Richards, Layton & Finger
920 North King Street
Wilmington, Delaware 19801