

PROSPECTUS DATED 11TH MAY, 2007

MLUDI STEERS NOTES SERIES 2007-1

MXN 1,600,000,000 (equivalent to UDI 417,620,451.20) up to MXN 10,000,000,000 Face Amount of Certificates

On 15th March, 2007 MLUDI STEERS Notes Series 2007-1, a trust established under the laws of the State of Delaware (the **Issuer** or the **Trust**) issued MXN 1,000,000,000 Face Amount of Certificates and on 25th April, 2007 the Issuer issued MXN 600,000,000 Face Amount of Certificates. The Issuer may issue further Certificates up to an aggregate Face Amount of MXN 10,000,000,000 (such aggregate number of Certificates, the **Certificates**).

An Offering Memorandum in the form set out in Annex 1 hereto was prepared by the Issuer in connection with the issue of the Certificates. **Investors attention is drawn to the sections headed "Notice to Investors; Investor Deemed Representations" and "Risk Factors".**

This Prospectus (including the Annexes hereto) comprises a prospectus for the purpose of Directive 2003/71/EC (the **Prospectus Directive**) and for the purpose of giving information with regard to the Issuer which, according to the particular nature of the Issuer and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer.

Application has been made to the Financial Services Authority (the **FSA**) in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Certificates to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the Certificates to be admitted to trading on the London Stock Exchange's Gilt-Edged and Fixed Interest Market (the **Market**). References in this 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.

An application will also be made to list the Certificates in the *Bolsa Mexicana de Valores, S.A. de C.V.* under the *Sistema Internacional de Cotizaciones*.

The International Securities Identification Number for the Certificates is XS0292395844.

Merrill Lynch International

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in Annexes 2 and 3 has been accurately reproduced from information provided to the Issuer by Merrill Lynch & Co., Inc. and Merrill Lynch Capital Services, Inc. (respectively). So far as the Issuer is aware and is able to ascertain from information published by Merrill Lynch & Co., Inc. or Merrill Lynch Capital Services, Inc., no facts have been omitted from this Prospectus which would render the information in Annex 2 or Annex 3 (respectively) inaccurate or misleading.

Table of Contents

Risk Factors.....	A3
Annex 1 Offering Memorandum	A7
Annex 2 Description of Merrill Lynch & Co., Inc.	A8
Annex 3 Description of Merrill Lynch Capital Services, Inc.	A9
Annex 4 Additional Information on the Initial Collateral	A10
Annex 5 General Information.....	A12

RISK FACTORS

The following section is extracted from the section headed "Special Considerations" in the Offering Memorandum attached as Annex 1:

The purchase of the Certificates involves substantial risks, including without limitation, interest rate, credit, liquidity and market risk as well as the additional risks described below. This Offering Memorandum does not describe all risks of an investment in the Certificates, either as such risks exist at the date hereof or as such risks may change in the future. The description of special considerations and risks below does not purport to be exhaustive. Merrill Lynch International, its affiliates and the Trustee disclaim any responsibility to advise prospective investors of such risks as they exist as of the date of this Offering Memorandum or as they change from time to time. Prospective investors should understand the risks involved and should reach an investment decision after careful consideration with their tax, accounting and legal advisors of the suitability of the Certificates in light of their particular financial circumstances and financial objective.

Holders of the Certificates will be exposed to interest rate risk, inflation risk and the credit risk of Merrill Lynch & Co., Inc.

Limited Recourse; Certificates Payable Solely from the Trust Property

The Certificates will not be obligations or responsibilities of, and will not be guaranteed by, the Trustee, the Counterparty, the Distributor or any company in the same group of companies as, or any affiliate of, any of the foregoing. Distributions on the Certificates will be made solely from the Trust Property. Each Holder of Certificates, by its investment in the Certificates, will be deemed to agree that the obligations of the Trust will be payable solely from, and only to the extent of, the Trust Property.

Limited Liquidity; Resale Restrictions

The Certificates are a highly illiquid investment. There is currently no secondary market for the Certificates. The Distributor may, but is not obligated to, make a secondary market in the Certificates and there is no guarantee or assurance that a secondary market will develop, or that if a secondary market does develop that it will continue or will be sufficient to provide the Holders with needed liquidity. If the Distributor makes a secondary market in the Certificates, it may, in its sole discretion, discontinue any market-making activities at any time without notice. The Certificates are subject to significant restrictions on transfer which will also limit their liquidity. The Certificates may only be transferred to Eligible Investors.

The purchase of Certificates is suitable only for, and should be made only by, investors who understand and can bear the risks of such an investment (including without limitation the substantial credit, financial and liquidity risks of such an investment) for a significant period of time.

See "The Certificates—Transfer Restrictions" herein.

No assurance of future levels of the value of the UDI Index

Prevailing levels of the UDI Index should not be taken as an indication of the future levels of the UDI Index over the term of the Certificates. No assurance can be given that the value of the UDI Index will not depreciate and thereby reduce the amount of any payment on the Certificates.

Risks Associated with the Trust Property

The Certificates will represent an indirect investment in the Underlying Collateral and the Swap Agreement. Accordingly, Holders should review the terms and risks of the Underlying Collateral and the Swap Agreement to the same extent as if they were making a direct investment in the Underlying Collateral and the Swap Agreement. The Underlying Collateral refers to the specific face amount of the 6.22% Subordinated Notes of Merrill Lynch & Co. Inc., due September 15, 2026, Cusip# 59022CAB9 referenced in section Overview of Principal Terms herein. The face amount of the Underlying Collateral will be increased on the date of any Upsize by an amount equal to the MXN Upsize Amount in respect of such Upsize, divided by the MXN/USD Rate for the date of such Upsize. The Swap Agreement is an over-the-counter derivative transaction and involves the risk of adverse and unanticipated market developments, the risk of illiquidity and other risks including, without limitation, principal, interest rate, credit, political, liquidity and market risk and is not suitable for all investors. Changes in the value of the Swap Agreement will affect the value of the Certificates.

An investment in the Certificates involves significant risks that are not generally associated with similar investments in traditional fixed rate debt securities.

The receipt by Holders of the distributions on their Certificates on Coupon Payment Dates and the Maturity Date will be dependent on the Trust timely receipt of payment from, and therefore the credit of, the Counterparty.

Risks Associated with the Swap Agreement

The Holders will be exposed to the credit risk of the Counterparty to the full extent of their investment in the Certificates. Under the terms of the Swap Agreement, (i) on each date that the Trust receives a payment in respect of the Underlying Collateral, the full amount of such payment will be transferred to the Counterparty and (ii) on the Maturity Date, the Underlying Collateral will be transferred to the Counterparty. In exchange for the above payments, the Counterparty will be obligated on each Coupon Payment Date to pay to the Issuer the Coupon Payment Amount and on the Maturity Date to pay to the Issuer the Redemption Amount. Therefore, the Issuer is relying on the payments to be made by the Counterparty under the Swap Agreement in order to make the payments to the Holders of the Certificates as set forth herein. To the extent the Counterparty is unable to make the relevant payments under the Swap Agreement, the Issuer will likely be unable to make the related payments to the Holders of the Certificates.

Interest Rate Risk

The Certificates pay a fixed rate of interest. The value of the Certificates will be adversely affected at any time that prevailing interest rates for a credit similar to the Certificates are higher than they were on the Trade Date. In addition, it is important to note that the trading value of the Certificates will be affected by factors that interrelate in complex ways. The effect of one factor may offset the increase in the trading value of the Certificates caused by another factor and that the effect of one factor may exacerbate the decrease in the trading value of the Certificates caused by another factor. For example, an interest rate increase may offset some or all of any increase in the trading value of the Certificates attributable to another factor.

Credit Ratings

The Certificates are rated "AA-" by S&P. The rating assigned to the Certificates applies only as of and for the purposes of the Closing Date and will not be subject to ongoing surveillance by S&P. The rating does not address any risks associated with any future Upsizes.

Credit ratings of the Certificates represent a rating agency's opinion regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the probability of payment of interest and repayment of principal from the sources of collateral securing the Certificates but do not evaluate the risks of fluctuations in

market value. Nor are all risks in respect of the Certificates susceptible of analysis under rating methodologies. Accordingly, credit ratings are not a recommendation to purchase, hold or sell the Certificates, do not provide assurance as to market price or suitability for a particular investor and may not fully reflect the true risks of an investment.

Inflation Risk

Payments on the Certificates are linked to the UDI Index. However, the UDI Index may not be an accurate indicator of, or correlate with, actual inflation in Mexico, including without limitation the inflation rate a Holder actually experiences.

Conflicts of Interest

Merrill Lynch International, as Calculation Agent, will make determinations and calculations relating to the Certificates, which may affect the amount, if any, that Holders of the Certificates will receive following a Special Redemption Event, if applicable.

No Reliance; Legal Investment

Neither the Distributor nor any of its affiliates give tax, accounting, legal or regulatory advice or, except to certain private clients of Merrill Lynch Affiliates, financial advice.

The Issuer and/or its affiliates make no representation and have given you no advice concerning the appropriate accounting treatment or possible tax consequences of this indicative transaction. Prior to purchasing the security, you should discuss with your professional advisers how such purchase would or could affect you. Investors with any questions regarding the impact of an investment in the Certificates on their tax position should consult their tax adviser. Merrill Lynch does not give tax or legal advice.

The appropriate characterization of the Certificates under various legal investment restrictions, and thus the ability of investors subject to those restrictions to purchase the Certificates, may be subject to significant interpretative uncertainties. No representation is made as to the proper characterization of the Certificates for legal investment purposes, or for risk-weighting, securities valuation, regulatory accounting or other financial institution regulatory regimes of any regulatory body. Investors should consult with their own legal advisors in determining whether, and to what extent, the Certificates will constitute legal investments for them and the consequences of such an investment.

No Deduction or Withholding Gross-Up will be Paid to Holders

If, in respect of any funds owed by the Counterparty to the Trust or by the Trust to the Holders, any deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then neither of the Counterparty nor the Trust will be obligated to pay any gross up or other additional amounts in respect of such withholding or deduction.

Tax Considerations

Prospective investors in the Certificates should carefully consider the tax treatment of the Certificates as described herein and are urged to consult their tax advisers regarding the income and other tax consequences of the purchase, ownership and disposition of the Certificates. See “*Tax Considerations*” herein.

Counterparty Security Interest

The Trust's obligations to the Counterparty under the Swap Agreement will be secured by a security interest in the Trust Property (as defined in the Trust Agreement). For such purpose, the Trustee will, if and as requested by the Counterparty, assist in the perfection and enforcement of such security interest.

Delays in Communicating with the Holders

The Certificates will be evidenced by a Global Certificate, which will be deposited with the Common Depositary, acting as common depositary for Euroclear and Clearstream. The Global Certificate will be in registered form in the name of the Common Depositary. The Holders' interests will be maintained in book-entry form through the Accountholders (except as described below under "*Issuance of Physical Certificates to Holders in Certain Circumstances*").

Accordingly, there may be a delay in communicating from the Trustee to the Holders (or from the Holders to the Trustee) through the Common Depositary, Euroclear and Clearstream and the relevant Accountholders. Such communication may relate to a vote to terminate the Swap Agreement in the case of a default by the Counterparty. See "*The Swap Agreement—Early Termination of Swap Agreement*."

Limited Information

This Offering Memorandum does not provide detailed information concerning the Trust Agreement, the Underlying Collateral or the Swap Agreement. Holders should review for themselves the Trust Agreement setting forth the terms of the Certificates, the Underlying Collateral and the rights and obligations of the Trustee under the Swap Agreement. A summary of the general terms and conditions of the Initial Collateral is attached hereto as Annex 4. A copy of the Swap Schedule and Confirmation forming part of the Swap Agreement is attached as Annex B hereto. Copies of the Trust Agreement, the Underlying Collateral, the ISDA Master Agreement and the ISDA Definitions forming part of the Swap Agreement are available upon request from the Distributor. To the extent any information in this Offering Memorandum summarizes or purports to summarize information contained in other documents or agreements, Holders will be bound by the provisions of such documents or agreements to the extent of any inconsistency with information contained herein.

ANNEX 1
Offering Memorandum

Offering Memorandum

MLUDI STEERS NOTES SERIES 2007-1
MXN 1,600,000,000 (equivalent to UDI 417,620,451.20) up to MXN10,000,000,000 Face Amount of
Certificates

The Certificates (the “**Certificates**”) offered pursuant to this Offering Memorandum represent a direct payment obligation of the MLUDI STEERS Notes Series 2007-1 trust (the “**Trust**” or the “**Issuer**”), a newly organized trust established under the laws of the State of Delaware pursuant to a Declaration of Trust and Trust Agreement (the “**Trust Agreement**”) dated as of the Initial Closing Date and executed by HSBC Bank USA, National Association, as trustee (the “**Trustee**”) and as Delaware Trustee and by Merrill Lynch International as Distributor. The assets of the Trust (the “**Trust Property**”) will consist primarily of (i) the Underlying Collateral described herein, (ii) the Trust’s rights under the Swap Agreement described herein, (iii) any bank accounts in the Trust’s name and (iv) the proceeds of the foregoing. The face amount of Certificates issued on the Initial Closing Date was MXN 1,000,000,000. The face amount of Certificates to be issued on the date of this Offering Memorandum is MXN 600,000,000, bringing the total face amount of Certificates on or before the date of this Offering Memorandum to MXN 1,600,000,000. Additional Certificates may be issued by the Trust pursuant to Upsizes as described herein. References to “**UDI**” are to “Unidades de Inversion”, a MXN equivalent unit of account indexed to inflation on a daily basis, published by Banco de Mexico (the “**Central Bank**”) in the “*Diario Oficial de la Federación*” and, if the UDI is abolished, “**UDI**” shall mean the new inflationary index published by the Central Bank in place of the UDI. References to “**MXN**” “**Pesos**”, “**Ps**” and “**PS**” mean Mexican Pesos, the lawful currency of Mexico. As used herein, “**USD**” means United States dollars. All references to Dollars or \$ herein shall refer to United States Dollars, unless otherwise stated.

The Trust Property will provide the sole source of funds for distributions in respect of the Certificates. Distributions will be made semi-annually in March and September on the dates specified herein (or, if such date is not a business day in both New York and Mexico City, on the next following such day), commencing on September 17, 2007 to, and including, the Maturity Date (defined herein). Distributions shall be payable in MXN. The Counterparty (as defined herein) under the Swap Agreement (as defined herein) is required to pay to the Trust on each distribution date the amounts specified herein under “*The Certificates—Coupon Amounts*”, which amounts equal 4.25 per cent per annum of the initial UDI Face Amount (defined herein), multiplied by the UDI Index Level (as defined herein) in respect of the relevant payment date. The coupon payments to each purchaser of a Certificate (a “**Holder**”) will be equal to the amounts paid by the Counterparty to the Trust.

Unless on or prior to September 15, 2026 (the “**Scheduled Maturity Date**”) there has been a Special Redemption Event (as defined herein), on the Scheduled Maturity Date each Holder will receive a final liquidating distribution payable in MXN. The final liquidating distribution shall be payable in an amount equal to the final Coupon Payment Amount, plus the product of (a) the UDI Face Amount and (b) the UDI Index Level in respect of the Final Exchange Date, adjusted to reflect any Upsizes. See “*The Certificates—Final Distribution*” herein.

Holders of the Certificates will be exposed to interest rate risk, inflation risk and the credit risk of Merrill Lynch & Co., Inc.

The Certificates will be evidenced by a global certificate (“**Global Certificate**”) which will be deposited with HSBC Issuer Services Common Depositary Nominee (UK) Limited (the “**Depositary**”), acting as common depositary for Euroclear Bank S.A./N.V., operator of the Euroclear System (“**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 (“**HSBC Issuer Services**” or “**Registered Holder**”), as common nominee of Euroclear and Clearstream.

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.) (“**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.

The Certificates will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and the Trust will not be registered under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"). 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 Regulation S under the Securities Act 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. See "*The Certificates—Transfer Restrictions.*"

THE INFORMATION CONTAINED IN THESE OFFERING MEMORANDUM IS THE EXCLUSIVE RESPONSIBILITY OF THE TRUST AND HAS NOT BEEN REVIEWED BY THE NATIONAL BANKING AND SECURITIES COMMISSION OF MEXICO (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*).

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. ANY INVESTOR OF MEXICAN NATIONALITY THAT PURCHASES THESE CERTIFICATES, WILL DO SO UNDER ITS OWN RESPONSIBILITY. INTERMEDIATION OF THE CERTIFICATES IN MEXICO IS SUBJECT TO THE RESTRICTIONS OF THE MEXICAN SECURITIES MARKET LAW.

The Certificates are offered by Merrill Lynch International (the "Distributor"), subject to prior sale, when, as and if issued and subject to acceptance by the Trustee, with a minimum subscription as set forth in this Offering Memorandum. The Distributor reserves the right to offer Certificates at a price different from the initial offering price at any time.

Prospective investors should inform themselves as to the legal requirements for and tax consequences of the acquisition, holding and disposal of interests in the Certificates within the countries of their residence and domicile and any related foreign exchange restrictions.

Merrill Lynch International

The date of this Offering Memorandum is April 25, 2007.

NOTICE TO INVESTORS; INVESTOR DEEMED REPRESENTATIONS

The Certificates have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) nor under the securities laws of any other jurisdiction. The Trust has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “1940 Act”). Sales or other transfers of Certificates may be made only to qualified institutional buyers (each a “QIB”) as defined under Rule 144A (“Rule 144A”) under the Securities Act. The Certificates may not be offered, sold, transferred or delivered, directly or indirectly (including by any Holder), in the United States, its territories or possessions or to “U.S. Persons” (as defined in Regulation S under the Securities Act and in the U.S. Internal Revenue Code of 1986, as amended (the “Code”). See “*The Certificates—Transfer Restrictions*” and “*Offering*” herein. Neither the Certificates nor any interest therein may be beneficially owned by any U.S. Person.

No Certificates may be offered or sold in any jurisdiction unless such offer and sale is in compliance with all laws of such jurisdiction. The distribution of this Offering Memorandum and the offering of the Certificates in certain jurisdictions may be restricted by law. Persons receiving this Offering Memorandum are required to inform themselves about and to observe any such restriction. This Offering Memorandum does not constitute, and may not be used for or in connection with, 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. For a further description of certain restrictions on offerings and sales of Certificates and on distributions of this Offering Memorandum. See “*The Certificates—Transfer Restrictions*” and “*Offering*” herein.

This Offering Memorandum is not authorized for distribution or use in the United States and may not be used or distributed in the United States.

Purchase of Certificates will expose Holders to the credit risk of Merrill Lynch & Co., Inc., the guarantor of the obligations of Merrill Lynch Capital Services, Inc. (“MLCS”) under the Swap Agreement. See “*Special Considerations—Risks Associated with the Swap Agreement*” herein.

This Offering Memorandum contains summaries of certain documents. All such summaries are qualified by reference to the actual documents, copies of which may be obtained on a confidential basis from the Distributor.

The information in this Offering Memorandum is intended to be current as of the date of this Offering Memorandum. No representation or warranty is made as to the accuracy or completeness of such information as of any other date, and nothing contained in this Offering Memorandum is, or should be relied on as, a promise or representation as to the future. Neither the subsequent delivery of this Offering Memorandum nor any sale of the Certificates after the date of this Offering Memorandum implies that there has not been any change in the affairs of the Trust or the information presented here after the date of this Offering Memorandum.

The Certificates are a highly illiquid investment. There is currently no secondary market in the Certificates and it is highly unlikely that a significant secondary market in the Certificates will develop or that, if a significant secondary market does develop, such market will continue or will be sufficient to provide you with needed liquidity. The Certificates are subject to restrictions on transfer which will also limit their liquidity. See “*The Certificates—Transfer Restrictions*” and “*Offering*” herein. The purchase of Certificates is suitable only for, and should be made only by, investors who can bear the risks of limited liquidity and understand and can bear the financial and other risks of such an investment for a significant period of time.

No person is authorized to give any information or to make any representation not contained in this Offering Memorandum. You should not rely on any information or representation not contained herein as having been authorized by or on behalf of the Counterparty, the Distributor or their affiliates (collectively, the

“Merrill Lynch Affiliates”) or the Trustee. Neither the delivery of this Offering Memorandum nor any sale made hereunder should, at any time, imply that the information contained herein is correct as of any date subsequent to the date hereof.

As a purchaser of Certificates, you will be deemed to have represented to and agreed with the Distributor, the Counterparty and the Trustee, on behalf of yourself and each account for which you purchase any Certificates, as follows:

(i) You understand that the information in this Offering Memorandum is not investment advice or a recommendation to purchase the Certificates.

(ii) You understand that the Certificates will not be registered under the Securities Act and any securities law of any state of the United States and that the Trust will not register as an investment company under the 1940 Act.

(iii) You are:

1.1 not a U.S. Person (as defined in the regulations under the Securities Act and in the Code);

1.2 a QIB; and

1.3 an entity which is not, and for so long as it holds any Certificates will not be, (i) an employee benefit plan as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) which is subject to Title I of ERISA, a plan as defined in Section 4975(e)(1) of the Code, or any entity or other person whose assets constitute (or are deemed for purposes of ERISA or the Code to constitute) the assets of any such plan or (ii) an employee benefit plan, including governmental, church or non-U.S. plans, subject to U.S. federal, state or local laws, or non-U.S. laws, which are substantially similar to Section 406 of ERISA or Section 4975 of the Code unless its purchase and holding of the Certificates would not violate such substantially similar laws.

(iv) You understand that the Certificates may only be held by persons who satisfy the requirements of clause (iii) above (such person, an “Eligible Investor”) and you will not reoffer, sell, pledge or otherwise transfer the Certificates except to an Eligible Investor.

(v) You understand that you are bound by the terms and conditions of the Declaration of Trust and Trust Agreement (the “Trust Agreement”) dated as of the Initial Closing Date among HSBC Bank USA, National Association as Trustee, and as Delaware Trustee and Merrill Lynch International as Distributor this Offering Memorandum.

(vi) You are acquiring the Certificates for your own account.

(vii) You:

(a) will hold at least the minimum denominations of the Certificates; and

(b) have all necessary power and authority to acquire the Certificates and your acquisition of the Certificates will not contravene any law, rule or regulation binding on you or such account or any investment guideline or restriction applicable to you or such account.

- (viii) In deciding whether or not to purchase Certificates,
- (a) you have carefully read and fully understood this Offering Memorandum (including the Swap Agreement attached hereto and including the Special Considerations herein) and have had an opportunity to review, and have reviewed (to the extent you deemed necessary), the Trust Agreement and the other agreements executed by the Trust (the “Trust Documents”);
 - (b) you understand you are exposed to the credit of the Counterparty and its guarantor and you have made your own independent evaluation (based upon such investigation and analysis as you deem appropriate), of the Counterparty and its guarantor, and of the terms and provisions of the Certificates and the Trust Documents;
 - (c) you are not relying (and will not at any time rely on) any communication (written or oral) of the Trustee, the issuer of the Underlying Collateral, the Distributor or the Counterparty as investment advice or as a recommendation to purchase the Certificates, it being understood that information and explanations related to the terms and conditions of the Certificates and the other Trust Documents that are described in this Offering Memorandum shall not be considered investment advice or a recommendation to purchase the Certificates; and
 - (d) you have the knowledge, expertise and experience in financial matters to evaluate the risks involved in purchasing the Certificates.
- (ix) Neither the Issuer, the Trustee nor any Merrill Lynch Affiliate has made any representation to you regarding the legality of your investment in the Certificates and you understand that the appropriate characterization of the Certificates under various legal investment restrictions may be subject to significant interpretative uncertainties.
- (x) There is no action, suit or proceeding before or by any court or governmental agency or body, now pending, or, to your knowledge, threatened against or affecting you, which might result in any material adverse change in your condition, financial or otherwise, your business affairs or business prospects, or which might materially and adversely affect your properties or assets.
- (xi) You will comply with all applicable laws and regulations in effect in any jurisdiction in which you purchase or sell your Certificates and you will obtain any required consent, approval or permission for such purchase or sale under the laws and regulations of each such jurisdiction and you will comply with all transfer restrictions imposed on the Certificates as described herein.
- (xii) You will not act as, and will not hold yourself out as, an agent or representative of any Merrill Lynch Affiliate in any offers or sales of the Certificates.
- (xiii) You understand that all Certificates representing an interest in the Certificates will bear a restrictive legend stating that the Certificates have not been registered under the Securities Act or the Trust registered under the 1940 Act and setting forth the restrictions on transfer of the Certificates described herein and in the Offering Memorandum and stating that each purchaser of any Certificate will be deemed, by its acceptance thereof, to have made the representations and agreements set forth in this Notice to Investors together with any additional representations and agreements set forth in the Offering Memorandum.
- (xiv) You will notify any proposed purchaser of Certificates from you of the resale restrictions referred to herein and, prior to your sale of the Certificates, deliver a copy of this Notice to Investors to such proposed purchaser.
- (xv) You understand that, unless such requirement is waived by the Distributor, each transferee of a Certificate will be required to deliver to the Trustee and the Distributor, as a condition to its purchase of your Certificates, a duly executed Investor Letter in the form prescribed by the Trust Agreement and you agree

that you will not transfer your Certificates except to a transferee who delivers such a duly executed Investor Letter to the Trustee and the Distributor.

(xvi) You understand that if the Distributor determines that a Certificate is being held by or for the benefit of a person who is not an Eligible Investor or that such holding is unlawful under the laws of a relevant jurisdiction then the Distributor shall require the Holder to transfer such Certificate to an Eligible Investor or cause such Certificate to be held for the benefit of an Eligible Investor as the case may be within fourteen days, failing which the Distributor may sell or otherwise dispose of the Certificate on behalf of the Holder at the then current value of the Certificate or otherwise in such manner as it may deem appropriate and pay over the proceeds of such sale or disposition to such Holder. By your acceptance of the Certificates, you authorize the Distributor to take such action if required and understand that the Distributor will not be responsible for any losses you may incur as a result of any such transfer or sale.

(xvii) If you are at any time in breach of any of your representations and agreements herein or if you make a transfer to a transferee that, at the time of acquisition of its Certificates, is in breach of its representations and agreements set forth herein, you shall hold the Trustee and Distributor and their respective affiliates harmless for their actions taken in connection with the Certificates and shall indemnify the Trustee and Distributor and their respective affiliates for any reasonable costs they may incur in finding and transferring the Certificates to an Eligible Investor capable of making such representations and agreements.

(xviii) You will irrevocably waive any and all right to trial by jury with respect to any legal proceeding arising out of or relating to any offers, purchases or sales of Certificates.

(xix) With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with any offers, purchases or sales of the Certificates ("Proceedings"), you irrevocably submit to the jurisdiction of the courts of the United States District Court located in the Borough of Manhattan in New York City, which submission shall be exclusive unless none of such courts has lawful jurisdiction over such Proceedings.

(xx) Your purchase of the Certificates will be governed by the laws of the State of New York.

The information contained in this Offering Memorandum is highly confidential. This Offering Memorandum has been prepared solely for use in connection with the offering of the Certificates. Distribution of this Offering Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of their contents, without the Distributor's prior written consent, is prohibited.

CIRCULAR 230 NOTICE:

THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN; AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EFFECTIVE FROM THE DATE OF COMMENCEMENT OF DISCUSSIONS, RECIPIENTS OF THIS OFFERING MEMORANDUM AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF ANY SUCH RECIPIENT MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S.

FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS OFFERING AND ALL MATERIALS OF ANY KIND, INCLUDING OPINIONS OR OTHER TAX ANALYSES, THAT ARE PROVIDED TO THE RECIPIENTS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. HOWEVER, ANY SUCH INFORMATION RELATING TO THE TAX TREATMENT OR TAX STRUCTURE IS REQUIRED TO BE KEPT CONFIDENTIAL TO THE EXTENT NECESSARY TO COMPLY WITH ANY APPLICABLE FEDERAL OR STATE SECURITIES LAWS. FURTHERMORE, THIS AUTHORIZATION TO DISCLOSE SUCH TAX TREATMENT AND TAX STRUCTURE DOES NOT PERMIT DISCLOSURE OF INFORMATION IDENTIFYING THE TRUST OR ANY OTHER PARTY TO THE TRANSACTION, THIS OFFERING OR THE PRICING (EXCEPT TO THE EXTENT PRICING IS RELEVANT TO TAX STRUCTURE OR TAX TREATMENT) OF THIS OFFERING.

This Offering Memorandum does not constitute an offer to sell or a solicitation of any offer to buy any security other than the Certificates offered hereby, nor constitute an offer to sell or a solicitation of an offer to buy any of the Certificates to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person.

The Trustee has not participated in the preparation of this Offering Memorandum and assumes no responsibility for its contents. The Trustee refers you to the actual documents herein described for complete information and will provide you with copies, upon request, on a confidential basis. The Trustee qualifies all summaries by reference to the actual documents.

The Trust does not have a place of business in the United Kingdom.

The Certificates were rated "AA-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") (the "Rating Agency") on the Initial Closing Date. The rating assigned to the Certificates applied only as of and for the purposes of the Initial Closing Date and is not subject to ongoing surveillance by S&P. The rating does not address any risks associated with any Upsizes. A credit rating is not a recommendation to buy, sell or hold a security.

Table of Contents

	Page
NOTICE TO INVESTORS; INVESTOR DEEMED REPRESENTATIONS	I
OVERVIEW OF PRINCIPAL TERMS.....	1
SPECIAL CONSIDERATIONS	6
THE CERTIFICATES	10
THE SWAP AGREEMENT.....	18
TERMS SPECIFIC TO THE CONFIRMATION	21
THE TRUST	23
TRUST PROPERTY.....	25
TAX CONSIDERATIONS	26
CERTAIN ERISA CONSIDERATIONS AND OTHER CONSIDERATIONS	29
OFFERING	30
GENERAL INFORMATION	32
LEGAL MATTERS	33

OVERVIEW OF PRINCIPAL TERMS

The following summary contains basic information about the Certificates being offered and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum. It does not purport to be complete and it does not contain all the information that is important to you.

Issuer of Certificates.....	MLUDI STEERS Notes Series 2007-1 (the “ Trust ”), a newly organized trust to be established under the laws of the State of Delaware. See “ <i>The Certificates—The Trust</i> ” herein. References to “ UDI ” are to “Unidades de Inversion” a MXN equivalent unit of account indexed to inflation on a daily basis, published by Banco de Mexico (the “ Central Bank ”) in the “ <i>Diario Oficial de la Federación</i> ” and, if the UDI is abolished, “ UDI ” shall mean the new inflationary index published by the Central Bank in place of the UDI. “ MXN ” means Mexican Pesos, the lawful currency of Mexico (or if such currency is not at the time of any payment on the Certificates legal tender for the payment of public and private debts, in such other currency of Mexico as at the time of such payment is legal tender for the payment of debts).
Certificates	MXN1,600,000,000 face amount of Certificates (the “ Certificates ”) (equivalent to UDI 417,620,451.20) of the Trust issued on or prior to the date of this Offering Memorandum. See “ <i>The Certificates—Securities Offered</i> ” herein. All Certificates issued by the Trust will constitute direct payment obligations of the Trust.
Initial Purchase Price.....	The Initial Purchase Price of the Certificates is 100%.
Underlying Collateral	As of the Initial Closing Date US\$89,800,000 face amount of the 6.22% Subordinated Notes of Merrill Lynch & Co. Inc., due September 15, 2026 with Cusip# 59022CAB9, which on the Initial Closing Date shall be the Initial Collateral. The face amount of the Underlying Collateral will be increased on the date of any Upsize by an amount equal to the MXN Upsize Amount in respect of such Upsize, divided by the MXN/USD Rate for the date of such Upsize. On the date of the First Upsize Date, the amount of Underlying Collateral will be increased by US\$53,880,000.00, to a total amount of Underlying Collateral equal to US\$143,680,000.
Initial Issue Date of Certificates	March 15, 2007 (the “ Initial Closing Date ”).
First Upsize Date.....	April 25, 2007 (the “ First Upsize Date ”)
Coupon Payment Dates	Each date set forth in “— <i>Coupon Amounts</i> ” below, and the Maturity Date (if different), unless such date is not a Business Day, in which case such date shall fall on the next succeeding Business Day.

Coupon Amount In respect of: (a) any Coupon Payment Date specified in the table below, an amount equal to the product of (i) amount stated for such date, and (ii) the UDI Index Level in respect to each Coupon Payment Date, and (b) in respect of the Termination Date (if such date is not one of the dates listed therein), an amount equal to the product of (i) UDI 261,012,782, (ii) the Fixed Rate; (iii) the Fixed Rate Day Count Fraction and (iv) the UDI Index Level in respect of the Termination Date, and, in the case of either (a) or (b), multiplied by the Upsize Factor.

SCHEDULE of Coupon Payments

Coupon Payment Date	Coupon Amount (in UDI)
September 17, 2007	5,608,150
March 18, 2008	5,577,336
September 15, 2008	5,454,080
March 17, 2009	5,608,150
September 15, 2009	5,484,894
March 16, 2010	5,577,336
September 15, 2010	5,515,708
March 15, 2011	5,546,522
September 15, 2011	5,546,522
March 15, 2012	5,546,522
September 17, 2012	5,608,150
March 15, 2013	5,484,894
September 17, 2013	5,608,150
March 18, 2014	5,577,336
September 15, 2014	5,454,080
March 17, 2015	5,608,150
September 15, 2015	5,484,894
March 15, 2016	5,546,522
September 15, 2016	5,546,522
March 15, 2017	5,546,522
September 15, 2017	5,546,522
March 15, 2018	5,546,522
September 17, 2018	5,608,150
March 15, 2019	5,484,894
September 17, 2019	5,608,150
March 17, 2020	5,546,522
September 15, 2020	5,484,894
March 16, 2021	5,577,336
September 15, 2021	5,515,708
March 15, 2022	5,546,522
September 15, 2022	5,546,522
March 15, 2023	5,546,522
September 15, 2023	5,546,522
March 15, 2024	5,546,522
September 17, 2024	5,608,150
March 18, 2025	5,577,336
September 15, 2025	5,454,080
March 17, 2026	5,608,150
September 15, 2026	5,484,894

Rating	The Certificates were rated "AA-" by S&P on the Initial Closing Date. The rating assigned to the Certificates applied only as of and for the purposes of the Initial Closing Date and is not subject to ongoing surveillance by S&P. The rating does not address any risks associated with any Upsizes.
Upsize Factor:	As of any date, the UDI Face Amount in respect of such date, divided by UDI 261,012,782.
UDI Face Amount:	As of any date, an amount equal to UDI 261,012,782, plus the aggregate of all UDI Upsize Amounts in respect of any Upsize Notices delivered prior to such date.
MXN Upsize Amount:	The amount specified in any Upsize Notice (as defined in the Trust Agreement).
UDI Upsize Amount:	In respect of any Upsize, an amount equal to the MXN Upsize Amount in respect of such Upsize, divided by the UDI Index Rate for the date of such Upsize.
UDI Index Level	In respect of any Fixed Payment Date or the Final Exchange Date (the " Relevant Date "), the " Unidad de Inversión " (" UDI "), expressed as the number of MXN per one UDI, determined by Banco de Mexico (the " Central Bank of Mexico ") as applicable to the Relevant Date, as published in the " Diario Oficial de la Federación ".

If the method by which the UDI Index Level is calculated is modified or if the UDI Index Level is replaced or substituted by another unit by the Central Bank of Mexico, then references herein to UDI Index Level shall be revised accordingly, provided that such methodology or unit (a) is applicable to cash lending transactions payable under the same conditions as the UDI Index Level, (b) is determined by the Central Bank of Mexico, (c) is published in an official publication in respect of the relevant date, and (d) is used to calculate an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation. In addition, if the Central Bank of Mexico is recalculating an amount equivalent to the UDI Adjustment in connection with any outstanding Mexican government bond that references inflation, then the Calculation Agent shall recalculate payments using the methodology so applied by the Central Bank of Mexico.

If, in respect of any Relevant Date, the UDI Index Level, or any unit or methodology replacing or substituting such UDI Index Level is not determined and published by the Central Bank of Mexico for any reason whatsoever in respect of such date or is not used in respect of such date to calculate an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then references herein to the UDI Index Level shall be calculated using whichever commercially reasonable methodology as determined in the sole discretion of the Calculation Agent is actually used by the government of Mexico to make payments

on any government bond that references inflation or any other instrument issued into the Mexican market that references inflation. If no such methodology is used or available in the calculation of an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then the Calculation Agent shall determine a comparable indexing figure, acting in good faith and in a commercially reasonable manner based on the methodology last used by the Central Bank of Mexico to calculate the UDI Index Level prior to its becoming unavailable; *provided that* the Calculation Agent shall not be obligated to incur unreasonable costs in calculating such methodology and would be entitled to alter such methodology to avoid excess expense.

No amount payable by Party A hereunder shall be subject to adjustment in the event that the UDI Index Level used in calculation of such amount is modified after the payment by Party A thereof.

MXN/USD Rate	In respect of any date on which an Upsize occurs, the MXN/U.S. Dollar interbank rate, expressed as the amount of MXN per one U.S. Dollar, for settlement on the same day, as determined by the Calculation Agent in its sole discretion.
Maturity Date	The earlier of (i) the Scheduled Maturity Date and (ii) the date upon which the Certificates are redeemed following the occurrence of a Special Redemption Event.
Scheduled Maturity Date	September 15, 2026.
Payment at Maturity	The Trust shall deliver the Underlying Collateral to the Counterparty and the Counterparty shall pay to the Trust an amount equal to the product of (a) the UDI Face Amount, (b) the UDI Index Level in respect of the Maturity Date and (c) the Upsize Factor, together with the Coupon Amount payable on the final Coupon Payment Date (the “ Redemption Amount ”). Amounts paid to the Trust in accordance with the foregoing shall be paid by the Trust to Holders on the Maturity Date.
	Following one of the above actions, the parties’ obligations shall cease and the parties shall have no further obligations.
Business Day	A day on which commercial banks and foreign exchange markets settle payments and are open for business (including dealings in foreign exchange and foreign currency deposits) in Mexico City, Mexico and New York.
Swap Agreement	The Swap Agreement will consist of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swaps and Derivatives Association, Inc. (“ ISDA ”) (www.isda.org) and the schedule (the “ Schedule ”) and a confirmation (the “ Confirmation ”) relating to the transaction (the 1992 ISDA Master Agreement, together with the Schedule and the Confirmation, the “ Swap Agreement ”) to be executed by the Trust and the Counterparty, each dated as of the Initial

Closing Date.

Counterparty..... Merrill Lynch Capital Services, Inc. with guarantee from Merrill Lynch & Co., Inc.

Calculation Agent..... Merrill Lynch International.

Special Redemption Event If the Swap Agreement is terminated early for any reason, the Issuer will redeem the Certificates in full and, in complete satisfaction of the Certificates, the Trust shall pay the Redemption Amount.

Upsize..... Merrill Lynch International may require the Trust to issue additional Certificates at any time. Such additional Certificates shall be issued on the same terms, and shall be fungible with, existing Certificates.

SPECIAL CONSIDERATIONS

The purchase of the Certificates involves substantial risks, including without limitation, interest rate, credit, liquidity and market risk as well as the additional risks described below. This Offering Memorandum does not describe all risks of an investment in the Certificates, either as such risks exist at the date hereof or as such risks may change in the future. The description of special considerations and risks below does not purport to be exhaustive. Merrill Lynch International, its affiliates and the Trustee disclaim any responsibility to advise prospective investors of such risks as they exist as of the date of this Offering Memorandum or as they change from time to time. Prospective investors should understand the risks involved and should reach an investment decision after careful consideration with their tax, accounting and legal advisors of the suitability of the Certificates in light of their particular financial circumstances and financial objective.

Holders of the Certificates will be exposed to interest rate risk, inflation risk and the credit risk of Merrill Lynch & Co., Inc.

Limited Recourse; Certificates Payable Solely from the Trust Property

The Certificates will not be obligations or responsibilities of, and will not be guaranteed by, the Trustee, the Counterparty, the Distributor or any company in the same group of companies as, or any affiliate of, any of the foregoing. Distributions on the Certificates will be made solely from the Trust Property. Each Holder of Certificates, by its investment in the Certificates, will be deemed to agree that the obligations of the Trust will be payable solely from, and only to the extent of, the Trust Property.

Limited Liquidity; Resale Restrictions

The Certificates are a highly illiquid investment. There is currently no secondary market for the Certificates. The Distributor may, but is not obligated to, make a secondary market in the Certificates and there is no guarantee or assurance that a secondary market will develop, or that if a secondary market does develop that it will continue or will be sufficient to provide the Holders with needed liquidity. If the Distributor makes a secondary market in the Certificates, it may, in its sole discretion, discontinue any market-making activities at any time without notice. The Certificates are subject to significant restrictions on transfer which will also limit their liquidity. The Certificates may only be transferred to Eligible Investors.

The purchase of Certificates is suitable only for, and should be made only by, investors who understand and can bear the risks of such an investment (including without limitation the substantial credit, financial and liquidity risks of such an investment) for a significant period of time.

See “*The Certificates—Transfer Restrictions*” herein.

No assurance of future levels of the value of the UDI Index

Prevailing levels of the UDI Index should not be taken as an indication of the future levels of the UDI Index over the term of the Certificates. No assurance can be given that the value of the UDI Index will not depreciate and thereby reduce the amount of any payment on the Certificates.

Risks Associated with the Trust Property

The Certificates will represent an indirect investment in the Underlying Collateral and the Swap Agreement. Accordingly, Holders should review the terms and risks of the Underlying Collateral and the Swap Agreement to the same extent as if they were making a direct investment in the Underlying Collateral and the Swap Agreement. The Underlying Collateral refers to the specific face amount of the 6.22% Subordinated Notes of Merrill Lynch & Co. Inc., due September 15, 2026, Cusip# 59022CAB9 referenced in section *Overview of Principal Terms* herein. The face amount of the Underlying Collateral will be increased on the date of any Upsize by an amount equal to the MXN Upsize Amount in respect of such Upsize, divided by the MXN/USD Rate for the date of such Upsize. The Swap Agreement is an over-the-counter derivative transaction and involves the risk of adverse and unanticipated

market developments, the risk of illiquidity and other risks including, without limitation, principal, interest rate, credit, political, liquidity and market risk and is not suitable for all investors. Changes in the value of the Swap Agreement will affect the value of the Certificates.

An investment in the Certificates involves significant risks that are not generally associated with similar investments in traditional fixed rate debt securities.

The receipt by Holders of the distributions on their Certificates on Coupon Payment Dates and the Maturity Date will be dependent on the Trust timely receipt of payment from, and therefore the credit of, the Counterparty.

Risks Associated with the Swap Agreement

The Holders will be exposed to the credit risk of the Counterparty to the full extent of their investment in the Certificates. Under the terms of the Swap Agreement, (i) on each date that the Trust receives a payment in respect of the Underlying Collateral, the full amount of such payment will be transferred to the Counterparty and (ii) on the Maturity Date, the Underlying Collateral will be transferred to the Counterparty. In exchange for the above payments, the Counterparty will be obligated on each Coupon Payment Date to pay to the Issuer the Coupon Payment Amount and on the Maturity Date to pay to the Issuer the Redemption Amount. Therefore, the Issuer is relying on the payments to be made by the Counterparty under the Swap Agreement in order to make the payments to the Holders of the Certificates as set forth herein. To the extent the Counterparty is unable to make the relevant payments under the Swap Agreement, the Issuer will likely be unable to make the related payments to the Holders of the Certificates.

Interest Rate Risk

The Certificates pay a fixed rate of interest. The value of the Certificates will be adversely affected at any time that prevailing interest rates for a credit similar to the Certificates are higher than they were on the Trade Date. In addition, it is important to note that the trading value of the Certificates will be affected by factors that interrelate in complex ways. The effect of one factor may offset the increase in the trading value of the Certificates caused by another factor and that the effect of one factor may exacerbate the decrease in the trading value of the Certificates caused by another factor. For example, an interest rate increase may offset some or all of any increase in the trading value of the Certificates attributable to another factor.

Credit Ratings

The Certificates are rated "AA-" by S&P. The rating assigned to the Certificates applies only as of and for the purposes of the Initial Closing Date and will not be subject to ongoing surveillance by S&P. The rating does not address any risks associated with any future Upsizes.

Credit ratings of the Certificates represent a rating agency's opinion regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the probability of payment of interest and repayment of principal from the sources of collateral securing the Certificates but do not evaluate the risks of fluctuations in market value. Nor are all risks in respect of the Certificates susceptible of analysis under rating methodologies. Accordingly, credit ratings are not a recommendation to purchase, hold or sell the Certificates, do not provide assurance as to market price or suitability for a particular investor and may not fully reflect the true risks of an investment.

Inflation Risk

Payments on the Certificates are linked to the UDI Index. However, the UDI Index may not be an accurate indicator of, or correlate with, actual inflation in Mexico, including without limitation the inflation rate a Holder actually experiences.

Conflicts of Interest

Merrill Lynch International, as Calculation Agent, will make determinations and calculations relating to the Certificates, which may affect the amount, if any, that Holders of the Certificates will receive following a Special Redemption Event, if applicable.

No Reliance; Legal Investment

Neither the Distributor nor any of its affiliates give tax, accounting, legal or regulatory advice or, except to certain private clients of the Merrill Lynch Affiliates, financial advice.

The Issuer and/or its affiliates make no representation and have given you no advice concerning the appropriate accounting treatment or possible tax consequences of this indicative transaction. Prior to purchasing the security, you should discuss with your professional advisers how such purchase would or could affect you. Investors with any questions regarding the impact of an investment in the Certificates on their tax position should consult their tax adviser. Merrill Lynch does not give tax or legal advice.

The appropriate characterization of the Certificates under various legal investment restrictions, and thus the ability of investors subject to those restrictions to purchase the Certificates, may be subject to significant interpretative uncertainties. No representation is made as to the proper characterization of the Certificates for legal investment purposes, or for risk-weighting, securities valuation, regulatory accounting or other financial institution regulatory regimes of any regulatory body. Investors should consult with their own legal advisors in determining whether, and to what extent, the Certificates will constitute legal investments for them and the consequences of such an investment.

No Deduction or Withholding Gross-Up will be Paid to Holders

If, in respect of any funds owed by the Counterparty to the Trust or by the Trust to the Holders, any deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then neither of the Counterparty nor the Trust will be obligated to pay any gross up or other additional amounts in respect of such withholding or deduction.

Tax Considerations

Prospective investors in the Certificates should carefully consider the tax treatment of the Certificates as described herein and are urged to consult their tax advisers regarding the income and other tax consequences of the purchase, ownership and disposition of the Certificates. See “*Tax Considerations*” herein.

Counterparty Security Interest

The Trust’s obligations to the Counterparty under the Swap Agreement will be secured by a security interest in the Trust Property (as defined in the Trust Agreement). For such purpose, the Trustee will, if and as requested by the Counterparty, assist in the perfection and enforcement of such security interest.

Delays in Communicating with the Holders

The Certificates will be evidenced by a Global Certificate, which will be deposited with the Common Depositary, acting as common depositary for Euroclear and Clearstream. The Global Certificate will be in registered form in the name of the Common Depositary. The Holders’ interests will be maintained in book-entry form through the Accountholders (except as described below under “*Issuance of Physical Certificates to Holders in Certain Circumstances*”).

Accordingly, there may be a delay in communicating from the Trustee to the Holders (or from the Holders to the Trustee) through the Common Depositary, Euroclear and Clearstream and the relevant Accountholders. Such communication may relate to a vote to terminate the Swap Agreement in the case of a default by the Counterparty. See “*The Swap Agreement—Early Termination of Swap Agreement*.”

Limited Information

This Offering Memorandum does not provide detailed information concerning the Trust Agreement, the Underlying Collateral, or the Swap Agreement. Holders should review for themselves the Trust Agreement setting forth the terms of the Certificates, the Underlying Collateral, and the rights and obligations of the Trustee under the Swap Agreement. A summary of the general terms and conditions of the Underlying Collateral is attached as Annex 4 hereto. A copy of the Swap Schedule and Confirmation forming part of the Swap Agreement is attached as Annex B hereto. Copies of the Trust Agreement, the Underlying Collateral, the ISDA Master Agreement and the ISDA Definitions forming part of the Swap Agreement are available upon request from the Distributor. To the extent any information in this Offering Memorandum summarizes or purports to summarize information contained in other documents or agreements, Holders will be bound by the provisions of such documents or agreements to the extent of any inconsistency with information contained herein.

This communication does not contain a complete description of the Certificates and the risks associated with an investment therein, and are subject to and qualified in their entirety by reference to the information or Offering memorandum.

THE CERTIFICATES

This description of the Certificates does not purport to be complete. Prospective purchasers should review the Trust Agreement and the Swap Agreement, as well as the offering materials for the Underlying Collateral in making their decision to purchase any Certificates. An index of defined terms used in this Offering Memorandum is set forth at Annex A hereto.

Securities Issued	MXN 1,600,000,000 (equivalent to UDI 417,620,451.20) up to MXN10,000,000,000 Face Amount of Certificates (the “Certificates”) of the Trust.
The Trust	MLUDI STEERS Notes Series 2007-1 (the “Trust”), a newly organized trust to be established under the laws of the State of Delaware pursuant to the Trust Agreement. The Trust is being established primarily to (i) issue the Certificates, (ii) purchase and hold the Underlying Collateral and (iii) enter into the Swap Agreement. A sole, first priority, security interest in the Trust Property to the is granted by the Trust to the Counterparty to secure the Trust’s obligations to the Counterparty under the Swap Agreement. After the Initial Closing Date, the Trust will not purchase or otherwise acquire any additional securities or financial instruments and will not dispose of or create any additional liens on the Trust Property, except at the Maturity Date or in connection with an Upsize primarily as described herein.
Trust Property	The assets of the Trust (the “Trust Property”) will primarily consist of (i) the Underlying Collateral described herein, (ii) the Trust’s rights under the Swap Agreement described herein, (iii) any bank accounts in the Trust’s name and (iv) the proceeds of the foregoing. As of the Initial Closing Date US\$89,800,000 face amount of the 6.22% Subordinated Notes of Merrill Lynch & Co. Inc., due September 15, 2026 with Cusip# 59022CAB9. The face amount of the Underlying Collateral will be increased on the date of any Upsize to an amount equal to the MXN Upsize Amount divided by the MXN/USD Rate for such date. For the First Upsize Date, the amount of Underlying Collateral was increased by US\$53,880,000.00, to a total amount of Underlying Collateral equal to US\$143,680,000. The Swap Agreement will consist of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swaps and Derivatives Association, Inc. (“ISDA”) (www.isda.org) and the schedule (the “Schedule”) and a confirmation (the “Confirmation”) to be executed thereunder, each dated as of the Initial Closing Date (together, the “Swap Agreement”). See “The Swap Agreement” herein.
Trustee	HSBC Bank USA, National Association (the “Trustee”).

Trust's Agent.....	Merrill Lynch International will act as agent for the Trust (the " Trust's Agent "). The Trust's Agent may select a substitute Trustee upon the resignation of the Trustee.
Paying Agent	HSBC Bank USA, National Association (" Paying Agent ").
Common Depositary.....	HSBC Issuer Services Common Depositary Nominee (UK) Limited will act as the Common Depositary for the Trust (" Common Depositary ") and in such capacity will make distributions to the Holders and global certificate for Euroclear and Clearstream.
Trade Date	March 1, 2007 (the " Trade Date ").
Initial Issue Date of Certificates	March 15, 2007 (the " Initial Closing Date ").
First Upsize Date	April 25, 2007
Scheduled Maturity Date	September 15, 2026 (" Scheduled Maturity Date ").
Maturity Date	The earlier of (i) the Scheduled Maturity Date and (ii) the date upon which the Certificates are redeemed following the occurrence of a Special Redemption Event.
UDI Face Amount:	As of any date, an amount equal to UDI 261,012,782, plus the aggregate of all UDI Upsize Amounts in respect of any Upsize Notices delivered prior to such date.
UDI Upsize Amount:.....	In respect of any Upsize, an amount equal to the MXN Upsize Amount in respect of such Upsize, divided by the UDI Index Rate for the date of such Upsize.
MXN Upsize Amount:	The amount specified in any Upsize Notice (as defined in the Trust Agreement).
Upsize Factor:	As of any date, the UDI Face Amount in respect of such date, divided by UDI 261,012,782.
UDI Index Level.....	In respect of any Fixed Payment Date or the Final Exchange Date (the " Relevant Date "), the "Unidad de Inversión" (" UDI "), expressed as the number of MXN per one UDI, determined by Banco de Mexico (the " Central Bank of Mexico ") as applicable to the Relevant Date, as published in the "Diario Oficial de la Federación".

If the method by which the UDI Index Level is calculated is modified or if the UDI Index Level is replaced or substituted by another unit by the Central Bank of Mexico, then references herein to UDI Index Level shall be revised accordingly, provided that such methodology or unit (a) is applicable to cash lending transactions payable under the same conditions as the UDI Index Level, (b) is determined by the Central Bank of Mexico, (c) is published in an official publication in respect of the relevant date, and (d) is used to calculate an amount equivalent to the UDI Adjustment in connection with any

Mexican government bond that references inflation. In addition, if the Central Bank of Mexico is recalculating an amount equivalent to the UDI Adjustment in connection with any outstanding Mexican government bond that references inflation, then the Calculation Agent shall recalculate payments using the methodology so applied by the Central Bank of Mexico.

If, in respect of any Relevant Date, the UDI Index Level, or any unit or methodology replacing or substituting such UDI Index Level is not determined and published by the Central Bank of Mexico for any reason whatsoever in respect of such date or is not used in respect of such date to calculate an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then references herein to the UDI Index Level shall be calculated using whichever commercially reasonable methodology as determined in the sole discretion of the Calculation Agent is actually used by the government of Mexico to make payments on any government bond that references inflation or any other instrument issued into the Mexican market that references inflation. If no such methodology is used or available in the calculation of an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then the Calculation Agent shall determine a comparable indexing figure, acting in good faith and in a commercially reasonable manner based on the methodology last used by the Central Bank of Mexico to calculate the UDI Index Level prior to its becoming unavailable; *provided that* the Calculation Agent shall not be obligated to incur unreasonable costs in calculating such methodology and would be entitled to alter such methodology to avoid excess expense.

No amount payable by Party A hereunder shall be subject to adjustment in the event that the UDI Index Level used in calculation of such amount is modified after the payment by Party A thereof.

MXN/USD Rate	In respect of any date on which an Upsize occurs, the MXN/U.S. Dollar interbank rate, expressed as the amount of MXN per one U.S. Dollar, for settlement on the same day, as determined by the Calculation Agent in its sole discretion.
Rating	The Certificates were rated "AA-" by S&P on the Initial Issue Date. The rating assigned to the Certificates applied only as of and for the purposes of the Initial Closing Date and is not subject to ongoing surveillance by S&P. The rating does not address any risks associated with any Upsizes.
Record Date.....	The 15th calendar day immediately preceding the Coupon Payment Date or Maturity Date, as applicable.
Business Day	A day on which commercial banks and foreign exchange markets settle payments and are open for business (including dealings in foreign exchange and foreign currency deposits) in Mexico City, Mexico and New York.

Coupon Payment Dates	Each date set forth in “— <i>Coupon Amounts</i> ” below, and the Maturity Date (if different), unless such date is not a Business Day, in which case such date shall fall on the next succeeding Business Day.
Coupon Amount	In respect of: (a) any Coupon Payment Date specified in the table below, an amount equal to the product of (i) amount stated for such date, and (ii) the UDI Index Level in respect to each Coupon Payment Date, and (b) in respect of the Termination Date (if such date is not one of the dates listed therein), an amount equal to the product of (i) UDI 261,012,782, (ii) the Fixed Rate; (iii) the Fixed Rate Day Count Fraction and (iv) the UDI Index Level in respect of the Termination Date, and, in the case of either (a) or (b), multiplied by the Upsize Factor.

SCHEDULE of Coupon Payments

Coupon Payment Date	Coupon Amount (in UDI)
September 17, 2007	5,608,150
March 18, 2008	5,577,336
September 15, 2008	5,454,080
March 17, 2009	5,608,150
September 15, 2009	5,484,894
March 16, 2010	5,577,336
September 15, 2010	5,515,708
March 15, 2011	5,546,522
September 15, 2011	5,546,522
March 15, 2012	5,546,522
September 17, 2012	5,608,150
March 15, 2013	5,484,894
September 17, 2013	5,608,150
March 18, 2014	5,577,336
September 15, 2014	5,454,080
March 17, 2015	5,608,150
September 15, 2015	5,484,894
March 15, 2016	5,546,522
September 15, 2016	5,546,522
March 15, 2017	5,546,522
September 15, 2017	5,546,522
March 15, 2018	5,546,522
September 17, 2018	5,608,150
March 15, 2019	5,484,894
September 17, 2019	5,608,150
March 17, 2020	5,546,522
September 15, 2020	5,484,894
March 16, 2021	5,577,336
September 15, 2021	5,515,708
March 15, 2022	5,546,522
September 15, 2022	5,546,522
March 15, 2023	5,546,522
September 15, 2023	5,546,522
March 15, 2024	5,546,522
September 17, 2024	5,608,150
March 18, 2025	5,577,336
September 15, 2025	5,454,080

March 17, 2026	5,608,150
September 15, 2026	5,484,894

Final Distribution	Unless there is a Special Redemption Event, each Holder, on the Scheduled Maturity Date, will receive such Holder's pro-rata share of the Redemption Amount.
Redemption Amount	An amount equal to the product of (a) the UDI Face Amount, (b) the UDI Index Level in respect of the Maturity Date and (c) the Upsize Factor as of the Maturity Date, together with the Coupon Amount payable on the final Coupon Payment Date.
Special Redemption Event	If the Swap Agreement is terminated early for any reason, the Issuer will redeem the Certificates in full and the Trust shall pay each Holder the Redemption Amount.
Upsize.....	Merrill Lynch International may require the Trust to issue additional Certificates at any time. Such additional Certificates shall be issued on the same terms, and shall be fungible with, existing Certificates.
Expenses.....	The Distributor or an affiliate thereof will pay the costs of establishing the Trust and issuing the Certificates as well as the customary ongoing expenses of the Trust, (including, for greater certainty, any costs, actions, claims, damages, expenses or demands to which the Trustee may be put in its capacity as Trustee) and the expenses of the Trust's Agent (collectively, " Ordinary Expenses ").
Payment Currency	MXN.
Denomination(s).....	The minimum denomination shall be the greater of (a) MXN1,000,000 and (b) EUR50,000, with integral multiples of MXN1,000 in excess thereof.
Tax Considerations.....	See " <i>Tax Considerations</i> " herein.
Book-Entry System	The Certificates will be evidenced by a global certificate (" Global Certificate ") which will be deposited with HSBC Issuer Services Common Depositary Nominee (UK) Limited, acting as common depositary for Euroclear Bank S.A./N.V., operator of the Euroclear System (" 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 (" HSBC Issuer Services " or " Registered Holder "), as nominee of Euroclear and Clearstream.

Holders 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 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.

The Trustee may treat the Common Depositary as the sole and exclusive registered holder of the Certificates for the purpose of (i) payments with respect to the Certificates, (ii) giving any notice permitted or required to be given to the holders under the Trust Agreement, and (iii) registering the transfer of Certificates. Purchasers of the Certificates will not be considered Registered Holders of the Certificates except in the limited circumstances described herein. *See "Issuance of Physical Certificates to Holders in Certain Circumstances."* Rather, Holders' interests will be maintained in book-entry form through entities ("**Accountholders**") that have accounts at Euroclear or Clearstream.

The Trustee will not have any obligation to any Accountholder, Holder or other person claiming a beneficial ownership interest in Certificates, or in Global Certificates representing Certificates, who is not named in the registration books maintained by or on behalf of the Trustee.

Notices and other relevant communications received by the Depositary will be forwarded to the relevant Accountholders by Euroclear or Clearstream, as applicable. The forwarding to Holders of notices and other communications received by Accountholders will be governed by arrangements between them subject to any statutory and regulatory requirements that may be in effect from time to time.

Payments	Where a payment is required to be made in respect of the Certificates, such payment will be made to the Common Depositary, which will transfer such amounts to Euroclear or Clearstream, as the case may be, which will in turn credit such amounts to the Accountholders (as defined below) in accordance with their respective ownership interests in the Certificates. <i>See "Book-Entry System" above.</i>
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Issuance of Physical Certificates to Holders in Certain Circumstances	The Trustee will issue physical certificates in registered form in exchange for the Global Certificates as soon as practicable if (i) either Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or in fact does so and the Trustee is advised by the Common Depositary that no alternative clearing system
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satisfactory to the Accountholders is available, (ii) the Trustee determines that on the occasion of the next distribution in respect of the Certificates it would be required to make any deduction or withholding from any payment in respect of the Certificates that would not be required if the Certificates were represented by physical certificates issued to Accountholders or Holders or (iii) the Trustee is notified by the Common Depositary that an Accountholder has determined that on the occasion of the next distribution in respect of the Certificates such Accountholder would be required to make any deduction or withholding from any payment in respect of the Certificates on its books which would not be required if such Certificates were represented by physical certificates issued to Accountholders or such Holders. Any such physical certificates issued by the Trustee shall be issued in the name of the Accountholders or, at the direction of the relevant Accountholders, in the names of the Holders. The Trust Agreement will be amended in such manner as may be deemed appropriate to take account of the issuance of such physical certificates.

Transfer Restrictions

The Certificates will not be registered under the Securities Act and the Trust will not be registered under the 1940 Act. 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 Regulation S under the Securities Act and in the Code).

The Certificates may only be held by investors permitted in "*Notice to Investors; Investors Deemed Representations*" herein and may only be transferred to other investors who meet those qualifications. See also "*ERISA and Other Considerations*" and "*Offering*" herein.

The Certificates may be sold or transferred (including by any Holder) only in accordance with any applicable laws in each relevant jurisdiction.

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. Any investor of Mexican nationality that purchases these certificates, will do so under its own responsibility. Intermediation of the certificates in Mexico is subject to the restrictions of the Mexican securities market law.

Accountholders may obtain such certifications from Holders as may be appropriate to verify that each such Holder holds such Certificate in compliance with the restrictions outlined above. The Trustee has no duty to monitor or enforce any restrictions on transfer of the certificates or beneficial interests therein.

For every transfer of Certificates following their initial issuance, Holders may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, as well as any commission or fee charged by the

relevant Accountholder and any other securities broker or dealer involved. Neither Euroclear nor Clearstream has any duty to monitor or enforce any restrictions on transfer of the Certificates.

If the Distributor determines that a Certificate is being held by, or for the benefit of, a person who does not comply with the terms of “*Notice to Investors*” herein or if such holding is unlawful under the laws of a relevant jurisdiction, then the Distributor shall require such Holder to transfer such Certificate to an eligible investor or cause such Certificate to be held for the benefit of an eligible investor as the case may be within fourteen days failing which the Distributor may sell or otherwise dispose of the Certificate on behalf of such Holder at the then current value of the Certificate or otherwise in such manner as it may deem appropriate and pay over the proceeds of such sale or disposition to such Holder.

If a Holder is at any time in breach of its representations and agreements as described herein or transfers its Certificates to a person which is in breach of its representations and agreements as set forth herein, such Holder shall hold the Trustee and the Distributor and their respective affiliates harmless for their actions taken hereunder and shall indemnify the Trustee and the Distributor and their respective affiliates for any reasonable costs they may incur in finding and transferring the Certificates to an Eligible Investor capable of making such representations and agreements.

Governing Law..... The Certificates will be governed by Delaware law.

THE SWAP AGREEMENT

This is not, nor is it meant to be, a complete description of the Swap Agreement. Prospective purchasers should review the Swap Agreement (including the Confirmation to be executed thereunder) in making their decision to purchase any Certificates. A copy of the form of the Schedule and the form of Confirmation to be executed by the Trustee and the Counterparty, is attached as Annex B hereto. A copy of the form of the Guarantee to be delivered by the Counterparty Guarantor is attached as Annex C hereto. Copies of the ISDA Master Agreement and the ISDA Definitions forming part of the Swap Agreement are available upon request from the Distributor.

Swap Agreement The Swap Agreement will consist of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swaps and Derivatives Association, Inc. (“ISDA”) (www.isda.org.) and the schedule (the “**Schedule**”) and the confirmation (the “**Confirmation**” and together with the 1992 ISDA Master Agreement and the Schedule, the “**Swap Agreement**”) to be executed by the Trustee and the Counterparty, each dated as of the Initial Closing Date.

The Swap Agreement will be governed by New York law.

Grant of Security Interest to Counterparty On the Initial Closing Date, the Trustee will, pursuant to the Swap Agreement, grant a sole, first priority, perfected security interest in the Trust Property to the Counterparty, ranking senior to any other security interest in the Trust Property, granted to secure the Trustee’s obligations to the Counterparty under the Swap Agreement. Under the Swap Agreement the Counterparty has agreed that it will authorize the Trustee to release its lien on the Trust Property on the Maturity Date. *See “Certificates—Final Distribution.”*

Counterparty Merrill Lynch Capital Services, Inc. (“MLCS”), a wholly-owned indirect subsidiary of the Counterparty Guarantor. The Counterparty was incorporated under the laws of the State of Delaware.

Counterparty Guarantor The payment obligations of the Counterparty under the Swap Agreement are unconditionally and irrevocably guaranteed by Merrill Lynch & Co., Inc. (in such capacity the “**Counterparty Guarantor**”). The Guarantee to be delivered by the Counterparty Guarantor is attached as Annex C hereto.

The Counterparty Guarantor is a holding company, formed in 1973. The obligations of the Counterparty and the Counterparty Guarantor are unsecured.

The Counterparty Guarantor was incorporated under the laws of Delaware in 1973. Its principal executive office is located at 4 World Financial Center, New York, New York 10080; its telephone number is (212) 449-1000. Its registered office in Delaware is c/o The Corporation Trust Company, Corporation Center, and 1209 Orange Street, Wilmington, Delaware 19801.

The Counterparty Guarantor is subject to the informational requirements of the Securities Exchange Act of 1934 and in

accordance therewith files reports and other information with the Securities and Exchange Commission. The Counterparty Guarantor will provide without charge to each person to whom this Offering Memorandum is delivered, on written request of such person, a copy (without exhibits other than exhibits specifically incorporated by reference) of any or all such documents so filed since January 1, 1999. Requests for such copies should be directed to Judy A. Witterschein, Corporate Secretary, Merrill Lynch & Co., Inc., 222 Broadway, 17th Floor, New York, N.Y. 10038, telephone (212) 670-0432.

Scheduled Termination Date The Scheduled Maturity Date of the Certificates.

Early Termination of Swap Agreement..... The Swap Agreement will be subject to termination prior to the Scheduled Maturity Date upon the occurrence of an Event of Default or a Termination Event (such event, a “**Swap Termination Event**”).

The “**Events of Default**” under the Swap Agreement (each, a “**Default**”) will be limited to: (i) the failure of the Trust or the Counterparty to make, when due, any payment or delivery required to be made under the Swap Agreement after giving effect to the applicable grace period, if any, (ii) the breach or repudiation of the Guarantee or other event that would result in the Guarantee being ineffective prior to what would otherwise be the Termination Date under the Swap Agreement, and (iii) the occurrence of certain events of insolvency or bankruptcy of the Trust or the Counterparty as described in Section 5(a)(vii) of the ISDA Master Agreement.

The “**Termination Events**” under the Swap Agreement will consist of the following: (i) certain standard termination events under the ISDA Master Agreement including “Illegality,” “Tax Event,” and “Tax Event Upon Merger,” as described in Sections 5(b)(i), 5(b)(ii), and 5(b)(iii), respectively, of the ISDA Master Agreement, and (ii) the occurrence of a Securities Default (as defined below).

A “**Securities Default**” will occur if (i) Merrill Lynch & Co., Inc., the issuer of the Underlying Collateral, fails to pay on the date due any scheduled interest then payable and such failure is not cured prior to the expiration of the later of three Business Days after such failure and any applicable grace period or deferral period or (ii) the occurrence of certain events of insolvency or bankruptcy of Merrill Lynch & Co., Inc., as set forth in the Swap Agreement.

Designation of Early Termination Date..... Upon the occurrence of any Event of Default under the Swap Agreement, the non-defaulting party will have the right to designate an “**Early Termination Date**” (as defined in the Swap Agreement). With respect to Termination Events, an Early Termination Date may be designated by one of the parties (as specified in each case in the Swap Agreement) and will occur only upon notice and, in certain cases, only after any Affected Party (as defined in the Swap Agreement) has used reasonable efforts to transfer its rights and obligations under the

Swap Agreement to a related entity within a limited period after notice has been given of the Termination Event, all as set forth in the Swap Agreement.

A majority (by face amount of Certificates held) of the Holder of the Certificates may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee under the Swap Agreement, including, if so directed by the Holder of the Certificates, terminating the Swap Agreement. Holders will have no right directly to enforce any rights of the Trust in the Swap Agreement or directly to receive any payments thereunder. The Trustee is not obligated to pursue any action on behalf of the Trust or the Holders unless the Trustee is satisfied that it has received adequate indemnification for such action and the expenses related thereto.

Payment on an Early Termination	In the event of an early termination of the Swap Agreement in connection with an Event of Default or Termination Event, the Counterparty shall pay the Redemption Amount to the Trustee and the Trustee shall deliver the Underlying Collateral to the Counterparty. No other payments or deliveries shall be required to be made by the parties.
Manner of Payment	Cash payments under the Swap Agreement will be made in immediately available funds by wire transfer to any account designated by the Trustee or the Counterparty as applicable.
Payment Currency	MXN.
Transfer of Swap Agreement.....	The Swap Agreement may, without the consent of any Holder or the Trustee, be transferred by the Counterparty to the Counterparty Guarantor or any affiliate of the Counterparty Guarantor; provided that if the Swap Agreement is transferred to an affiliate of the Counterparty Guarantor, such transfer shall not be effective until the Counterparty Guarantor provides a guarantee of the obligations of the transferee in respect of the Swap Agreement in the same form as the guarantee it is delivering to the Trustee on the Initial Closing Date.
Special Considerations	<i>Since payments due in respect of the Certificates depend on the payments received under the Swap Agreement, Holders will be exposed to the credit risk of the Counterparty Guarantor and the terms of the Swap Agreement to the full extent of their investment in the Certificates. Holders should review the terms of the Swap Agreement as well as information concerning the Counterparty and the Counterparty Guarantor in the same manner as if they were directly entering into the Swap Agreement.</i>

TERMS SPECIFIC TO THE CONFIRMATION

This is not, nor is it meant to be, a complete description of the Confirmation. Holders should review the copy of the Confirmation attached as part of Annex B hereto to understand all of the terms of the Confirmation.

Definitions	The Confirmation will incorporate certain terms from the 1998 ISDA FX and Currency Option Definitions (the “ 1998 ISDA Definitions ”) and the 2000 ISDA Definitions and certain Supplements thereto (the “ 2000 ISDA Definitions ”) (as specified in the Confirmation). All references herein to the Confirmation include any definitions and Supplements incorporated therein. A copy of the 1998 ISDA Definitions and the 2000 ISDA Definitions and any Supplements incorporated in the Confirmation are available from the Distributor or the Trustee or directly from ISDA.
Periodic Payments from the Trust	Under the Confirmation, on each date that it receives any payment in respect of the Underlying Collateral, the Trust will pay to the Counterparty an amount equal to the aggregate payments so received.
Fixed Payments by the Counterparty.....	In respect of: (a) any Coupon Payment Date specified in the schedule included in " <i>The Certificates – Coupon Amounts</i> ", the amount stated for such date, and (b) in respect of the Maturity Date (if such date is not one of the dates listed in such schedule), an amount equal to the product of (i) UDI 261,012,782, (ii) the Fixed Rate; (iii) the Fixed Rate Day Count Fraction and (iv) the UDI Index Level in respect of the Termination Date, and, in the case of either (a) or (b), multiplied by the Upsize Factor. Fixed Payments shall be made in MXN.
Fixed Rate	4.25% per annum
Fixed Rate Day Count Fraction.....	30/360
Final Exchanges	On the Termination Date, (i) the Trustee shall deliver the Underlying Collateral to the Counterparty and the Counterparty shall pay to the Trust an amount equal to the product of (a) the UDI Face Amount, (b) the UDI Index Level in respect of the Final Exchange Date and (c) the Upsize Factor. The Final Exchange Amount shall be paid by the Counterparty in MXN.
UDI Index Level.....	In respect of any Fixed Payment Date or the Final Exchange Date (the “ Relevant Date ”), the “Unidad de Inversión” (“ UDI ”), expressed as the number of MXN per one UDI, determined by Banco de Mexico (the “ Central Bank of Mexico ”) as applicable to the Relevant Date, as published in the “Diario Oficial de la Federación”.

If the method by which the UDI Index Level is calculated is modified or if the UDI Index Level is replaced or substituted by another unit by the Central Bank of Mexico, then references herein to UDI Index Level shall be revised accordingly, provided that such methodology or unit (a) is applicable to cash lending transactions payable under the same conditions as the UDI Index Level, (b) is determined by the Central Bank of Mexico, (c) is published in an official publication in respect of the relevant date, and (d) is used to calculate an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation. In addition, if the Central Bank of Mexico is recalculating an amount equivalent to the UDI Adjustment in connection with any outstanding Mexican government bond that references inflation, then the Calculation Agent shall recalculate payments using the methodology so applied by the Central Bank of Mexico.

If, in respect of any Relevant Date, the UDI Index Level, or any unit or methodology replacing or substituting such UDI Index Level is not determined and published by the Central Bank of Mexico for any reason whatsoever in respect of such date or is not used in respect of such date to calculate an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then references herein to the UDI Index Level shall be calculated using whichever commercially reasonable methodology as determined in the sole discretion of the Calculation Agent is actually used by the government of Mexico to make payments on any government bond that references inflation or any other instrument issued into the Mexican market that references inflation. If no such methodology is used or available in the calculation of an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then the Calculation Agent shall determine a comparable indexing figure, acting in good faith and in a commercially reasonable manner based on the methodology last used by the Central Bank of Mexico to calculate the UDI Index Level prior to its becoming unavailable; *provided that* the Calculation Agent shall not be obligated to incur unreasonable costs in calculating such methodology and would be entitled to alter such methodology to avoid excess expense.

No amount payable by Party A hereunder shall be subject to adjustment in the event that the UDI Index Level used in calculation of such amount is modified after the payment by Party A thereof.

THE TRUST

The Trust has been established under the laws of the State of Delaware and will be governed by the Trust Agreement. The Trust has been established to issue the Certificates representing direct payment obligations of the Trust, to purchase and hold the Trust Property including the Underlying Collateral and to enter into a Swap Agreement with the Counterparty. The Trust will be administered by the Trustee pursuant to the terms of the Trust Agreement.

After the Initial Closing Date, the Trust will not purchase or otherwise acquire any additional securities, and will not dispose of or create any lien on the Underlying Collateral except as described in this Offering Memorandum and the Trust Agreement. The Trust may issue additional Certificates after the Initial Closing Date as described in this Offering Memorandum and the Trust Agreement.

By purchasing Certificates, each Holder appoints the Trustee to act on its behalf pursuant to the terms of the Trust Agreement.

The Trustee

Pursuant to the Trust Agreement, the Trustee will administer the Trust and will hold an ownership interest valid against third parties in the Underlying Collateral and the Swap Agreement on behalf of the Trust. Trust Property held by the Trustee will be held in a separately identified account. The Trust Agreement provides for indemnification of the Trustee by the Trust and exculpates the Trustee for acts of or omissions in respect of the Trust except for its own willful misconduct or negligence. The Trustee is not obligated to pursue any action on behalf of the Trust unless it is satisfied that it has adequate indemnification for such action and any related expenses. The Trustee may from time to time delegate certain of its responsibilities to third parties in accordance with the terms of the Trust Agreement. The Trustee will also maintain the register for Certificates. For its services, the Trustee will be paid a fee by the Distributor and will also be reimbursed for its out-of-pocket expenses. See “The Certificates—Expenses.”

The Trustee’s liability in connection with the issuance and sale of the Certificates is limited solely to the express obligations of the Trustee set forth in the Trust Agreement. Neither the Certificates, the Swap Agreement nor the Underlying Collateral will represent an interest in or obligation of, or be guaranteed or insured by, the Trustee. Payments by the Counterparty pursuant to the Swap Agreement will be the sole sources of payment on the Certificates, and there will be no recourse to the Trustee or any other entity in the event that such proceeds and payments are insufficient or otherwise unavailable to make all payments provided for under the Certificates.

The Trust's Agent

The Trust will on the Initial Closing Date enter into an agreement (the “**Agency Agreement**”) with Merrill Lynch International, which will serve as an agent of the Trust (the “**Trust’s Agent**”). The Trust’s Agent will determine any tax or governmental charges that may be due in connection with any transfer or exchange of Certificates. The Trust’s Agent may also select a substitute Trustee upon the resignation or removal of the Trustee. The Trust’s Agent will also endeavor to arrange for the delivery, if requested, of other information as available with respect to the Trust in connection with transfers of Certificates. The Trust’s Agent may be removed by the Trustee upon 30 days prior written notice and may resign upon 60 days prior written notice to the Trustee. The Trust provides for indemnification and reimbursement of all the Trust’s Agent expenses, losses, damages and liabilities incurred under the Agency Agreement, subject all to compliance with the applicable standard of care, as provided therein, and limited to the extent of Trust Property. Such indemnification and reimbursement will be paid to the Trust’s Agent only to the extent of any funds remaining in the Trust after payment of all required amounts to all Holders.

Rights of Holders

The terms and conditions of the Trust Agreement shall inure to the benefit of, and be binding on, each Holder as if each Holder had been a party to and had executed the Trust Agreement, and as if each Holder had covenanted to observe and be bound by all the provisions of the Trust Agreement and had thereby authorized the Trust and the

Trustee to do all such acts and things as the Trust Agreement may or shall require the Trust and the Trustee to do or which the Trust and the Trustee shall do in accordance with the provisions thereof.

No Holder will have the contractual right to act directly with respect to the Underlying Collateral (in connection with their conversion, redemption, tender for purchase or otherwise) or the Swap Agreement or to proceed directly against the issuer of the Underlying Collateral or the Counterparty. Such rights are reserved to the Trustee. In addition, no Holder will have any right to bring an action in the right of the Trust except in accordance with applicable law and unless Holders owning more than 50% in interest in the Trust join in bringing such action.

If there is an Event of Default (as defined in the Swap Agreement) with respect to which the Counterparty is the defaulting party under the Swap Agreement, or any other event occurs thereunder which pursuant to the terms of the Swap Agreement would give the Trust the right to terminate the Swap Agreement in its entirety, the Trustee shall so notify the Counterparty and the Holders, and shall thereafter, at the direction of Holders whose Certificates represent more than 50% of the face amount of all Certificates for which such Swap Agreement constitutes a part of the Trust Property (the “**Majority Holders**”), exercise the rights and remedies of the Trust under the Swap Agreement, including if so directed by the Majority Holders, terminating the Swap Agreement.

Termination of the Trust

The Trust will be terminated upon the Trustee’s receipt and distribution of all amounts owed to the Trust in respect of all Trust Property held by the Trust following the Final Distribution Date or, if earlier, following a Special Redemption Event as described in this Offering Memorandum.

Upon a termination of the Trust the Trustee will deliver the Underlying Collateral to the Counterparty, along with any amounts due the Counterparty under the Swap Agreement, will receive the amounts paid to the Trust by the Counterparty under the Swap Agreement. The Trust will then distribute the remaining proceeds to each Holder in accordance with its proportionate interest in the Trust.

Resignation, Removal and Replacement of the Trustee

The Trustee may resign upon 60 days’ written notice to the Trust’s Agent and the Holders. The Distributor may remove the Trustee at any time for cause by giving at least 30 days’ prior written notice to the Holders and the Trustee. Such resignation or removal shall not take effect until a successor trustee is appointed by the Trust’s Agent (or otherwise) and has assumed the duties of trustee as set forth in the Trust Agreement. Holders may not remove the Trustee.

A resigning or removed Trustee shall continue, following appointment of any successor, to have the benefit of all indemnities, powers and privileges and rights of recourse against the property of the Trust conferred upon it pursuant to the Trust Agreement or applicable law in respect of the period during which it acted as Trustee.

Modification of the Trust Agreement and other Trust Documents

The Trustee may, without the approval of the Holders, amend the Trust Agreement or other agreements to which the Trust is a party in such manner and to such extent as appropriate to cure any ambiguity or to address any question arising under the Agreement, which amendment may not be materially inconsistent with other provisions, or to add or change any provision or modify the rights of Holders, provided that any such amendment may not materially adversely affect the interests of the Holders. Without the approval of the Holders, the Trustee may, upon Opinion of Counsel (as defined in the Trust Agreement), amend the restrictions on sales and transfers of Certificates as provided in the Trust Agreement in order to reflect amendments to the 1933 Act and/or the 1940 Act, regulations thereunder or interpretations thereof.

Governing Law

The Certificates and the Trust Agreement will be governed by the laws of the State of Delaware.

TRUST PROPERTY

The assets of the Trust (the “**Trust Property**”) will primarily consist of (i) the Underlying Collateral, (ii) the Trust’s rights under the Swap Agreement described in this Offering Memorandum and attached thereto as Annex B, (iii) any bank accounts in the Trust’s name, and (iv) the proceeds of the foregoing. The Trust Property will provide the sole source of funds for distributions on the Certificates.

This Offering Memorandum does not provide detailed information concerning the Underlying Collateral or the issuer thereof but merely identifies the Underlying Collateral. Any information concerning the Underlying Collateral or the issuer thereof that is set forth in this Offering Memorandum will, unless otherwise specified, be based upon publicly available sources, will not have been independently checked or verified by the Distributor, the Counterparty, the Trustee or anyone else, and will not purport to be complete or to include information which will be material to a prospective investor in the Certificates.

Unless otherwise indicated in this Offering Memorandum, the Swap Agreement will consist of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) (www.isda.org), the schedule thereto and the credit swap confirmation (the “**Credit Confirmation**”) executed thereunder. The Swap Agreement will be appended to this Offering Memorandum and should be reviewed carefully by any prospective purchaser of the Certificates.

Upon the occurrence of any Event of Default under the Swap Agreement, the non-defaulting party will have the right to designate an “Early Termination Date” (as defined in the Swap Agreement). With respect to Termination Events, an Early Termination Date may be designated by one of the parties (as specified in each case in the Swap Agreement) and will occur only upon notice and, in certain cases, after any Affected Party (as defined in the Swap Agreement) has used reasonable efforts to transfer its rights and obligations under the Swap Agreement to a related entity within a limited period after notice has been given of the Termination Event, all as set forth in the Swap Agreement. The Majority Holders may direct the time, method and place of conducting any proceeding for any remedy available to the Trust under the Swap Agreement, including, if so directed by the Majority Holders, terminating the Swap Agreement. Holders will have no right directly to enforce any rights of the Trust in the Swap Agreement or directly to receive any payments thereunder. The Trustee is not obligated to pursue any action on behalf of the Trust or the Holders unless the Trustee is satisfied that it has received adequate indemnification for such action and the expenses related thereto.

The obligations of the Trust to the Counterparty under the Swap Agreement will be secured by a security interest in the Trust Property (as defined in the Trust Agreement) granted by the Trustee in favor of the Counterparty. For such purpose, the Trustee will, if and as requested by the Counterparty, assist in the perfection of such security interest.

TAX CONSIDERATIONS

CIRCULAR 230 NOTICE: THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN; AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

In General

The following general summary describes certain U.S. federal income tax with respect to the purchase, ownership and disposition of the Certificates for beneficial owners of Certificates that are not "U.S. persons" (within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code")) ("Non U.S. Holders"). This summary addresses only the U.S. federal income tax considerations of Non-U.S. Holders that purchase the Certificates in the initial offering pursuant to this Offering Memorandum and does not address the indirect effects on the holders of equity interests in a holder of the Certificates. This summary does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Certificates or with respect to tax considerations applicable to Non-U.S. Holders that are subject to special tax rules. In addition, this summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the U.S. federal government.

This summary is based on United States tax laws, regulations, rulings and decisions in effect or available on the date of this Offering Memorandum. All of the foregoing are subject to change, which change may apply retroactively and could affect the continued validity of this summary. This summary is included herein for general information only and there can be no assurance that the United States Internal Revenue Service (the "IRS") or the Courts will take a similar view of the U.S. federal income tax consequences of an investment in Certificates as described herein.

U.S. PERSONS ARE NOT PERMITTED, DIRECTLY OR INDIRECTLY, TO OWN CERTIFICATES (OR ANY BENEFICIAL INTEREST THEREIN) AT ANY TIME.

PROSPECTIVE PURCHASERS OF THE CERTIFICATES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES, AND THE POSSIBLE APPLICATION OF STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.

Certain U.S. Federal Tax Considerations

Although there is no authority directly on point, the Trust shall be treated as a grantor trust and otherwise not as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. As such, the Trust will not be subject to U.S. federal income tax. The Trust, and each holder by acquiring a Certificate, will agree to treat the Trust as a grantor trust and not as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. For U.S. federal income tax purposes, each Holder of a Certificate will be required to take into account its pro rata share of the income from the Trust Property, as determined under the U.S. federal income tax rules applicable to the assets comprising the Trust Property.

Prospective investors should be aware that no rulings have been sought from the Internal Revenue Service (the "IRS"), and that legal opinions are not binding on the IRS or the courts. Accordingly, there can be no absolute assurance that the IRS will agree that the Trust should be treated as a grantor trust and not as an association or publicly traded partnership taxable as a corporation. If the Trust were not properly classified as a grantor trust, it would be treated as a partnership under its default classification for U.S. federal income tax purposes and, assuming

that it was not a publicly traded partnership, it would be subject to the partnership tax provisions under the Code. In this regard, the Trust Agreement will provide for a protective election under Section 761 of the Code to exclude the Trust from the partnership tax provisions of the Code, although the eligibility of the Trust for such an election is uncertain. If the Trust were subject to the partnership tax provisions, the consequences to U.S. Holders could potentially vary from those described below. If the Trust were classified as a publicly traded partnership taxable as a corporation, amounts payable to the Holders would constitute nondeductible dividends, the Trust would be subject to tax on its income at corporate tax rates, and distributions to the Holders would be materially impaired.

The Counterparty, the Trust and each Holder will agree to treat the Swap Agreement as a notional principal contract for U.S. federal income tax purposes.

Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to income or withholding tax on amounts received with respect to the Underlying Collateral to the extent such amounts are treated as “interest” for U.S. federal income tax purposes, assuming that (i) the recipient is not actually or constructively a “10 percent shareholder” of the issuer of the Underlying Collateral or a “controlled foreign corporation” with respect to which the issuer is a “related person” within the meaning of the Code, (ii) the recipient is not a bank with respect to which the purchase of the Certificates represents an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, (iii) such payments are not effectively connected with a trade or business within the United States by the Non-U.S. Holder, and (iv) the Non-U.S. Holder provides appropriate certification that such Non-US Holder is a foreign person (typically, on an IRS Form W-8BEN, W-8EXP or W-8IMY) including any applicable attachments and signed under penalties of perjury, and providing the Non-U.S. Holder’s name and address). If the conditions set forth in the preceding sentence are not satisfied, a withholding agent for U.S. federal tax purposes will be required to withhold U.S. tax on payments beneficially owned by such Non-U.S. Holder (including payments that represent accrued original issue discount) at a rate of 30%, unless (x) such withholding is reduced or eliminated by an applicable income tax treaty and the Non-U.S. Holder that is the beneficial owner of such Certificates provides a IRS Form W-8BEN claiming the benefits of such treaty, or (y) such withholding is not required because the Non-U.S. Holder provides the withholding agent with a completed and duly executed IRS Form W-8ECI certifying that the payments received by the Non-U.S. Holder (including payments that represent accrued original issue discount) are effectively connected with the conduct of a trade or business within the United States by the Non-U.S. Holder.

Generally, a Non-U.S. Holder that provides appropriate certification that such Non-U.S. Holder is a foreign person (on an IRS Form W-8BEN, W-8EXP or W-8IMY, as described in the preceding paragraph) will not be subject to U.S. federal income or withholding taxes with respect to any payments under the Swap Agreement that are attributable to deemed periodic payments under a notional principal contract for U.S. federal income tax purposes (unless such income is effectively connected with a trade or business within the United States by a Non U.S. Holder).

Subject to the discussion of backup withholding below, generally, a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on any gain or income (other than any gain attributable to accrued interest or original issue discount, which is taxable in the manner described above) realized upon the sale, exchange, retirement or other disposition of the Underlying Collateral, the Swap Agreement or the Certificates unless (i) the gain or income is effectively connected with a trade or business within the United States or (ii) in the case of a Non-U.S. Holder that is an individual, such Non-U.S. Holder is present in the United States for 183 days or more during the taxable year of such sale, exchange, retirement or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding

Under certain circumstances, the Code requires “information reporting” annually to the IRS and to each Holder, and “backup withholding” with respect to certain payments made on or with respect to the Certificates. These requirements generally do not apply with respect to certain Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts.

A Non-U.S. Holder that provides the withholding agent with an applicable IRS Form W-8BEN, IRS Form W-8IMY or other applicable form, together with all appropriate attachments, signed under penalties of perjury, identifying the

Non-U.S. Holder and stating that the Non-U.S. Holder is not a U.S. person will not be subject to IRS information reporting requirements or backup withholding.

Backup withholding is not an additional tax and may be refunded (or credited against the Holder's U.S. federal income tax liability, if any), provided that certain required information is furnished. The information reporting requirements may apply regardless of whether withholding is required. Copies of the information returns reporting such withholding also may be made available to the tax authorities in the country in which a Non-U.S. Holder holding Certificates is a resident under the provisions of an applicable income tax treaty or agreement.

Prospective investors should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to their particular circumstances.

In the event that any withholding tax or any other tax is or becomes applicable to distributions in respect of the Certificates, no additional amount will be payable by the Trustee to compensate for any such tax.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES, AND THE POSSIBLE APPLICATION OF STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.

CERTAIN ERISA CONSIDERATIONS AND OTHER CONSIDERATIONS

The Certificates may not be not purchased or held by (i) employee benefit plans as defined by Section 3(3) of U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA) which is subject to Title I of ERISA, (ii) plans as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the Code) ((i) and (ii) shall collectively be referred to as Plans), or (iii) any entity or other person whose assets constitute (or are deemed for purposes of ERISA or the Code to constitute) the assets of any Plan (such entities collectively with Plans shall be referred to as Benefit Plan Investors).

Section 406 of ERISA and/or Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to Plans (collectively, Parties in Interest), unless certain exemptions apply. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses or profits the plan realized by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the prohibited transaction rules of ERISA or the Code but may be subject to similar rules under other applicable laws or documents. Accordingly, assets of such plans may be invested in the Certificates without regard to the prohibited transaction considerations under ERISA and the Code, but they may be subject to the provisions of other applicable federal, state or non-U.S. law (Similar Law). Fiduciaries of such plans should consult with their consult before purchase any of the Certificates or any interest therein.

Each purchaser and subsequent transferee of any Certificate will be deemed by such purchase or acquisition of any Certificate to have represented and warranted, on each day from the date on which the purchaser or transferee acquires the Certificate through and including the date on which the purchaser or transferee disposes of such Certificate, that (i) it is not a Benefit Plan Investor, is not using the assets of a Benefit Plan Investor to acquire the Certificate, and shall not at any time hold such Certificate for or on behalf of a Benefit Plan Investor and (ii) it is not a governmental, church or non-U.S. plan which is not subject to ERISA but is subject to Similar Law unless its acquisition and holding of the Certificate does not constitute a non-exempt prohibited transaction under any Similar Law.

OFFERING

Merrill Lynch International and its broker dealer affiliates (“**Merrill Lynch**” or the “**Distributor**”) has been appointed as the sole distributor of the Trust for the offering of the Certificates pursuant to a Distribution Agreement (as amended or supplemented from time to time, and together with any replacement agreement, the “**Distribution Agreement**”) between the Trust and Merrill Lynch. Certificates are being offered by Merrill Lynch, subject to prior sale, when, as and if issued and subject to acceptance by the Trustee, approval of certain legal matters by counsel for Merrill Lynch and certain other conditions. Merrill Lynch reserves the right to offer Certificates at a price different from the initial offering price at any time.

The Certificates may not be directly or indirectly offered, sold or delivered in any jurisdiction except in compliance with applicable law.

No dealer, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Offering Memorandum 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 Trustee or the Distributor. This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any 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 this Offering Memorandum 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. Although no assurance can be given that a secondary market will develop in the Certificates, the Distributor intends to make or cause an affiliate to make a market in the Certificates but is not obligated to do so.

By acquiring a 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 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.

United States

The Certificates will not be registered under the Securities Act and the Trust will not be registered under the 1940 Act. 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 Regulation S under the Securities Act and in the Code).

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Distributor has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Certificates to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Certificates to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Certificates which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Certificates to the public” in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Mexico:

THE INFORMATION CONTAINED IN THESE OFFERING MEMORANDUM IS THE EXCLUSIVE RESPONSIBILITY OF THE TRUST AND HAS NOT BEEN REVIEWED BY THE NATIONAL BANKING AND SECURITIES COMMISSION OF MEXICO (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*).

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. ANY INVESTOR OF MEXICAN NATIONALITY THAT PURCHASES THESE CERTIFICATES, WILL DO SO UNDER ITS OWN RESPONSIBILITY. INTERMEDIATION OF THE CERTIFICATES IN MEXICO IS SUBJECT TO THE RESTRICTIONS OF THE MEXICAN SECURITIES MARKET LAW.

GENERAL INFORMATION

The Trust will have a fiscal year consisting of each successive twelve-month period commencing on the Initial Closing Date. It is not anticipated that audited financial statements will be prepared.

An application will be made to list the Certificates on the Official List of the UK Listing Authority to be admitted to trading on the London Stock Exchange.

An application will also be made to list the Certificates in the Bolsa Mexicana de Valores, S.A. de C.V. under the *Sistema Internacional de Cotizaciones*.

Copies of the form of Trust Agreement and the standard form 1992 ISDA Agreement and the ISDA Definitions forming part of the Swap Agreement are available from the Trustee upon request. Requests should be directed to HSBC Bank USA, National Association, 452 Fifth Avenue New York, NY 10018 Attn: Corporate Trust and Loan Agency - International Finance Unit, Telephone: +1 212 525 1316 , Facsimile: +1 212 525 1300.

LEGAL MATTERS

Certain New York law matters in connection with the offering of the Certificates by the Distributor will be opined upon by Allen & Overy LLP, New York, New York.

Certain Delaware law matters in connection with the Certificates will be opined upon by Richards, Layton & Finger P.A., Wilmington, Delaware.

ANNEX A

INDEX OF DEFINED TERMS

1940 Act	2, i	Merrill Lynch Affiliates	ii
1998 ISDA Definitions	21	MLCS	i, 18
2000 ISDA Definitions	21	MXN	1
Accountholders	15	Non U.S. Holders	26
Agency Agreement	23	Ordinary Expenses	14
Central Bank	1	P\$	1
Central Bank of Mexico	3, 11, 21	Paying Agent	11
Certificates	1, 10	Pesos	1
Clearing Systems	1, 14	Proceedings	iv
Clearstream	1, 14	Ps	1
Initial Closing Date	1, 11	Registered Holder	1, 14
Code	i, 26	Relevant Date	3, 11, 21
Confirmation	10, 18	Relevant Implementation Date	30
Counterparty	23	Relevant Member State	30
Counterparty Guarantor	18	Schedule	4, 10, 18
Credit Confirmation	25	Scheduled Maturity Date	1, 11
Default	19	Securities Act	2, i
Depository	1	Securities Default	19
Distribution Agreement	30	Swap Agreement	4, 10, 18
Distributor	30	Swap Confirmation	4
Early Redemption Amount	4	Swap Termination Event	19
Early Termination Date	19	Termination Events	19
Eligible Investor	ii	Trade Date	11
Euroclear	1, 14	Trust	1, 10
Events of Default	19	Trust Documents	iii
Global Certificate	1, 14	Trust Property	1, 10, 25
Holder	1	Trust's Agent	11, 23
HSBC Issuer Services	1, 14	Trustee	1, 10
IRS	26	U.S. Persons	2, i, 30
ISDA	4, 10, 18, 25	UDI	1, 3, 11, 21
Issuer	1	Underlying Collateral	23
Majority Holders	24	USD	1
Merrill Lynch	30		

ANNEX B-1

FORM OF SWAP SCHEDULE

**SCHEDULE
to the
Master Agreement
dated as of March 15, 2007**

between MERRILL LYNCH CAPITAL
SERVICES, INC. ("MLCS" or
"Party A")

MLUDI STEERS NOTES SERIES 2007-1
(the "Trust" or "Party B"), a trust created
pursuant to a Declaration of Trust and Trust
Agreement dated as of March 15, 2007 (the
"Trust Agreement").

Capitalized terms used and not defined herein have the meanings specified in the Trust Agreement (as defined above). All references herein to the Transaction shall mean the Transactions to be evidenced by the Confirmation of even date herewith.

Part 1. Termination Provisions

- (a) **"Specified Entity"** means in relation to MLCS for the purpose of: -

Section 5(a)(v), Not Applicable
Section 5(a)(vi), Not Applicable
Section 5(a)(vii), Not Applicable
Section 5(b)(iv), Not Applicable

and in relation to the Trustee for the purpose of: -

Section 5(a)(v), Not Applicable
Section 5(a)(vi), Not Applicable
Section 5(a)(vii), Not Applicable
Section 5(b)(iv), Not Applicable

- (b) **"Specified Transaction"** will have the meaning specified in Section 14 of this Agreement.
- (c) **Events of Default.** Notwithstanding Section 5(a), the only Events of Default that shall apply are: Section 5(a)(i) ("Failure to Pay"), which shall apply to both parties; Section 5(a)(iii) ("Credit Support Default"), which shall apply to MLCS but not to the Trust; and Section 5(a)(vii) ("Bankruptcy"), which shall apply to both parties. No other Section 5(a) Events of Default shall apply to either party.
- (d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(iv) will not apply to MLCS or to the Trust.
- (e) **Cost of Funds.** The cost of funding of MLCS for each month of the relevant period, as set forth in the definition of "Default Rate," shall be deemed to equal the one-month USD-LIBOR-BBA, as such term is defined in the Annex to the 2000 ISDA Definitions (June 2000 Version), as published by the International Swaps and Derivatives Association, Inc.
- (f) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to MLCS or to the Trust.

- (g) **Payments on Early Termination.** For purposes of Section 6(e) of this Agreement (i) Loss will apply, and (ii) the Second Method will apply.
- (h) **"Termination Currency"** means Mexican Pesos.
- (i) **"Additional Termination Event"** means the occurrence of a Collateral Default. A "Collateral Default" will occur if any of the following events occur:

(A) Merrill Lynch & Co., Inc. as issuer, or the issuer of any other portion of the Underlying Collateral, (each, as "Issuer") fails to pay on any date when due (each an "Underlying Collateral Payment Date") any interest then payable on the relevant portion of the Underlying Collateral (the "Scheduled Interest") and such failure is not cured prior to the expiration of the later of three Business Days after such failure and any applicable grace period or deferral period, or

(B) an event occurs with respect to the Issuer of the Underlying Collateral which would be an "event of default" under Section 5(a)(vii) hereof if the Issuer were a party hereto.

If a Collateral Default occurs, MLCS will be the Affected Party.

As used herein, "Underlying Collateral" has the meaning specified in the relevant Confirmation.

Part 2. Tax Representations.

- (a) **Payer Representation.** For the purpose of Section 3(e) of this Agreement, MLCS and the Trust will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) of this Agreement by reason of material prejudice to its legal or commercial position.

- (b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement, MLCS and the Trust will each make the following representation:

- (i) For the purpose of Section 3(f) of this Agreement, Party A makes the following representations:

(A) Party A is a corporation created or organized in the United States or under the laws of the United States or of any State or of the District of Columbia.

- (B) Party A is a "United States person" for U.S. federal tax purposes as that term is defined in section 7701(a)(30) (or any applicable successor provision) of the U.S. Internal Revenue Code of 1986, as amended.
- (ii) For the purpose of Section 3(f) of this Agreement, Party B makes the following representation:
 - (A) Party B is a trust established under the laws of Delaware.

Part 3. Agreement to Deliver Documents.

For the purpose of Section 4(a)(i) and 4(a)(ii) of this Agreement, MLCS and the Trust each agree to deliver the following documents to the other as applicable: -

(a) Tax forms, documents or certificates to be delivered are:

Party Required to Deliver Document	Form / Document / Certificate	Date by which to be Delivered
Party B	A complete and executed United States Internal Revenue Service Form W-9 (or any successor thereto), including appropriate attachments that eliminates U.S. federal backup withholding tax on payments under this Agreement.	(i) Before the first Fixed Payment Date, (ii) promptly upon reasonable demand and (iii) promptly upon learning that any Form W-9 (or any successor thereto) previously provided has become obsolete or incorrect
Party A	A complete and executed United States Internal Revenue Service Form W-9 (or any successor thereto), including appropriate attachments that eliminates U.S. federal backup withholding tax on payments under this Agreement.	(i) Before the first Payment Date, (ii) promptly upon reasonable demand and (iii) promptly upon learning that any Form W-9 (or any successor thereto) previously provided has become obsolete or incorrect
Party A & Party B	Any form or document reasonably requested by the other party to permit payments without (or with minimal) withholding for or account of any Tax as specified in Section 4(a)(iii) of this Agreement	As soon as practicable after request

(b) Other documents to be delivered are:

<u>PARTY REQUIRED TO DELIVER DOCUMENT</u>	<u>FORM/ DOCUMENT/ CERTIFICATE</u>	<u>DATE BY WHICH TO BE DELIVERED</u>	<u>COVERED BY SECTION 3(d) REPRESENTATION</u>
Party A and Party B	Certificate of Incumbency and Signing Authority of each person executing any document on its behalf in connection with this Agreement	Upon execution of this Agreement.	Yes
Party A	Duly executed copy of the Credit Support Document	At or within 3 days of execution of this Agreement	
Party B	Trust Agreement	Upon execution of this Agreement.	Yes

Part 4. Miscellaneous

(a) Addresses for Notices: For the purpose of MLCS:

Address: Merrill Lynch World Headquarters
4 World Financial Center, 18th Floor
New York, New York 10080
Attention: Swaps Group
Telephone No.: 212-449-7403
Facsimile No. 646-805-0218

(with copy to)

Address: Merrill Lynch & Co., Inc.
Merrill Lynch World Headquarters
4 World Financial Center, 7th Floor
New York, NY 10080
Attention: Global Credit Derivatives
Telephone No. 212-449-9001
Facsimile No. 212-449-9054

Additionally, a copy of all notices pursuant of Sections 5, 6 and 7 as well any changes to the Trustee's address, telephone number or facsimile number should be sent to:

Address: GMI Counsel
Merrill Lynch World Headquarters
4 World Financial Center, 12th Floor
New York, NY 10080
Attention: Swaps Legal
Facsimile No. 212-449-6993

Address for notices or communications to the Trust or Trustee:

Address: HSBC Bank USA, National Association,
452 Fifth Avenue
New York, NY 10018,
Attention: Corporate Trust and Loan Agency - International Finance Unit
Telephone No.: 212-525-1316
Facsimile No.: 212-525-1300

(b) Process Agent. For the purpose of Section 13(c) of this Agreement:

MLCS appoints as its Process Agent: Not Applicable

The Trust appoints as its Process Agent: Not Applicable.

(c) Offices. The provisions of Section 10(a) will apply to this Agreement.

(d) Multibranch Party. For the purpose of Section 10(c) of this Agreement:-

MLCS is not a Multibranch Party.

The Trust is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is MLCS, unless otherwise specified in the Confirmation. The failure of MLCS to perform its obligations as Calculation Agent hereunder shall not be construed as an Event of Default or Termination Event.
- (f) **Credit Support Document.** With respect to MLCS, Guarantee of Merrill Lynch & Co., Inc. (the "Guarantor") in the form attached hereto as Exhibit A. With respect to the Trust, not applicable.
- (g) **Credit Support Provider.** With respect to MLCS, the Guarantor. With respect to the Trust, not applicable.
- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with New York law.
- (i) **Netting of Payments.** Sub-paragraph (ii) of Section 2(c) of this Agreement will apply to all Transactions hereunder.
- (j) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement except that the Trust shall be deemed not to have any Affiliates.

Part 5. Other Provisions

- (a) **Indemnifiable Tax.** If a Tax in respect of payments under this Agreement is required to be paid pursuant to Section 2(d), neither Party A nor Party B will in any circumstances be required to pay additional amounts in respect of any Indemnifiable Tax or be under any obligation to pay to the other party any amount in respect of any liability of the other party for or on account of such Tax and accordingly Section 2(d)(i)(4) and Section 2(d)(ii) of this Agreement shall not apply.
- (b) **Amendment to 5(b)(ii).** There shall be added, following the word "will" as it appears both times on the fourth line of Section 5(b)(ii) the following words: "(but for the effect of paragraph (a) of Part 5 of the schedule to the Agreement)".
- (c) **Additional Representations.** Section 3 of this Agreement is hereby amended by adding the following, which shall constitute additional representations for all purposes of this Agreement, including, without limitation, Sections 3, 4, 5(a)(ii) and 5(a)(iv):
 - (i) **Eligible Contract Participant.** It is an "eligible contract participant" as such term is defined in Section 1a(12) of the Commodity Exchange Act, as amended.
 - (ii) **Transactions are Arm's Length.** It is entering into this Agreement and each Transaction in reliance upon its own judgment and upon any tax, accounting, regulatory and financial advice as it has deemed necessary and not upon any view expressed by the other party, and all trading decisions are and will be the result of arm's length negotiations between the parties.
 - (iii) **Risks are Fully Understood.** It is entering into this Agreement and each Transaction with full understanding of all materials risks thereof, and it is capable (including having the financial wherewithal) of assuming and willing to assume those risks and it has relied upon such tax, accounting, regulatory, legal and financial advice as it deems necessary and not upon any view expressed by the other party.

- (d) **Change of Account.** Section 2(b) of this Agreement is hereby amended by the addition of the following after the word "delivery" in the first line thereof:

"to another account in the same legal and tax jurisdiction as the original account"

- (e) **Consent to Telephonic Recording.** Each party hereto consents to the monitoring or recording, at any time and from time to time, by the other party of any and all communications between officers or employees of the parties, waives any further notice of such monitoring or recording, agrees to notify its officers and employees of any such monitoring or recording, and agrees that any such tape recordings may be submitted in evidence in any Proceedings relating to this Agreement and any Transaction hereunder.
- (f) **Transfer/Assignment.** Notwithstanding the provisions of Section 7 of this Agreement, MLCS may, without the consent of the Trust or any Holder, transfer or assign its rights and obligations under any Transaction, in whole or in part, to the Guarantor or any affiliate of the Guarantor (any such transferee or assignee, a "Transferee"); *provided* that, (i) as of the date of such transfer neither the transferee nor Party B will be required to withhold or deduct on account of any Tax from any payments under this Agreement in excess of what would have been required to be withheld or deducted in the absence of such transfer; (ii) each of the transferor and transferee will be a dealer in notional principal contracts as that term is used in U.S. Treasury Regulations Section 1.1001-4(a); (iii) Party A will be responsible for any costs or expenses (including any Stamp Tax) incurred by the Trust or Party B (or its agents) in connection with such transfer; and *provided further* that no such transfer or assignment shall be effective until the Trust has received (a) an executed acceptance and assumption by the Transferee of the transferred obligations of MLCS under the Transactions(s) (the "Transferred Obligations") and an executed ISDA Master Agreement between the said Transferee and the Trust (the "New Master Agreement"); and (b) unless the Transferee is the Guarantor, an executed guarantee of the Transferred Obligations by the Guarantor, in substantially the same form as delivered by the Guarantor on the Issue Date. MLCS may not otherwise transfer or assign its rights and obligations hereunder to any other Person. Upon the date such transfer is effective, (i) MLCS shall be released from all obligations and liabilities arising under the Transferred Obligations; and (ii) the Transferred Obligations shall cease to be Transaction(s) under this Agreement and shall be deemed to be Transaction(s) under the New Master Agreement between the Transferee and the Trust. Except as provided in this paragraph, no party may assign or transfer this Agreement.
- (g) **Method of Notice.** Section 12(a)(ii) of the Master Agreement is deleted in its entirety.
- (h) **Security Interest.** As security for the prompt and complete payment and performance when due of the obligations of the Trust hereunder, the Trust hereby grants to MLCS a continuing first priority security interest in all of the Trust's right, title and interest in the Underlying Collateral described in the Trust Agreement and all other property comprising the Trust Property (as also described in the Trust Agreement). Such security interest shall remain in full force and effect until the Trust has fulfilled all of its obligations under this Agreement.
- (i) **Further Assurances.** Promptly following a demand made by MLCS, the Trustee will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by MLCS to create, preserve, perfect or validate any security interest or lien granted hereunder to enable MLCS to enforce its rights under this Agreement or to effect or document a release of such security interest.

- (j) **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. The parties hereto shall endeavor in good faith negotiations to replace the prohibited or unenforceable provision with a valid provision, the economic effect of which comes as close as possible to that of the prohibited or unenforceable provision.
- (k) **Limited Recourse.** Notwithstanding any other provision of this Agreement, MLCS acknowledges and agrees that it shall have recourse only to the Trust Property in respect of any claim, action, demand or right arising in respect of, or against, the Trust under the terms of this Agreement and that it shall in no circumstances have any recourse to any other assets or property of the Trustee save in respect of any action, cost, claim, damage, expense or demand which results from any act or omission occasioned by the willful misconduct or negligence of the Trustee. Any such claim, action, demand or right existing after the assets of the Trust have been exhausted shall be deemed to be discharged and extinguished save in respect of any action, cost, claim, damage, expense or demand which results from any act or omission occasioned by the willful misconduct or negligence of the Trustee.
- (l) **No Petition for Bankruptcy.** MLCS shall not, prior to one year and one day after the Trust has paid in full to the Holders all amounts due in respect of the Certificates, (i) commence or sustain an action against the Trustee or cause or join in any action against the Trustee under any federal or state bankruptcy, insolvency or similar law, or (ii) appoint a receiver or other similar official of the Trustee, or (iii) make an assignment for the benefit of creditors, or (iv) order the winding up or liquidation of the Trust; provided that the foregoing shall not prevent MLCS from filing any proof of claim or taking any similar action if any other parties initiate any of the foregoing actions.
- (m) **Set-Off.** Neither party may (i) Set-Off against amounts owed to it hereunder any amounts which it may owe to the other party under any other agreement it may have with the other party or (ii) Set-Off against amounts which it owes hereunder amounts owed to it by the other party under any other agreement it may have with the other party.
- (n) **Amendments.** Each of the parties agrees that it will not amend this Agreement in any manner other than as set forth in the Trust Agreement; provided that without the consent of any Holder the Trustee and MLCS may amend this Agreement or any Transaction or enter into a new Transaction under the same circumstances as amendments to the Trust Agreement are permitted under Section 12.01 of the Trust Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this document as of the date specified on the first page of this document.

**MERRILL LYNCH CAPITAL SERVICES, MLUDI STEERS NOTES SERIES 2007-1
INC.**

By: HSBC BANK USA, NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Trustee under the Trust
Agreement

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX B-2

FORM OF CONFIRMATION



FAX: 917-778-0836

DATE: March 15, 2007

TO: MLUDI STEERS Notes Series 2007-1

ATTENTION: CORPORATE TRUST AND LOAN AGENCY - INTERNATIONAL FINANCE UNIT

FROM: MERRILL LYNCH CAPITAL SERVICES, INC. ("MLCS")

RE: Swap Transaction

MLCS REF: Admin ID: 07EM03820, 3322905

Dear Sir or Madam:

The purpose of this communication is to confirm the terms and conditions of the Transaction entered into between Merrill Lynch Capital Services, Inc. ("**Party A**") and MLUDI STEERS Notes Series 2007-1 ("**Party B**") on the Trade Date specified below (the "**Transaction**"). This communication constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 1998 ISDA FX and Currency Option Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), the Emerging Markets Traders Association and the Foreign Exchange Committee (the "**1998 Definitions**"), as supplemented by the 2000 ISDA Definitions (as supplemented from time to time), as published by ISDA (the "**Swap Definitions**") are incorporated into this Confirmation. For these purposes, all references in those Definitions to a "**Swap Transaction**" shall be deemed to apply to the Transaction referred to herein. In the event of any inconsistency between the Definitions and this Confirmation, the terms of this Confirmation shall govern. In the event of any inconsistency between the 1998 Definitions and the Swap Definitions, the 1998 Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of March 15, 2007, as amended and supplemented from time to time (the "**Agreement**") between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

The terms of the Transaction to which this Confirmation relates are as follows:

Trade Date:	March 1, 2007
Effective Date:	March 15, 2007
Termination Date:	The earlier of (i) September 15, 2026 (the " Scheduled Termination Date "), and (ii) the Early Redemption Date, subject to adjustment in accordance with the Following Business Day Convention.
Calculation Agent:	Party A
Calculation Agent City:	New York
Business Day:	New York, Mexico City

Settlement Currency: MXN.

Floating Payments

On each Floating Payment Date, Party B shall pay to Party A the Floating Amount:

Floating Amount Payer: Party B

Floating Amount Payment Date: Each date on which Party B receives any payment on the Underlying Collateral.

Floating Amount: The aggregate payments received by Party B on the Underlying Collateral since the immediately prior Floating Amount Payment Date.

Underlying Collateral: Initially, USD 89,800,000 face amount of 6.22% Subordinated Notes issued by Merrill Lynch & Co., Inc. ("ML") maturing September 15, 2026, CUSIP 59022CAB9 (the "**Initial Collateral**"). The face amount of the Underlying Collateral will be increased on the date of any Upsize by an amount equal to the MXN Upsize Amount, divided by the MXN/USD Rate for such date.

Fixed Amounts

On each Fixed Payment Date, Party A shall pay to Party B the relevant Fixed Amount:

Fixed Amount Payer: Party A

Fixed Payment Date : Each date set forth in Schedule A attached hereto and the Termination Date (if different), in each case subject to the Following Business Day Convention.

Fixed Payment Amount: In respect of: (a) any Fixed Payment Date specified in the attached Schedule A attached hereto, the amount stated for such date, and (b) in respect of the Termination Date (if such date is not one of the dates listed in Schedule A), an amount equal to the product of (i) UDI 261,012,782, (ii) the Fixed Rate; (iii) the Fixed Rate Day Count Fraction and (iv) the UDI Index Level in respect of the Termination Date, and, in the case of either (a) or (b), multiplied by the Upsize Factor.

Fixed Rate: 4.25 per cent per annum.

Fixed Rate Day Count Fraction: 30/360.

Upsize Factor: As of any date, the UDI Face Amount in respect of such date, divided by UDI 261,012,782.

UDI Face Amount: As of any date, an amount equal to UDI 261,012,782, plus the aggregate of all UDI Upsize Amounts in respect of any Upsize Notices (as defined in the Trust Agreement) delivered prior to such date.

UDI Upsize Amount: In respect of any Upsize Notice (as defined in the Trust Agreement), the amount specified in such Upsize Notice.

UDI Index Level

In respect of any date (the “**Relevant Date**”), the “Unidad de Inversión” (“**UDI**”), expressed as the number of MXN per one UDI, determined by Banco de Mexico (the “**Central Bank of Mexico**”) as applicable to the Relevant Date, as published in the “Diario Oficial de la Federación”.

If the method by which the UDI Index Level is calculated is modified or if the UDI Index Level is replaced or substituted by another unit by the Central Bank of Mexico, then references herein to UDI Index Level shall be revised accordingly, *provided that* such methodology or unit (a) is applicable to cash lending transactions payable under the same conditions as the UDI Index Level, (b) is determined by the Central Bank of Mexico, (c) is published in an official publication in respect of the relevant date, and (d) is used to calculate an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation. In addition, if the Central Bank of Mexico is recalculating an amount equivalent to the UDI Adjustment in connection with any outstanding Mexican government bond that references inflation, then the Calculation Agent shall recalculate payments using the methodology so applied by the Central Bank of Mexico.

If, in respect of any Relevant Date, the UDI Index Level, or any unit or methodology replacing or substituting such UDI Index Level is not determined and published by the Central Bank of Mexico for any reason whatsoever in respect of the such date or is not used in respect of such date to calculate an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then references herein to the UDI Index Level shall be calculated using whichever commercially reasonable methodology as determined in the sole discretion of the Calculation Agent is actually used by the government of Mexico to make payments on any government bond that references inflation or any other instrument issued into the Mexican market that references inflation. If no such methodology is used or available in the calculation of an amount equivalent to the UDI Adjustment in connection with any Mexican government bond that references inflation, then the Calculation Agent shall determine a comparable indexing figure, acting in good faith and in a commercially reasonable manner based on the methodology last used by the Central Bank of Mexico to calculate the UDI Index Level prior to its becoming unavailable; *provided that* the Calculation Agent shall not be obligated to incur unreasonable costs in calculating such methodology and would be entitled to alter such methodology to avoid excess expense.

No amount payable by Party A hereunder shall be subject to adjustment in the event that the UDI Index Level used in calculation of such amount is modified after the payment by Party A thereof.

MXN:	The Peso, being the lawful currency of Mexico or any lawful successor currency thereto.
Final Exchange:	
Final Exchange Date:	The Termination Date, subject to adjustment in accordance with the Final UDI Valuation provision.
Final UDI Valuation:	<p>If the Termination Date would fall on the 11th or the 26th Calendar Day of the month is not a Business Day, the next succeeding Business Day shall be the Termination Date.</p> <p>No interest or other amount shall be payable in respect of the delay in the payment date caused by any postponement of the Termination Date in accordance with the above.</p>
Party B Final Exchange Amount:	The Underlying Collateral
Party A Final Exchange Amount:	An amount equal to the product of (a) the UDI Face Amount, (b) the UDI Index Level in respect of the Final Exchange Date and (c) the Upsize Factor.
Non-Reliance:	Each party represents to the other party that it is acting for its own account, and has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based on its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction, it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.
Account Details:	<u>Account for Payments to Party A:</u> Bank Name: CITIBANK N.A., MEXICO CITY FAO: MERRILL LYNCH INTERNATIONAL BANK LIMITED, DUBLIN Swift: CITIUS33MER Acct: 0009758003 REF: Admin ID: 07EM03820, 3322905 <u>Account for Deliveries to Party A:</u>

REF:

Account for Payments to Party B:

Bank Name: HSBC Bank plc
Swift Code: MIDLGB22
Account Name: Corporate Trust Ops (MXN) Paying Agent
Account Number: 67417079

REF: MLUDI Steers Series 2007-1

Offices:

The Office of Party B for the Transaction is:

MLUDI Steers Notes Series 2007-1
c/o HSBC Bank USA, National Association, as Trustee of
MLUDI Steers Notes Series 2007-1
Address: 452 Fifth Avenue
New York, NY 10018
Attn: Corporate Trust and Loan Agency - International
Finance Unit,
Telephone: +1 212 525 1316,
Facsimile: +1 212 525 1300

Attn.: The Directors
Tel:
Fax:

The Office of Party A for the Transaction is:

Merrill Lynch World Headquarters
4 World Financial Center, 18th Floor
New York, New York 10080
Attention: Swaps Group
Telephone Number.: 212-449-7403
Facsimile Number. 646-805-0218

Copies to:
Merrill Lynch & Co., Inc.
250 Vesey Street
North Tower
NY, NY 10080
Attention: Joe Spadaro
Telephone Number: 1 212 449 4965
Fax Number: 1 212 449 3087

and

GMI Counsel
Merrill Lynch World Headquarters
4 World Financial Center, 12th Floor
New York, NY 10080
Attention: Swaps Legal
Facsimile Number: 212-449-6993

SCHEDULE A

Fixed Payment Date	Coupon Size (in UDI Amount)
September 17, 2007	5,608,150
March 18, 2008	5,577,336
September 15, 2008	5,454,080
March 17, 2009	5,608,150
September 15, 2009	5,484,894
March 16, 2010	5,577,336
September 15, 2010	5,515,708
March 15, 2011	5,546,522
September 15, 2011	5,546,522
March 15, 2012	5,546,522
September 17, 2012	5,608,150
March 15, 2013	5,484,894
September 17, 2013	5,608,150
March 18, 2014	5,577,336
September 15, 2014	5,454,080
March 17, 2015	5,608,150
September 15, 2015	5,484,894
March 15, 2016	5,546,522
September 15, 2016	5,546,522
March 15, 2017	5,546,522
September 15, 2017	5,546,522
March 15, 2018	5,546,522
September 17, 2018	5,608,150
March 15, 2019	5,484,894
September 17, 2019	5,608,150
March 17, 2020	5,546,522
September 15, 2020	5,484,894
March 16, 2021	5,577,336
September 15, 2021	5,515,708
March 15, 2022	5,546,522
September 15, 2022	5,546,522
March 15, 2023	5,546,522
September 15, 2023	5,546,522
March 15, 2024	5,546,522
September 17, 2024	5,608,150
March 18, 2025	5,577,336
September 15, 2025	5,454,080
March 17, 2026	5,608,150
September 15, 2026	5,484,894

Please confirm that the foregoing correctly sets the terms of our agreement by executing this Confirmation and returning it to us by facsimile transmission.

Sincerely,

MERRILL LYNCH CAPITAL SERVICES, INC.

By: _____
Authorized Signatory

Accepted and confirmed as
of the Trade Date written above:

MLUDI STEERS NOTES SERIES 2007-1

By: HSBC BANK USA, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Trustee under
the Trust Agreement

By: _____
Authorized Signatory
Name:
Title:

ANNEX C

FORM OF GUARANTEE OF COUNTERPARTY OBLIGATIONS

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to MLUDI STEERS Notes Series 2007-1 (the "Trust"), the due and punctual payment of any and all amounts payable by MERRILL LYNCH CAPITAL SERVICES, INC., a Delaware corporation ("MLCS"), under the terms of the Master Agreement between the Trust and MLCS, dated as of March 15, 2007 (the "Agreement"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of MLCS punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Trust to ML & Co. at 4 World Financial Center, New York, NY 10080; provided, however that delay by the Trust in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Trust upon the insolvency, bankruptcy or reorganization of MLCS or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Agreement; the absence of any action to enforce the same; any waiver or consent by the Trust concerning any provisions thereof; the rendering of any judgment against MLCS or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML & Co. covenants that this guarantee will not be discharged except by complete payment of the amounts payable under the Agreement. This Guarantee shall continue to be effective if MLCS merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of MLCS; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against MLCS.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee may be terminated at any time by notice by ML & Co. to the Trust given in accordance with the notice provisions of the Agreement, effective upon receipt of such notice by the Trust or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of MLCS under the Agreement entered into prior to the effectiveness of such notice of termination.

This Guarantee becomes effective concurrent with the effectiveness of the Agreement, according to its terms.

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By: _____
Name:
Title:
Date:

ANNEX D

INVESTOR LETTER (WITH INTENT TO RESELL)

[DATE]

Merrill Lynch International
2 World Financial Center
ATTN: Lorna Renner
Desk # E6530
New York, NY 10080

Re: Purchase of certain securities issued by MLUDI STEERS Notes Series 2007-1

Ladies and Gentlemen:

In connection with our purchase from time to time, of securities (the “**Securities**”) from Merrill Lynch International (together with its affiliates, “**Merrill Lynch**”), we acknowledge that Merrill Lynch has delivered the Offering Memorandum (the “**Offering Memorandum**”) prepared in connection with any such Securities. The Offering Memorandum to be delivered by Merrill Lynch in connection with the issuance of the Securities is collectively referred to herein as the “**Disclosure Document**.”

By our signature below, we represent and agree as of the date hereof, and on each date we purchase the Securities, as follows:

(a) **Purchase and Sale of Securities; Transfer Restrictions.**

(i) *Offering.* We understand that the Securities are being offered only in a transaction not involving any public offering within the meaning of, and will not be registered under, the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any securities law of any state of the United States or of any other jurisdiction and that the issuer of the Securities will not be registered under the Investment Company Act of 1940, as amended (the “**1940 Act**”).

(ii) *Non-U.S. Person.* We understand that the Securities 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 Regulation S under the Securities Act and in Section 7701(a)(30) of the U.S. Internal Revenue Code). We represent and warrant that we are not now and for so long as we hold any Securities we will not be a U.S. Person. We will not transfer our securities to a U.S. Person.

(iii) We understand that the Securities are being offered pursuant to Rule 144A under the Securities Act. We represent and warrant that we are a “qualified institutional buyer,” as defined therein.

(iv) *No General Solicitation.* We confirm that Merrill Lynch did not offer any Securities by any form of general solicitation or advertising, including but not limited to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (2) any seminar or meeting whose attendees were invited by any general solicitation or general advertising.

(v) *Transfer Restrictions.* We understand and agree that our purchase of Securities as purchaser, and all subsequent sales of the Securities by us, will be made in accordance with the applicable terms, conditions and offering, resale or transfer restrictions of the Securities, including those contained in the Disclosure Document.

(vi) We will notify any proposed purchaser of Certificates from us of the resale restrictions referred to herein and, prior to our sale of the Certificates, deliver a copy of this Notice to Investors to such proposed purchaser.

(vii) We understand that, unless such requirement is waived by the Distributor, each transferee of a Certificate will be required to deliver to the Trustee and the Distributor, as a condition to its purchase of our Certificates, a duly executed Investor Letter in the form prescribed by the Trust Agreement and we agree that we will not transfer our Certificates except to a transferee who delivers such a duly executed Investor Letter to the Trustee and the Distributor.

(viii) We understand that if the Distributor determines that a Certificate is being held by or for the benefit of a person who is not an Eligible Investor or that such holding is unlawful under the laws of a relevant jurisdiction then the Distributor shall require the Holder to transfer such Certificate to an Eligible Investor or cause such Certificate to be held for the benefit of an Eligible Investor as the case may be within fourteen days, failing which the Distributor may sell or otherwise dispose of the Certificate on behalf of the Holder at the then current value of the Certificate or otherwise in such manner as it may deem appropriate and pay over the proceeds of such sale or disposition to such Holder. By our acceptance of the Certificates, we authorize the Distributor to take such action if required and understand that the Distributor will not be responsible for any losses we may incur as a result of any such transfer or sale.

(ix) If we are at any time in breach of any of our representations and agreements herein or if we make a transfer to a transferee that, at the time of acquisition of its Certificates, is in breach of its representations and agreements set forth herein, we shall hold the Trustee and Distributor and their respective affiliates harmless for their actions taken in connection with the Certificates and shall indemnify the Trustee and Distributor and their respective affiliates for any reasonable costs they may incur in finding and transferring the Certificates to an Eligible Investor capable of making such representations and agreements.

(b) **Review of Documents; Risk Factors.** We confirm that in deciding whether to purchase the Securities we reviewed all of the transaction documents, including but not limited to, the Disclosure Document (including the sections describing risk factors therein). We considered each of the risk factors described in the Disclosure Document and satisfied ourselves that we understand and can accept the risks described therein and the other risks associated with the transaction.

(c) **Future Transfers to Our Customers.**

(i) We have informed Merrill Lynch that we will purchase the Securities with intent to resell such Securities to our customers.

(ii) We will not act as, and will not hold ourselves out as, an agent or representative of Merrill Lynch in any such offers or sales of our Securities.

(iii) We acknowledge that Merrill Lynch has not solicited, recommended or sold and will not solicit, recommend or sell any Securities to our customers or spoken or otherwise communicated with any of our customers, directly or indirectly.

(iv) We agree and confirm that our customers will understand that (1) Merrill Lynch has not been involved in the transfer of the Securities to them as such transfer is a secondary market transaction and (2) Merrill Lynch has no responsibility for the legality or suitability of purchase of the Securities by any of our customers.

(v) We confirm that we have in place adequate procedures and will take adequate steps to determine and ensure the suitability of the Securities as an investment for any of our customers, and will inform such customer of the risks of investing in the Securities and will not transfer the Securities to any of our customers who may not bear the risks of investing in the Securities.

(vi) We will not transfer the Securities to our customers if such transfer will violate the terms of the Securities.

(vii) We understand and agree that offers of the Securities by us to our customers or any other transferee must be made through the Disclosure Document and no other documents prepared by us or any other person may be provided to our customers or any other transferee.

(viii) We confirm that we have internal procedures to comply, and will comply, with all relevant laws and regulations concerning money laundering and, without limitation, will verify the identity of all of our customers and identify the source of income for each.

(ix) We will not offer the Securities to our customers or any other transferee through any agent or affiliate or ours.

(x) We confirm that we and our customers are bona fide investors in the Securities and are not related (by shareholding or management control) to any parties or entities either directly related to or indirectly referenced in the terms of Securities.

(xi) We will not make any sales that would, in and of themselves, constitute a “public offer” or public distribution of the Securities in any jurisdiction, or otherwise trigger securities law filings, registration or listings in any jurisdiction.

(d) **Tax and Fees.** We understand that in connection with the transfer of the Securities by us we may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, as well as any commission or fee charged by the relevant entities that have accounts at the clearing system as set forth in the Disclosure Document and any other securities broker or dealer involved.

(e) **Authorized to Purchase; Compliance with Law.**

(i) We have all necessary power and authority to acquire the Securities and such acquisition will not contravene any law, rule or regulation binding on us or such account or any investment guideline or restriction applicable to us or such account.

(ii) We will comply with all applicable laws and regulations in effect in any jurisdiction in which we purchase or sell Securities and obtain any consent, approval or permission we require for such purchases or sales under the laws and regulations of any jurisdiction to which we are subject or in which we make such purchases or sales, and Merrill Lynch shall have no responsibility therefor.

(iii) We represent that there is no action, suit or proceeding before or by any court or governmental agency or body, now pending, or, to our knowledge, threatened against or affecting us, which might result in any material adverse change in our condition, financial or otherwise, our business affairs or business prospects, or which might materially and adversely affect our properties or assets.

(f) **Non Reliance.**

(i) We represent that we are not relying on (and will not at any time rely on) any communication (written or oral) of Merrill Lynch, as investment advice or as a recommendation to purchase the Securities, it being understood that information and explanations related to the terms and conditions of the Securities and the other transaction documents that are described in the Disclosure Document shall not be considered investment advice or a recommendation to purchase the Securities; and

(ii) We confirm that neither Merrill Lynch nor any of its affiliates has (i) given us any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of investment in the Securities or (ii) made any representation to us regarding the legality of investment in the Securities under applicable legal investment or similar laws or regulations. In deciding

to purchase our Securities we are not relying on the advice or recommendations of Merrill Lynch or any of its affiliates and we have made our own independent decision that our investment in the Securities is suitable and appropriate for us.

(g) **Consequence of Breach of These Representations.** We will indemnify Merrill Lynch and employees of Merrill Lynch in respect of any loss, cost or damages suffered as a result of any breach of the representations and agreements made in connection with our purchase of Securities or any subsequent transfer of Securities to our customers.

(h) **Merrill Lynch Right to Disclose.** We understand that Merrill Lynch and employees and representatives of Merrill Lynch or any other agent of Merrill Lynch may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transaction described in the Disclosure Document and all materials of any kind (including opinions or other tax analyses) that are provided to Merrill Lynch relating to such U.S. tax treatment and U.S. tax structure.

(i) **Waiver of Jury Trial.** We irrevocably waive any and all right to trial by jury with respect to any legal proceeding arising out of or relating to any offers, purchases or sales of Securities by us.

(j) **Submission to Jurisdiction.** With respect to any suit, action or proceeding relating to any offers, purchases or sales of Securities by us ("**Proceedings**"), we irrevocably submit to the jurisdiction of the courts of the United States District Court located in the Borough of Manhattan in New York City, which submission shall be exclusive unless none of such courts had lawful jurisdiction over such Proceedings.

(k) **NY Governing Law.** Our purchase of the Securities and this letter shall be governed by the laws of the State of New York. You may rely on the above representations and agreements as of the date hereof and as of any future date on which we make any offers, purchases or sales of Securities. We understand that you have agreed to sell Securities to us in reliance on this letter.

Print Legal Name of Purchaser

By: _____
Name: _____
Title _____

INCUMBENCY CERTIFICATE OF THE SIGNATORY TO THE

PURCHASER

[TO BE ATTACHED]

ANNEX E

INVESTOR LETTER (NO INTENT TO RESELL)

[DATE]

Merrill Lynch International
2 World Financial Center
ATTN: Lorna Renner
Desk # E6530
New York, NY 10080

Re: Purchase of certain securities issued by MLUDI STEERS Notes Series 2007-1

Ladies and Gentlemen:

In connection with our purchase from time to time, of securities (the “**Securities**”) from Merrill Lynch International (together with its affiliates, “**Merrill Lynch**”), we acknowledge that Merrill Lynch has delivered to us the Offering Memorandum prepared in connection with the issuance of the Securities (any such, a “**Disclosure Document**”).

By our signature below, we represent and agree as of the date hereof, and on each date we purchase the Securities, as follows:

(I) **Purchase and Sale of Securities; Transfer Restrictions.**

(i) *Offering.* We understand that the Securities are being offered only in a transaction not involving any public offering within the meaning of, and will not be registered under, the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any securities law of any state of the United States or of any other jurisdiction and that the issuer of the Securities will not be registered under the Investment Company Act of 1940, as amended (the “**1940 Act**”).

(ii) *Non-U.S. Person.* We understand that the Securities 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 Regulation S under the Securities Act and in Section 7701 (a)(30) of the U.S. Internal Revenue Code). We represent and warrant that we are not now and for so long as we hold any Securities we will not be a U.S. Person. We will not transfer our securities to a U.S. Person.

(iii) We understand that the Securities are being offered pursuant to Rule 144A under the Securities Act. We represent and warrant that we are a “qualified institutional buyer,” as defined therein.

(iv) *No General Solicitation.* We confirm that Merrill Lynch did not offer any Securities by any form of general solicitation or advertising, including but not limited to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (2) any seminar or meeting whose attendees were invited by any general solicitation or general advertising.

(v) *Transfer Restrictions.* We understand and agree that our purchase of Securities as purchaser, and all subsequent sales of the Securities by us, will be made in accordance with the applicable terms, conditions and offering, resale or transfer restrictions of the Securities, including those contained in the Disclosure Document.

(vi) We will notify any proposed purchaser of Certificates from us of the resale restrictions referred to herein and, prior to our sale of the Certificates, deliver a copy of this Notice to Investors to such proposed purchaser.

(vii) We understand that, unless such requirement is waived by the Distributor, each transferee of a Certificate will be required to deliver to the Trustee and the Distributor, as a condition to its purchase of our Certificates, a duly executed Investor Letter in the form prescribed by the Trust Agreement and we agree that we will not transfer our Certificates except to a transferee who delivers such a duly executed Investor Letter to the Trustee and the Distributor.

(viii) We understand that if the Distributor determines that a Certificate is being held by or for the benefit of a person who is not an Eligible Investor or that such holding is unlawful under the laws of a relevant jurisdiction then the Distributor shall require the Holder to transfer such Certificate to an Eligible Investor or cause such Certificate to be held for the benefit of an Eligible Investor as the case may be within fourteen days, failing which the Distributor may sell or otherwise dispose of the Certificate on behalf of the Holder at the then current value of the Certificate or otherwise in such manner as it may deem appropriate and pay over the proceeds of such sale or disposition to such Holder. By our acceptance of the Certificates, we authorize the Distributor to take such action if required and understand that the Distributor will not be responsible for any losses we may incur as a result of any such transfer or sale.

(ix) If we are at any time in breach of any of our representations and agreements herein or if we make a transfer to a transferee that, at the time of acquisition of its Certificates, is in breach of its representations and agreements set forth herein, shall hold the Trustee and Distributor and their respective affiliates harmless for their actions taken in connection with the Certificates and shall indemnify the Trustee and Distributor and their respective affiliates for any reasonable costs they may incur in finding and transferring the Certificates to an Eligible Investor capable of making such representations and agreements.

(m) **Review of Documents; Risk Factors.**

We confirm that in deciding whether to purchase the Securities we reviewed all of the transaction documents, including but not limited to, the Disclosure Document (including the sections describing risk factors therein). We considered each of the risk factors described in the Disclosure Document and satisfied ourselves that we understand and can accept the risks described therein and the other risks associated with the transaction.

(n) **We are a Sophisticated; Knowledgeable Investor.**

We are a sophisticated investor with sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Securities.

(o) **Authorized to Purchase; Compliance with Law.**

(i) We have all necessary power and authority to acquire the Securities and such acquisition will not contravene any law, rule or regulation binding on us or such account or any investment guideline or restriction applicable to us or such account.

(ii) We will comply with all applicable laws and regulations in effect in any jurisdiction in which we purchase or sell Securities and obtain any consent, approval or permission we require for such purchases or sales under the laws and regulations of any jurisdiction to which we are subject or in which we make such purchases or sales, and Merrill Lynch shall have no responsibility therefor.

(iii) We represent that there is no action, suit or proceeding before or by any court or governmental agency or body, now pending, or, to our knowledge, threatened against or affecting us, which might result in any material adverse change in our condition, financial or otherwise, our business affairs or business prospects, or which might materially and adversely affect our properties or assets.

(p) **Non Reliance.**

(i) We represent that we are not relying on (and will not at any time rely on) any communication (written or oral) of Merrill Lynch, as investment advice or as a recommendation to purchase the Securities, it being understood that information and explanations related to the terms and conditions of the Securities and the other transaction documents that are described in the Disclosure Document shall not be considered investment advice or a recommendation to purchase the Securities; and

(ii) We confirm that neither Merrill Lynch nor any of its affiliates has (i) given us any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of investment in the Securities or (ii) made any representation to us regarding the legality of investment in the Securities under applicable legal investment or similar laws or regulations. In deciding to purchase our Securities we are not relying on the advice or recommendations of Merrill Lynch or any of its affiliates and we have made our own independent decision that our investment in the Securities is suitable and appropriate for us.

(q) **Tax and Fees.** We understand that in connection with the transfer of the Securities by us we may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, as well as any commission or fee charged by the relevant entities that have accounts at the clearing system as set forth in the Disclosure Document and any other securities broker or dealer involved.

(r) **Consequence of Breach of These Representations.** We will indemnify Merrill Lynch and employees of Merrill Lynch in respect of any loss, cost or damages suffered as a result of any breach of the representations and agreements made in connection with our purchase of Securities or any subsequent transfer of Securities to a transferee.

(s) **Merrill Lynch Right to Disclose.** We understand that Merrill Lynch and employees and representatives of Merrill Lynch or any other agent of Merrill Lynch may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transaction described in the Disclosure Document and all materials of any kind (including opinions or other tax analyses) that are provided to Merrill Lynch relating to such U.S. tax treatment and U.S. tax structure.

(t) **Waiver of Jury Trial.** We irrevocably waive any and all right to trial by jury with respect to any legal proceeding arising out of or relating to any offers, purchases or sales of Securities by us.

(u) **Submission to Jurisdiction.** With respect to any suit, action or proceeding relating to any offers, purchases or sales of Securities by us ("**Proceedings**"), we irrevocably submit to the jurisdiction of the courts of the United States District Court located in the Borough of Manhattan in New York City, which submission shall be exclusive unless none of such courts had lawful jurisdiction over such Proceedings.

(v) **NY Governing Law.** Our purchase of the Securities and this letter shall be governed by the laws of the State of New York. You may rely on the above representations and agreements as of the date hereof and as of any future date on which we make any offers, purchases or sales of Securities. We understand that you have agreed to sell Securities to us in reliance on this letter.

Print Legal Name of Purchaser

By: _____
Name: _____
Title _____

**INCUMBENCY CERTIFICATE OF THE SIGNATORY TO THE
PURCHASER**

[to be attached]

ANNEX 2

Description of Merrill Lynch & Co., Inc.

Merrill Lynch & Co., Inc. (ML) is the issuer of the Notes (as defined below) and is also the Counterparty Guarantor.

ML is a holding company that, through its subsidiaries and affiliates, provides investment, financing, insurance and related services to individuals and institutions on a global basis through its broker dealer, insurance and other financial services subsidiaries. Its principal subsidiaries include Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch International, Merrill Lynch Government Securities, Inc., Merrill Lynch Capital Services, Inc., Merrill Lynch Bank USA, Merrill Lynch Bank & Trust Co., FSB, Merrill Lynch International Bank Limited, Merrill Lynch Mortgage Capital Inc., Merrill Lynch Japan Securities Co., Ltd., Merrill Lynch Life Insurance Company, ML Life Insurance Company of New York, Merrill Lynch Derivative Products AG and ML IBK Positions, Inc. The services which ML and its principal subsidiaries provide include:

- Securities brokerage, trading, and underwriting;
- Investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities;
- Wealth management products and services, including financial, retirement and generational planning;
- Investment management and advisory and related record keeping services;
- Origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products;
- Securities clearance, settlement financing services and prime brokerage;
- Private equity and other principal investing activities;
- Proprietary trading of securities, derivatives and loans;
- Banking, trust and lending services, including deposit taking, consumer and commercial lending, including mortgage loans, and related services;
- Insurance and annuities sales; and
- Research across the following disciplines: global fundamental equity research, global fixed income and equity-linked research, global economics and foreign exchange research and global investment strategy.

ML's accounting year for 2006 ended on 29th December, 2006.

ML was incorporated under the laws of the State of Delaware, U.S.A., on 27th March, 1973 with file number 0790151. The principal executive office of the ML is located at 4 World Financial Center, New York, New York 10080, United States of America, with telephone number +1 212 449 1000. The ML's registered office in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States of America.

ML has securities admitted to trading on the following regulated markets: the Market, Eurolist by Euronext Amsterdam N.V. and the Official List of the Luxembourg Stock Exchange.

ANNEX 3

Description of Merrill Lynch Capital Services, Inc.

Merrill Lynch Capital Services, Inc. (**MLCS**) is the Swap Counterparty. MLSC is a wholly-owned indirect subsidiary of ML and was incorporated under the laws of Delaware on 1st August, 1984.

MLCS is one of ML's primary interest rate and currency derivative product dealers. MLCS primarily acts as a counterparty for certain derivative financial products, including interest rate and currency swaps, caps and floors and options. MLCS maintains positions in interest-bearing securities, financial futures and forward contracts to hedge its interest rate and currency risk related to derivative exposures. In the normal course of its business, MLCS enters into repurchase and resale agreements with certain affiliated companies. MLCS's subsidiaries, Merrill Lynch Commodities, Inc., Merrill Lynch Commodities (Europe) Trading Limited trade as principal in physically and financially settled contracts in energy, weather and a broad range of other commodities. These subsidiaries also provide asset optimisation and other energy management and risk management services for third parties.

The office is MLCS is Merrill Lynch World Headquarters, 4 World Financial Center, 18th Floor, New York, New York 10080.

ANNEX 4

Additional Information on the Initial Collateral

On 15th March, 2007, U.S.\$89,800,000 face amount of the 6.22 per cent. Subordinated Notes due 15th September, 2026 (the **Notes**) of ML were purchased by the Trust from Merrill Lynch International and on 25th April, 2007, the Trust purchased from Merrill Lynch International an additional U.S.\$53,880,000 face amount of Notes. A summary of the terms and conditions of the Notes appears below.

The following summary describes the terms and conditions of the Notes in general terms only. The Notes are described in full in a Terms Supplement dated 6th September, 2006 which supplements a General Prospectus Supplement and a Prospectus each dated 31st March, 2006 issued by Merrill Lynch & Co., Inc. These documents can all be accessed on the website of the U.S. Securities and Exchange Commission at www.sec.gov.

Issuer of the Notes:	Merrill Lynch & Co., Inc.
Securities Offered:	6.22 per cent. Subordinated Notes due 15th September, 2026
Public Offering Price:	99.977 per cent. of U.S.\$1,000 principal amount per Note, plus accrued interest, if any, from 12th September, 2006. The Notes were issued in denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof
Maturity Date:	15th September, 2026
Ranking:	The Notes rank subordinate and junior in right of payment to ML's senior indebtedness (as more fully described in the General Prospectus Supplement)
Interest Rate:	6.22 per cent. per annum
Interest Payment Dates:	15th September and 15th March of each year. The first Interest Payment Date under the Notes was 15th March, 2007
Redemption at ML's Option:	ML have the option to redeem the Notes, in whole or in part, at its option at any time, at a redemption price equal to the greater of (1) 100 per cent. of the principal amount of the Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed, discounted to the date on which the Notes are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months, at the adjusted treasury rate (described in the Terms Supplement) plus 20 basis points

Additional Amounts:	ML intends to make all payments on the Notes without deducting U.S. withholding taxes. However, if ML is required by law to deduct such taxes on payments to non-U.S. investors, subject to certain customary exceptions, ML will pay additional amounts on those payments (to the extent described in the Terms Supplement)
Tax Redemption:	If ML becomes obligated to pay additional amounts to non-U.S. investors due to changes in U.S. withholding tax requirements, ML may redeem the Notes before their stated maturity at a price equal to 100 per cent. of the principal amount redeemed plus accrued interest to the redemption date
Limited Events of Default and Acceleration:	The events of default under the Notes are limited to ML filing for bankruptcy or the occurrence of other events of bankruptcy, insolvency or reorganisation relating to ML. Holders of the Notes may only accelerate the maturity of the Notes upon ML's bankruptcy, insolvency or reorganisation, and not as a result of ML's failure to pay interest or principal when due or upon the occurrence of another event of default
Book-Entry:	<p>The Notes were issued in the form of one or more fully registered global securities which were deposited with, or on behalf of, The Depository Trust Company, New York, New York (the depository or DTC) and registered in the name of Cede & Co., the depository's nominee. Holders of the Notes do not have the right to receive physical certificates evidencing their ownership except under limited circumstances</p> <p>Investors in the Notes may elect to hold interests in the global securities through DTC, in the United States, or Clearstream Banking, société anonyme, or Euroclear Bank S.A./N.V., if they are participants in these systems, or indirectly through organisations which are participants in these systems</p>
Listing:	The Notes are not listed on any securities exchange
Governing law:	New York
CUSIP:	59022CAB9
The Issuer does not intend to provide any post-issuance information in relation to the Certificates or the Notes.	

ANNEX 5

General Information

1. The listing of the Certificates on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the initial MXN 1,600,000,000 Face Amount of Certificates on the Official List and admission of the initial MXN 1,600,000,000 Face Amount of Certificates to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market will be granted on or about 15th May, 2007 subject only to the issue of the Certificates. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.

An application will also be made to list the Certificates in the *Bolsa Mexicana de Valores, S.A. de C.V.*, under the *Sistema Internacional de Cotizaciones*.

2. The above pricing gave a yield of 4.25 per cent. The yield is calculated as of the closing dates of the initial MXN 1,600,000,000 Face Amount of Certificates and may fluctuate in the future. It is not an indication of future yield.
3. 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.
4. There has been no material adverse change in the financial position or prospects of the Issuer since its formation.
5. Copies of the Trust Agreement may be inspected at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AO, during usual business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this document.
6. The total expenses related to the admission to trading of the Certificates are estimated to be £2,725.
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.

THE ISSUER

MLUDI STEERS Notes Series 2007-1
c/o HSBC Bank USA, National Association
Corporate Trust & Loan Agency – International Finance Unit
452 Fifth Avenue
New York, NY 10018

Telephone Number: +1 212 525 1316

THE TRUSTEE AND PAYING AGENT

HSBC Bank USA, National Association
Corporate Trust & Loan Agency – International Finance Unit
452 Fifth Avenue
New York, NY 10018

THE SWAP COUNTERPARTY

Merrill Lynch Capital Services, Inc.
Merrill Lynch World Headquarters
4 World Financial Center, 18th Floor
New York, New York 10080

THE ISSUER OF THE NOTES AND THE SWAP COUNTERPARTY GUARANTOR

Merrill Lynch & Co., Inc.
Merrill Lynch World Headquarters
4 World Financial Center, 18th Floor
New York, New York 10080

DISTRIBUTOR, TRUST'S AGENT AND CALCULATION AGENT

Merrill Lynch International
2 World Financial Center
New York, NY 10080

LEGAL ADVISERS TO THE DISTRIBUTOR AND THE SWAP COUNTERPARTY

Allen & Overy LLP
1221 Avenue of the Americas
New York, NY 10020
United States of America