

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO

(RULE 14d-100)

**TENDER OFFER STATEMENT UNDER SECTION 14(D)(1) OR 13(E)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934**

MERRILL LYNCH & CO., INC.

(Name of Subject Company (Issuer))

MERRILL LYNCH & CO., INC. (ISSUER)

(Names of Filing Persons (Identifying Status as Offeror, Issuer or Other Person))

LIQUID YIELD OPTION™ NOTES DUE 2032

(Title of Class of Securities)

590188 A7 3

(CUSIP Number of Class of Securities)

**RICHARD ALSOP, ESQ.
GENERAL COUNSEL
CORPORATE LAW**

**MERRILL LYNCH & CO., INC.
4 WORLD FINANCIAL CENTER
NEW YORK, NEW YORK 10080
TELEPHONE: (212) 449-1000**

(Name, Address and Telephone Numbers of Person Authorized to Receive Notices
and Communications on Behalf of Filing Persons)

COPY TO:

**NORMAN D. SLONAKER, ESQ.
SIDLEY AUSTIN BROWN & WOOD LLP
787 SEVENTH AVENUE
NEW YORK, NEW YORK 10019
TELEPHONE: (212) 839-5300**

CALCULATION OF FILING FEE

TRANSACTION VALUATION¹

\$2,300,000,000

AMOUNT OF FILING FEE²

\$291,410

- Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: _____

Filing Party: _____

Form of Registration No.: _____

Date Filed: _____

- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.
- Check the appropriate boxes below to designate any transactions to which the statement relates:
- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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¹ The transaction value is based upon the original principal amount of the securities to be received by the acquiring person computed as of the latest practicable date prior to the date of filing.

² The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, equals \$126.70 per \$1,000,000 of the value of the transaction.

SCHEDULE TO

This Tender Offer Statement on Schedule TO relates to the offer by Merrill Lynch & Co., Inc., a Delaware corporation (the “Company”), to exchange (the “Exchange Offer”) an aggregate original principal amount of up to \$2,300,000,000 of the Company’s Exchange Liquid Yield Option Notes due 2032 (Zero Coupon–Floating Rate–Senior) (the “New LYONs”) for a like original principal amount of the Company’s issued and outstanding Liquid Yield Option Notes due 2032 (Zero Coupon–Floating Rate–Senior) (the “Old LYONs”). The Company’s Exchange Offer is being made upon the terms and subject to the conditions set forth in the Exchange Circular dated November 9, 2004 and in the related Letter of Transmittal, which are filed as exhibits to this Schedule TO. This Tender Offer Statement on Schedule TO is filed in satisfaction of the reporting requirements of Rule 13e-4 under the Securities Exchange Act of 1934, as amended. The Exchange Offer is being made by the Company pursuant to an exemption from registration under Section 3(a)(9) of the Securities Act of 1933, as amended.

The information in the Exchange Circular and the related Letter of Transmittal, copies of which are filed with this Schedule TO as Exhibits (a)(1)(i) and (a)(1)(ii) hereto, respectively, is incorporated herein by reference in answer to Items 1 through 11 in this Tender Offer Statement on Schedule TO, except as otherwise set forth below.

Item 3. Identity and Background of Filing Person

(A) Name and address.

This is an issuer tender offer. The filing person and subject company is Merrill Lynch & Co., Inc., a Delaware corporation, with its principal executive offices located at 4 World Financial Center, New York, New York 10080; telephone number (212) 449-1000.

Pursuant to General Instruction C to Schedule TO, the following persons are the executive officers and directors of the Company:

Name	Position
E. Stanley O’Neal	Chairman of the Board, Chief Executive Officer, President and Chief Operating Officer
Rosemary T. Berkery	Executive Vice President, General Counsel
Robert C. Doll	Senior Vice President
Ahmass L. Fakahany	Executive Vice President, Chief Financial Officer
Gregory J. Fleming	Executive Vice President
James P. Gorman	Executive Vice President
Do Woo Kim	Executive Vice President
Robert J. McCann	Executive Vice President
Worley H. Clark	Director
Jill K. Conway	Director
Alberto Cribiore	Director
John D. Finnegan	Director
Heinz-Joachim Neubürger	Director
David K. Newbigging	Director
Aulana L. Peters	Director
Joseph W. Prueher	Director
Ann N. Reese	Director
Charles O. Rossotti	Director

The business address and telephone number of each of the above executive officers and directors of the Company is 4 World Financial Center, New York, New York 10080; telephone number is (212) 449-1000.

Item 12. Exhibits.

- (a)(1)(i) Exchange Circular, dated November 9, 2004.
- (a)(1)(ii) Letter of Transmittal.
- (a)(1)(iii) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(iv) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(5)(i) Press Release, dated November 9, 2004, Merrill Lynch & Co., Inc. Announces Commencement of Its Offer to Exchange.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: November 9, 2004

MERRILL LYNCH & CO., INC.

By: /S/ JOHN LAWS

Name: John Laws

Title: Assistant Treasurer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
(a)(1)(i)	Exchange Circular, dated November 9, 2004.
(a)(1)(ii)	Letter of Transmittal.
(a)(1)(iii)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(iv)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(5)(i)	Press Release, dated November 9, 2004, Merrill Lynch & Co., Announces Commencement of Its Offer to Exchange.

Exchange Circular

Merrill Lynch & Co., Inc.

**Offer to Exchange
Liquid Yield Option™ Notes due 2032
(Zero Coupon—Floating Rate—Senior)
CUSIP No. 590188 A7 3
("Old LYONs")**

**for
Exchange Liquid Yield Option Notes due 2032
(Zero Coupon—Floating Rate—Senior)
CUSIP No. 590188 W4 6
("New LYONs")**

**THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.,
NEW YORK CITY TIME, ON DECEMBER 9, 2004 UNLESS THE EXCHANGE OFFER IS EXTENDED BY US.**

The Exchange Offer

We invite the holders of Old LYONs to tender for exchange any Old LYONs upon the terms and subject to the conditions described in this exchange circular and in the related letter of transmittal which, as amended or supplemented from time to time, constitute the exchange offer.

Each Old LYON was issued with an original principal amount of \$1,000. We currently have outstanding \$2,300,000,000 aggregate original principal amount of Old LYONs. The principal amount of the Old LYONs is subject to increase daily by a variable yield, although this yield is currently, and to date has not exceeded, 0% per annum. The original principal amount plus any accreted variable yield as of any day is called the "contingent principal amount" of the Old LYONs. We will authorize a new issuance of Exchange Liquid Yield Option Notes due 2032 (the "New LYONs"). Each New LYON will have an original principal amount equal to the contingent principal amount of one Old LYON as of the exchange date (which will be \$1,000 per New LYON if the exchange date occurs on or before December 12, 2004).

If you validly tender and do not validly withdraw your Old LYONs on or before the expiration date described above, we will deliver to you promptly after the expiration date New LYONs having an original principal amount equal to the contingent principal amount of your tendered Old LYONs as of the day of such exchange. (As of the date of this exchange circular, the contingent principal amount of each Old LYON is \$1,000.) We refer to the date of delivery of the New LYONs as the "exchange date." We will accept Old LYONs validly tendered for exchange and not validly withdrawn as of the expiration date, upon the terms and conditions of the exchange offer.

THE EXCHANGE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF OLD LYONs BEING TENDERED. THE EXCHANGE OFFER IS, HOWEVER, SUBJECT TO OTHER CONDITIONS. SEE "THE EXCHANGE OFFER—CONDITIONS TO THE EXCHANGE OFFER."

The exchange offer:

- expires at 5:00 p.m., New York City time, on December 9, 2004, which we refer to as the expiration date, unless extended by us;
- provides that Old LYONs tendered may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date; and
- is subject to other customary conditions described in this exchange circular.

Material Differences between New LYONs and Old LYONs

The terms of the New LYONs and of the Old LYONs are more fully described elsewhere in this exchange circular. The terms of the New LYONs are similar to the terms of the Old LYONs, but will differ in the following material ways:

- the yield will not exceed 5.5% per annum after March 13, 2007 for the Old LYONs or after March 13, 2008 for the New LYONs;
- we may redeem all or a portion of the Old LYONs at any time on or after March 13, 2007, however we may redeem all or a portion of the New LYONs at any time on or after March 13, 2008;
- you may require us to repurchase all or a portion of either the Old LYONs or the New LYONs on March 13, 2005, 2007, 2012, 2017, 2022 and 2027, but additionally you may require us to repurchase all or a portion of the New LYONs on March 13, 2006 and 2008;
- holders of Old LYONs surrendered for conversion will receive 13.8213 shares of our common stock (subject to adjustment), while holders of New LYONs surrendered for conversion will receive the value (calculated as described herein) of 13.8213 shares of our common stock (subject to adjustment). This value will be paid in cash in an amount equal to the contingent principal amount of the New LYON on the conversion date and the remainder, at our election, will be paid in cash, common stock or a combination thereof;
- we will pay contingent interest, if any, to holders commencing June 1, 2007 for the Old LYONs and commencing June 1, 2008 for the New LYONs;
- during any period when contingent interest is payable, the contingent interest payable each quarter per New LYON will equal an annualized rate of 0.88% of the contingent principal amount of a New LYON on the immediately preceding quarterly yield reset date. Contingent interest on the Old LYONs, if payable, is variable and based upon dividends we pay on our common stock; and
- the conversion rate adjustments applicable to the New LYONs will generally be identical to the conversion rate adjustments applicable to the Old LYONs; however, until March 13, 2008, rather than adjusting for "extraordinary cash dividends", as is provided in the Old LYONs, the conversion rate of the New LYONs will be adjusted upon the issuance of a cash dividend to all the holders of our common stock to the extent such dividend exceeds \$0.16 per share per quarter.

The original terms of the Old LYONs provided that, in the event of an early repayment of the Old LYONs at the option of holders, we could repay such Old LYONs by delivering, at our option, cash, our common stock or a combination thereof. On November 1, 2004, we amended the terms of the Old LYONs to provide that we will repay any Old LYONs surrendered for early repurchase at the option of a holder only in cash. This amended term of the Old LYONs will also be a term of the New LYONs.

See "Summary" beginning on page 5 of this exchange circular for a more complete description of the exchange offer and the differences between the Old LYONs and New LYONs.

Exchanging Old LYONs for New LYONs involves risks which are described in the "[Risk Factors Relating to the New LYONs](#)" section beginning on page 17 of this exchange circular.

We are making the exchange offer in reliance on the exemption from the registration requirements of the Securities Act of 1933 afforded by Section 3(a)(9) thereof. Therefore, we will not pay any commission or other remuneration to any broker, dealer, salesperson, or other person for soliciting tenders of the Old LYONs. We have instructed MLPF&S, the financial advisor, Global Bondholder Services Corporation, the exchange agent and the information agent not to solicit exchanges in connection with the exchange offer or to make any recommendation with respect to acceptance or rejection of the exchange offer. The financial advisor, the exchange agent and the information agent will answer questions with respect to the exchange offer solely by reference to the terms of this exchange circular. They may be contacted at the addresses and telephone numbers set out on the back cover of this exchange circular.

Based on interpretations by the staff of the Division of Corporation Finance of the Securities and Exchange Commission, which we refer to as the "SEC," we believe that the New LYONs issued in the exchange offer, like the Old LYONs, may be offered for resale, resold and otherwise transferred by any holder thereof who is not an affiliate of ours without compliance with the registration requirements of the Securities Act of 1933.

None of ML&Co., the financial advisor, the information agent or the exchange agent makes any recommendation to holders of New LYONs as to whether to exchange or refrain from exchanging their Old LYONs. In addition, no one has been authorized to make any such recommendation. You must make your own decision whether or when to exchange Old LYONs pursuant to the exchange offer and, if so, the aggregate principal amount of Old LYONs to exchange.

The date of this exchange circular is November 9, 2004.

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[Table of Contents](#)

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATOR AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This exchange circular does not constitute an offer of, or an invitation to purchase, any of the New LYONs in any jurisdiction in which such offer or invitation would be unlawful.

We are not aware of any jurisdiction where the making of the exchange offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the exchange offer is not in compliance with any applicable law, we will make a good faith effort to comply with the applicable law. If, after a good faith effort, we cannot comply with applicable law, we will not make the exchange offer to, nor will we accept tenders from or on behalf of, holders of Old LYONs residing in that jurisdiction.

[Table of Contents](#)

TABLE OF CONTENTS

	<u>Page</u>
Summary Term Sheet	1
Summary	5
Risk Factors Relating to the New LYONs	17
Summary Financial Information	19
Market Price of our Common Stock	20
Use of Proceeds	21
Ratio of Earnings to Fixed Charges	21
Purposes of the Exchange Offer; Plans or Proposals	21
The Exchange Offer	23
Description of New LYONs	31
Description of our Common Stock and Preferred Stock	48
Certain United States Federal Income Tax Considerations	52
Incorporation of Information We File with the SEC	57
Validity of Securities	58
Experts	58

SUMMARY TERM SHEET

We are providing this summary of the terms of the exchange offer for your convenience. It highlights material information found elsewhere in this exchange circular, but you should realize that it does not describe all of the details of the exchange offer to the same extent described elsewhere in this exchange circular. We urge you to read the entire exchange circular and the related letter of transmittal because they contain the full details of the exchange offer. Where helpful, we have included references to the sections of this exchange circular where you will find a more complete discussion.

Q: Who is making the exchange offer?

A: Merrill Lynch & Co., Inc. ("ML&Co."), the issuer of the Old LYONs, is making the exchange offer.

Q: Why are we making the exchange offer?

A: We are making the exchange offer to (a) limit the dilutive effect of the Old LYONs as the result of a new guidance of the Financial Accounting Standards Board ("FASB") Emerging Issues Task Force which was approved September 30, 2004 and (b) increase the likelihood the New LYONs remain part of our capital structure beyond the March 13, 2005 purchase date preserving the economic benefits of the LYONs for ML&Co. For further information regarding the effect of the new guidance, see Note 1 to our financial statements ("Summary of Significant Accounting Policies—New Accounting Pronouncements") included in our Quarterly Report on Form 10-Q for the period ended September 24, 2004, which has been incorporated by reference into this exchange circular.

Q: When will the exchange offer expire?

A: The exchange offer will expire at 5:00 p.m. New York City time, on December 9, 2004, unless extended by us. We may extend the expiration date for any reason. If we decide to extend it, we will announce any extensions by press release or other permitted means no later than 9:00 a.m. on the business day after the scheduled expiration of the exchange offer.

Q: What will you receive in the exchange offer if you tender your Old LYONs and they are accepted?

A: For Old LYONs that you tender, you will, upon the terms and subject to the conditions set forth in this exchange circular and the related letter of transmittal, receive an original principal amount of New LYONs equal to the contingent principal amount of tendered Old LYONs, as of the exchange date.

Q: What are the material differences between the New LYONs and the Old LYONs?

A: The material differences between the New LYONs and Old LYONs are:

- the yield will not exceed 5.5% per annum after March 13, 2007 for the Old LYONs or after March 13, 2008 for the New LYONs;
- we may redeem all or a portion of the Old LYONs at any time on or after March 13, 2007, however we may redeem all or a portion of the New LYONs at any time on or after March 13, 2008;
- you may require us to repurchase all or a portion of either the Old LYONs or the New LYONs on March 13, 2005, 2007, 2012, 2017, 2022 and 2027, but additionally you may require us to repurchase all or a portion of the New LYONs on March 13, 2006 and 2008;
- holders of Old LYONs surrendered for conversion will receive 13.8213 shares of our common stock (subject to adjustment), while holders of New LYONs surrendered for conversion will receive the value (calculated as described herein) of 13.8213 shares of our common stock (subject to adjustment). This value will be paid in cash in an amount equal to the contingent principal amount of the New LYON on the conversion date and the remainder, at our election, will be paid in cash, common stock or a combination thereof;

Table of Contents

- we will pay contingent interest, if any, to holders commencing June 1, 2007 for the Old LYONs and commencing June 1, 2008 for the New LYONs;
- during any period when contingent interest is payable, the contingent interest payable each quarter per New LYON will equal an annualized rate of 0.88% of the contingent principal amount (the per bond equivalent of our current annualized quarterly dividend rate of \$0.16 per share of common stock multiplied by the conversion rate of 13.8213) of a New LYON on the immediately preceding quarterly yield reset date. This rate will not change in the event we vary our dividend rate or the conversion rate is adjusted. Contingent interest on the Old LYONs, if payable, is variable and based upon dividends we pay on our common stock; and
- the conversion rate adjustments applicable to the New LYONs will generally be identical to the conversion rate adjustments applicable to the Old LYONs; however, until March 13, 2008, rather than adjusting for “extraordinary cash dividends”, as is provided in the Old LYONs, the conversion rate of the New LYONs will be adjusted upon the issuance of a cash dividend to all the holders of our common stock to the extent such dividend exceeds \$0.16 per share per quarter.

The original terms of the Old LYONs provided that, in the event of an early repayment of the Old LYONs at the option of holders, we could repay such Old LYONs by delivering, at our option, cash, our common stock or a combination thereof. On November 1, 2004, we amended the terms of the Old LYONs to provide that we will repay any Old LYONs surrendered for early repurchase at the option of a holder only in cash. This amended term of the Old LYONs will also be a term of the New LYONs.

Q: If the Exchange Offer is consummated but you do not tender your Old LYONs, how will your rights be affected?

A: If you do not tender your Old LYONs in the exchange offer, or if your Old LYONs are not accepted for exchange, you will continue to hold your Old LYONs and will be entitled to all the rights and subject to all the limitations applicable to the Old LYONs.

Q: What amount of Old LYONs are we seeking in the exchange offer?

A: We are seeking to exchange all of our outstanding Old LYONs.

Q: Will we exchange all of the Old LYONs validly tendered?

A: Yes. We will exchange all of the Old LYONs validly tendered pursuant to the terms of the exchange offer.

Q: Is there a minimum amount of Old LYONs that is required to be tendered in the exchange offer?

A: No. The exchange offer is not conditioned upon the valid tender of any minimum aggregate principal amount of Old LYONs.

Q: Are there any conditions to the exchange offer?

A: Yes. Our obligation to accept Old LYONs in exchange for New LYONs is subject to a number of conditions. We describe the conditions to the exchange offer in greater detail in the section titled “The Exchange Offer—Conditions to Exchange Offer.”

Q: Who may participate in the Exchange Offer?

A: All holders of the Old LYONs may participate in the exchange offer.

Q: Do you have to tender all of your Old LYONs to participate in the exchange offer?

A: No. You do not have to tender all of your Old LYONs to participate in the exchange offer.

Table of Contents

Q: What will happen to Old LYONs tendered in the exchange offer?

A: Old LYONs accepted in the exchange will be cancelled.

Q: Will the New LYONs be freely tradable?

A: Based on interpretations by the staff of the Division of Corporation Finance of the SEC, we believe that the New LYONs issued in the exchange offer, like the Old LYONs, may be offered for resale, resold and otherwise transferred by any holder thereof who is not an affiliate of ours without compliance with the registration requirements of the Securities Act of 1933.

Q: Will the New LYONs be listed?

A: We have not applied and do not intend to apply for listing of the New LYONs on any securities exchange. The Old LYONs are not listed on any securities exchange.

Q: When can your Old LYONs be redeemed at our option? When can New LYONs be redeemed at our option?

A: We may redeem all or a portion of your Old LYONs at our option on or after March 13, 2007. We may redeem all or a portion of New LYONs at our option on or after March 13, 2008. We describe how the New LYONs can be redeemed in more detail in the section titled “Description of New LYONs—Redemption of New LYONs at Our Option.”

Q: When can you convert your Old LYONs or your New LYONs?

A: The conditions for conversion of the Old LYONs and the New LYONs will be identical. You can convert either your Old LYONs or your New LYONs (1) if the sale price of our common stock reaches specified thresholds, (2) during any period in which the credit rating of the LYONs is below a specified level, (3) if the LYONs are called for redemption, or (4) if specified corporate transactions have occurred.

Q: When can you require us to repurchase your Old LYONs? When can you require us to repurchase New LYONs?

A: You can require us to repurchase all or a portion of your Old LYONs on March 13, 2005, 2007, 2012, 2017, 2022 and 2027. You can require us to repurchase all or a portion of New LYONs on those same dates, and also on March 13, 2006 and 2008. We must pay the purchase price of both the Old LYONs and the New LYONs in cash. The original terms of the Old LYONs provided that we could pay the purchase price in cash, shares of our common stock or a combination of cash and shares of common stock. The terms of the Old LYONs were amended November 1, 2004 to provide for a cash payment only. We describe your rights to require us to repurchase the New LYONs in more detail in “Description of New LYONs—Repurchase of New LYONs at the Option of Holders.”

Q: What risks should you consider in deciding whether or not to tender your Old LYONs?

A: In deciding whether to participate in the exchange offer, you should carefully consider the discussion of factors affecting the New LYONs and our common stock described in the section of this exchange circular entitled “Risk Factors Relating to the New LYONs” beginning on page 17, the U.S. federal income tax consequences to you relating to this exchange offer and to the ownership and disposition of the New LYONs (please see the section of this exchange circular titled “Certain United States Federal Income Tax Considerations”) and the information about us and our business contained in documents incorporated by reference into this exchange circular.

Table of Contents

Q: How do you participate in the exchange offer?

A: In order to exchange Old LYONs, you must tender the Old LYONs in accordance with the procedures described in this exchange circular. There are no guaranteed delivery provisions provided for by us in conjunction with the exchange offer. We describe the procedures for participating in the exchange offer in more detail in the section titled “The Exchange Offer—Procedures for Exchange.”

Q: May you withdraw your tender of Old LYONs?

A: Yes. You may withdraw any tendered Old LYONs at any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. In addition, if we have not accepted the Old LYONs you have tendered to us, you may also withdraw your Old LYONs at any time after January 10, 2005.

Q: When will the New LYONs be issued?

A: We will accept all Old LYONs validly tendered and not withdrawn as of the expiration of the exchange offer and will issue the New LYONs promptly after expiration of the exchange offer, upon the terms and subject to the conditions in this exchange circular and the letter of transmittal. We refer to the date that we issue the New LYONs as the “exchange date.”

Q: What happens if your Old LYONs are not accepted in the exchange offer?

A: If we do not accept your Old LYONs for exchange for any reason, the Old LYONs tendered by you will be returned to you promptly after the expiration or termination of the exchange offer.

Q: If you decide to tender your Old LYONs, will you have to pay any fees or commissions to us or the exchange agent?

A: We will pay transfer taxes, if any, applicable to the transfer of Old LYONs pursuant to the exchange offer. Additionally, we will pay all other expenses related to the exchange offer. If you hold Old LYONs through a broker, dealer, commercial bank, trust company or other nominee, we urge you to consult your nominee to determine what transaction costs may apply.

Q: How will you be taxed on the exchange of your Old LYONs?

A: Please see the section of this exchange circular titled “Certain United States Federal Income Tax Considerations.” The tax consequences to you of the exchange offer are uncertain and may depend on your individual circumstances. While the application of Treasury regulations to the exchange offer is uncertain, we intend to take the position that the modifications to the Old LYONs pursuant to the exchange offer will not constitute a significant modification to the Old LYONs. Accordingly, we intend to treat the exchange of Old LYONs for New LYONs as not resulting in an exchange for U.S. federal income tax purposes. You should consult your own tax advisor for a full understanding of the tax consequences of participating in the exchange offer.

Q: Has ML&Co. adopted a position on the exchange offer?

A: None of ML&Co., the financial advisor, the information agent or the exchange agent makes any recommendation as to whether you should tender Old LYONs pursuant to the exchange offer. You must make the decision whether to tender Old LYONs and, if so, how many Old LYONs to tender.

Q: Who can you call with questions about the exchange offer?

A: You should direct your questions regarding the procedures for tendering Old LYONs to Global Bondholder Services Corporation, our information agent. The financial advisor, the exchange agent and the information agent will answer questions with respect to the exchange offer solely by reference to the terms of this exchange circular.

SUMMARY

This summary highlights selected information from this exchange circular to help you understand the New LYONs, the terms and conditions of the exchange offer and the material differences between the Old LYONs and New LYONs. You should carefully consider the discussion of factors affecting the New LYONs and our common stock described in the section of this exchange circular entitled “Risk Factors Relating to the New LYONs” beginning on page 17, the U.S. federal income tax consequences to you relating to this exchange offer and to the ownership and disposition of the New LYONs (please see the section of this exchange circular titled “Certain United States Federal Income Tax Considerations”) and the information about us and our business contained in documents incorporated by reference into this exchange circular to determine whether an investment in the New LYONs is appropriate for you.

References in this exchange circular to “ML&Co.,” “we,” “us” and “our” are to Merrill Lynch & Co., Inc., and references to “MLPF&S” are to Merrill Lynch, Pierce, Fenner & Smith Incorporated, the financial advisor.

Merrill Lynch & Co., Inc.

We are a holding company that, through our U.S. and non-U.S. subsidiaries and affiliates such as Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Government Securities Inc., Merrill Lynch Capital Services, Inc., Merrill Lynch International, Merrill Lynch Capital Markets Bank Ltd., Merrill Lynch Investment Managers, L.P., Merrill Lynch Investment Managers Limited, Merrill Lynch Bank U.S.A., Merrill Lynch Bank & Trust Co., Merrill Lynch International Bank Limited, Merrill Lynch Japan Securities Co., Ltd., Merrill Lynch Canada, Inc. and Merrill Lynch Insurance Group, Inc., provides investment, financing, advisory, insurance, and related products and services on a global basis, including:

- securities brokerage, trading and underwriting;
- investment banking, strategic services (including mergers and acquisitions), and other corporate finance advisory activities;
- wealth management products and services, including financial, retirement and generational planning;
- asset management and investment advisory services;
- origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives and foreign exchange products;
- securities clearance, settlement financing services and prime brokerage;
- equity, debt, foreign exchange and economic research;
- private equity and other principal investment activities;
- banking, trust and lending services, including deposit taking, commercial and mortgage lending and related services;
- insurance and annuities sales and annuity underwriting services; and
- investment advisory and related record keeping services.

We provide these products and services to a wide array of clients, including individual investors, small businesses, corporations, governments, governmental agencies and financial institutions.

Table of Contents

Our principal executive office is located at 4 World Financial Center, New York, New York 10080; our telephone number is (212) 449-1000.

If you want to find more information about us, please see the sections entitled “Incorporation of Information We File with the SEC” in this exchange circular.

Summary of the Exchange Offer

Purpose of the Exchange Offer

We are making the exchange offer to (a) limit the dilutive effect of the Old LYONs as the result of a new guidance of the FASB Emerging Issues Task Force which was approved September 30, 2004 and (b) increase the likelihood the New LYONs remain part of our capital structure beyond the March 13, 2005 purchase date preserving the economic benefits of the LYONs for ML&Co. For further information regarding the effect of the new guidance, see Note 1 to our financial statements (“Summary of Significant Accounting Policies—New Accounting Pronouncements”) included in our Quarterly Report on Form 10-Q for the period ended September 24, 2004, which has been incorporated by reference into this exchange circular.

The Exchange Offer

We are offering to exchange each Old LYON accepted for exchange for a New LYON having an original principal amount equal to the contingent principal amount of the tendered Old LYONs as of the exchange date. As of the date of this exchange circular, each Old LYON has a contingent principal amount of \$1,000.

Conditions to Exchange Offer

The exchange offer is not conditioned on any minimum number of Old LYONs being tendered but is subject to certain other conditions.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on December 9, 2004 unless extended by us, which date we refer to as the expiration date.

We may extend the expiration date for any reason. If we decide to extend it, we will announce any extensions by press release or other permitted means no later than 9:00 a.m. on the business day after the scheduled expiration of the exchange offer.

Withdrawal of Tenders

Tenders of Old LYONs may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date. In addition, if we do not accept the Old LYONs you have tendered to us, you may also withdraw your Old LYONs at any time after January 10, 2005.

Procedures for Tendering

In order to exchange Old LYONs, you must tender your Old LYONs in accordance with the procedures described in this exchange circular and the letter of transmittal. If your Old LYONs are held through a broker or other third party, or in “street name,” you will have to instruct the holder to tender the Old LYONs on your behalf. We will determine whether, in our reasonable judgment, Old LYONs have been validly tendered.

[Table of Contents](#)

Old LYONs may be tendered by electronic transmission of acceptance through The Depository Trust Company's, ("DTC's") Automated Tender Offer Program ("ATOP") procedures for transfer, or by delivery of a signed letter of transmittal pursuant to the instructions described therein.

Any financial institution that is a participant in DTC may tender Old LYONs through DTC's ATOP, by which the custodial entity and the beneficial owner on whose behalf the custodial entity is acting agree to be bound by the letter of transmittal. A letter of transmittal need not accompany tenders effected through ATOP. Please carefully follow the instructions contained in this exchange circular on how to tender your securities.

There are no guaranteed delivery provisions provided for by us in conjunction with the exchange offer. Holders must tender their Old LYONs in accordance with the procedures set forth under "The Exchange Offer—Procedures for Tendering."

Acceptance of Old LYONs

We will accept all Old LYONs validly tendered and not validly withdrawn as of the expiration of the exchange offer and will issue the New LYONs promptly after expiration of the exchange offer, upon the terms and subject to the conditions in this exchange circular and the letter of transmittal. We refer to the date that we issue the New LYONs as the "exchange date." Our oral or written notice of acceptance to the exchange agent will be considered our acceptance of the exchange offer.

If we decide for any reason not to accept any Old LYONs for exchange, they will be returned without expense promptly after the expiration or termination of the exchange offer.

Amendment of the Exchange Offer

We reserve the right not to accept any of the Old LYONs tendered, and to otherwise interpret or modify the terms of this exchange offer, provided that we will comply with applicable laws that require us to extend the period during which securities may be tendered or withdrawn as a result of changes in the terms of or information relating to the exchange offer.

Use of Proceeds

We will not receive any proceeds from this exchange offer. Old LYONs that are validly tendered and exchanged pursuant to the exchange offer will be canceled. Accordingly, our issuance of New LYONs will not result in any cash proceeds to us.

Taxation

The U.S. federal income tax consequences of the exchange offer and of the ownership and disposition of the New LYONs are unclear. We intend to take the position that the modifications to the Old LYONs resulting from the exchange offer will not result in an exchange for U.S. federal income tax purposes. Accordingly, we intend to take the

[Table of Contents](#)

position that the New LYONs are a continuation of the Old LYONs and, consequently, that there will be no U.S. federal income tax consequences to a holder that exchanges Old LYONs for New LYONs pursuant to the exchange offer. This position, however, is subject to uncertainty and may be challenged by the IRS. If, contrary to our position, the exchange offer were treated as resulting in an exchange for U.S. federal income tax purposes, the consequences to you may be materially different. Please see the section of this exchange circular titled "Certain United States Federal Income Tax Considerations."

Old LYONs Not Tendered or Accepted for Exchange

Any Old LYONs not accepted for exchange for any reason will be returned without expense to you promptly after the expiration or termination of this exchange offer. If you do not exchange your Old LYONs in this exchange offer, or if your Old LYONs are not accepted for exchange, you will continue to hold your Old LYONs and will be entitled to all the rights and subject to all the limitations applicable to the Old LYONs.

Exchange Agent

Global Bondholder Services Corporation is the exchange agent for this exchange offer. Its address and telephone numbers are located on the back cover of this exchange circular.

Information Agent

Global Bondholder Services Corporation is the information agent for this exchange offer. Its address and telephone numbers are located on the back cover of this exchange circular.

Financial Advisor

MLPF&S is the financial advisor for this exchange offer. Its address and telephone numbers are located on the back cover of this exchange circular.

[Table of Contents](#)

Material Differences Between The Old LYONs And New LYONs

While the terms of the New LYONs are similar to the terms of the Old LYONs, the material differences between the Old LYONs and New LYONs are illustrated in the table below. The table below is qualified in its entirety by the information contained elsewhere in this exchange circular and the documents governing the Old LYONs and the New LYONs, copies of which are available from the information agent upon request. For a more detailed description of the New LYONs, see "Description of New LYONs." For a more detailed description of the Old LYONs, please read the prospectus supplement for the Old LYONs dated March 7, 2002, copies of which are available from the information agent upon request.

	<u>Old LYONs</u>	<u>New LYONs</u>
Yield of LYONs	The yield of the Old LYONs will not exceed 5.5% per annum after March 13, 2007.	The yield of the New LYONs will not exceed 5.5% per annum after March 13, 2008.
Redemption of LYONs at Our Option	We may redeem all or a portion of the Old LYONs for cash at any time on or after March 13, 2007.	We may redeem all or a portion of the New LYONs for cash at any time on or after March 13, 2008.
Redemption of the LYONs at Option of the Holder	You may require us to repurchase all or a portion of the Old LYONs for cash on March 13, 2005, 2007, 2012, 2017, 2022 and 2027.	You may require us to repurchase all or a portion of the New LYONs for cash on March 13, 2005, 2006, 2007, 2008, 2012, 2017, 2022 and 2027.
Conversion Consideration	For each Old LYON surrendered for conversion, if the conditions for conversion are satisfied, a holder will receive 13.8213 shares of our common stock (subject to adjustment).	Upon conversion, we will deliver, for each New LYON, consideration having a value equal to the product of the conversion rate (13.8213, subject to adjustment) multiplied by the average of the sale price of our common stock on the New York Stock Exchange on each of the 5 consecutive trading days beginning on the third business day following the conversion date of the New LYONs (the "applicable stock price"). This consideration will be paid in cash (the "required cash amount") in an amount equal to the contingent principal amount of the New LYON on the conversion date, and the remainder, at our election, will be paid in cash, common stock or a combination thereof. We will give notice no later than two business days after the conversion date to holders who convert at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law stating whether we will pay the consideration in excess of the

	<u>Old LYONs</u>	<u>New LYONs</u>
Contingent Interest	<p>We will pay contingent interest to the holders of Old LYONs during any six-month period from June 1 to November 30 and from December 1 to May 31, with the initial six-month period commencing June 1, 2007, if the average market price of an Old LYON for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the contingent principal amount of such Old LYON on the day immediately preceding the first day of the applicable six-month period. Notwithstanding the above, if we declare a dividend for which the record date falls prior to the first day of a six-month period but the payment date falls within such six-month period, then the five trading day period for determining the average market price of an Old LYON will be the five trading days ending on the third trading day immediately preceding such record date. During any period when contingent interest shall be payable, the contingent interest payable per LYON in either the first three months or the second three months of such period will be equal to the greater of (i) the sum</p>	<p>required cash amount in cash, in common stock or in a combination thereof, specifying the percentages of each. If a portion of the consideration is to be paid in shares of common stock, the number of shares to be delivered will equal (a)(i) the conversion rate multiplied by the applicable stock price, minus (ii) the total of the required cash amount and any additional cash paid as consideration, divided by (b) the applicable stock price.</p> <p>We will pay contingent interest to the holders of New LYONs during any six-month period from June 1 to November 30 and from December 1 to May 31, with the initial six-month period commencing June 1, 2008, if the average market price of a New LYON for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the contingent principal amount of such New LYON on the day immediately preceding the first day of the applicable six-month period. Notwithstanding the above, if we declare a dividend for which the record date falls prior to the first day of a six-month period but the payment date falls within such six-month period, then the five trading day period for determining the average market price of a New LYON will be the five trading days ending on the third trading day immediately preceding such record date. During any period when contingent interest is payable, the contingent interest payable each quarter per LYON in either the first three months or the second three months of such period will equal an annualized rate of 0.88% of the contingent principal amount (the per</p>

[Table of Contents](#)

	<u>Old LYONs</u>	<u>New LYONs</u>
	<p>of all regular cash dividends paid by us per share on our common stock during those three months multiplied by the number of shares of common stock issuable upon conversion of a LYON at the then applicable conversion rate or (ii) \$0.16 multiplied by 13.8213. Therefore, during any applicable six-month period when contingent interest is payable, the contingent interest will not be less than \$0.32 multiplied by the number of shares of common stock initially issuable upon conversion of a LYON.</p>	<p>bond equivalent of our quarterly current annualized dividend rate of \$0.16 per share of common stock multiplied by the conversion rate of 13.8213) of a New LYON on the immediately preceding quarterly yield reset date. This rate will not change in the event we vary our dividend rate or the conversion rate is adjusted.</p>
Conversion Rate	<p>The conversion rate of the Old LYONs will be adjusted for (i) dividends or distributions on our common stock payable in our common stock or other capital stock; (ii) subdivisions, combinations or certain reclassifications of our common stock; (iii) distributions to all holders of our common stock of certain rights to purchase our common stock for a period expiring within 60 days at less than the sale price at the time; and (iv) distributions to the holders of our common stock of our assets or debt securities or certain rights to purchase our securities (excluding cash dividends or other cash distributions from current or retained earnings other than extraordinary cash dividends). "Extraordinary cash dividends" means the amount of any cash dividend or distribution that, together with all other cash dividends paid during the preceding 12-month period, are on a per share basis in excess of the sum of (i) 5% of the sale price of the shares of common stock on the day preceding the date of declaration of such dividend or</p>	<p>The conversion rate adjustments applicable to the New LYONs will generally be identical to the conversion rate adjustments applicable to the Old LYONs; however, until March 13, 2008, rather than adjusting for "extraordinary cash dividends", as is provided in the Old LYONs, the conversion rate of the New LYONs will be adjusted upon the issuance of a cash dividend to all the holders of our common stock to the extent such dividend exceeds \$0.16 per share per quarter. Notwithstanding the foregoing, in no event will the conversion rate exceed 18.3823 (subject to adjustment as described herein).</p>

Old LYONs

New LYONs

distribution, and (ii) the quotient of the amount of any contingent interest paid on a New LYON during such 12-month period divided by the number of shares of common stock issuable upon conversion of a New LYON at the conversion rate in effect on the payment date of such contingent interest.

[Table of Contents](#)

Summary of New LYONs

New LYONs	An aggregate original principal amount of New LYONs will be issued that is equal to the contingent principal amount of Old LYONs tendered and accepted in this exchange offer. If all of the Old LYONs are tendered and accepted, and if the contingent principal amount of the Old LYONs is unchanged as of the exchange date, \$2,300,000,000 aggregate original principal amount of New LYONs will be issued and outstanding.
Maturity of New LYONs	March 13, 2032.
Yield of New LYONs	<p>We will not pay interest on the New LYONs unless contingent interest becomes payable. On the maturity date of the New LYONs, a holder will receive the contingent principal amount of a New LYON, which will be equal to the original principal amount of each New LYON subject to increase daily by a variable yield. That yield is currently 0% per annum, and will be reset on December 13, 2004 and on each subsequent quarterly yield reset date to a rate of 3-month LIBOR minus 2.0% per annum. Regardless of the level of 3-month LIBOR, however, this yield will never be less than zero and, after March 13, 2008, the yield will not exceed 5.5% per annum.</p> <p>The contingent principal amount will accrue daily at the applicable yield. The rate of accrual will be applied to the contingent principal amount per New LYON as of the day preceding the most recent yield reset date. Yield reset dates will be each March 13, June 13, September 13 and December 13 of each year. The yield will be calculated using the actual number of days elapsed between the yield reset dates divided by 360. Contingent interest, if any, which is described below will be in addition to the yield.</p>
Ranking	The New LYONs will be unsecured and unsubordinated indebtedness of ML&Co. and will rank equally with ML&Co.'s other existing and future unsecured and unsubordinated indebtedness.
Conversion Rights	Upon conversion, we will deliver, for each New LYON, consideration having a value equal to the product of the conversion rate (13.8213, subject to adjustment) multiplied by the average of the sale price of our common stock on the New York Stock Exchange on each of the 5 consecutive trading days beginning on the third business day following the conversion date of the New LYONs (the "applicable stock price"). This consideration will be paid in cash (the "required cash amount") in an amount equal to the contingent principal amount of the New LYON on the conversion date, and the remainder, at our election, will be paid in cash, common stock or a combination thereof. We will give notice no later than two business days after the conversion date to holders who convert at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law stating whether we will pay the consideration in excess

[Table of Contents](#)

of the required cash amount in cash, in common stock or in a combination thereof, specifying the percentages of each. If a portion of the consideration is to be paid in shares of common stock, the number of shares to be delivered will equal (a)(i) the conversion rate multiplied by the applicable stock price, minus (ii) the total of the required cash amount and any additional cash paid as consideration, divided by (b) the applicable stock price. (The conversion rate will be adjusted for reasons specified in the indenture, but will not be adjusted for increases in the contingent principal amount.)

If, as of the last day of any calendar quarter beginning with the quarter ending December 31, 2004, the sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the accreted conversion price per share of common stock on the last day of such quarter, then on and after the first day of the following quarter holders may surrender New LYONs for conversion. The accreted conversion price per share as of any day will equal the contingent principal amount on that day, with that sum divided by the conversion rate.

Holders may also surrender a New LYON for conversion when the credit rating assigned to the New LYONs is Baa1 or lower by Moody's Investors Service, Inc. ("Moody's"), BBB+ or lower by Standard & Poor's Credit Market Services, a division of The McGraw-Hill Companies ("Standard & Poor's") or BBB+ or lower by Fitch, Inc. ("Fitch").

New LYONs or portions of New LYONs called for redemption may be surrendered for conversion until the close of business on the second business day prior to the redemption date. In addition, if we make a significant distribution to our shareholders or if we are a party to certain consolidations, mergers or binding share exchanges, New LYONs may be surrendered for conversion as provided in "Description of New LYONs—Conversion Rights." See "Certain United States Federal Income Tax Considerations" and "Description of New LYONs—Conversion Rights—Conversion Rights Upon Notice of Redemption."

Contingent Interest

We will pay contingent interest to the holders of New LYONs during any six-month period from June 1 to November 30, and from December 1 to May 31, with the initial six-month period commencing June 1, 2008, if the average market price of a New LYON for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the contingent principal amount of such New LYON.

During any period when contingent interest is payable, the contingent interest payable per New LYON each quarter will equal an annualized rate of 0.88% of the contingent principal amount (the per bond equivalent of our quarterly current annualized dividend rate of \$0.16 per share of common stock multiplied by the conversion rate of

[Table of Contents](#)

13.8213) of a New LYON on the immediately preceding quarterly yield reset date. This rate will not change in the event we vary our dividend rate or the conversion rate is adjusted.

Contingent interest, if any, will be payable to holders of New LYONs as of the 15th day preceding the last day of the relevant six-month period. We will make contingent interest payments on the last day of the relevant six-month period. The contingent principal amount will continue to increase at the applicable yield whether or not contingent interest is paid.

Tax Original Issue Discount

Consistent with our position that the exchange offer will not result in an exchange for U.S. federal income tax purposes, the New LYONs will be debt instruments subject to the contingent payment debt regulations. You should be aware that, even if we do not pay any contingent interest on the New LYONs, you will be required to include interest in your gross income for U.S. federal income tax purposes. We intend to take the position that the New LYONs are a continuation of the Old LYONs for U.S. federal income tax purposes and, accordingly, that this imputed interest, also referred to as tax original issue discount, will continue to accrue at a rate equal to 5.714% per year, computed on a semi-annual bond equivalent basis, which represents the “comparable yield” of the Old LYONs. We anticipate that the rate at which the tax original issue discount will accrue for U.S. federal income tax purposes will exceed the stated yield based upon 3-month LIBOR minus 2.0% per annum.

You will also recognize gain or loss on the sale, exchange, conversion or redemption of a New LYON in an amount equal to the difference between the amount realized on the sale, exchange, conversion or redemption, and your adjusted tax basis in the New LYON. Any gain recognized by you on the sale, exchange, conversion or redemption of a New LYON generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See “Certain United States Federal Income Tax Considerations.”

Purchase of New LYONs by ML&Co. at the Option of the Holder

Holders may require us to purchase all or a portion of their New LYONs on March 13, 2005, 2006, 2007, 2008, 2012, 2017, 2022 and 2027 at a price equal to the contingent principal amount of the New LYONs on the purchase date. We will pay the purchase price in cash. See “Description of New LYONs—Purchase of New LYONs at the Option of the Holder.”

Change in Control

Upon a change in control of ML&Co. occurring on or before March 13, 2007, each holder may require us to repurchase all or a portion of such holder’s New LYONs for cash at a price equal to 100% of the contingent principal amount of such New LYONs on the date of repurchase. See “Description of New LYONs—Change in Control Permits Purchase of New LYONs at the Option of the Holder.”

Table of Contents

Redemption of New LYONs at the Option of ML&Co.	We may redeem all or a portion of the New LYONs for cash at any time on or after March 13, 2008 at a redemption price equal to the contingent principal amount of the New LYONs on the redemption date. See “Description of New LYONs—Redemption of New LYONs at the Option of ML&Co.”
Dividend Protection	The conversion rate adjustments applicable to the New LYONs will generally be identical to the conversion rate adjustments applicable to the Old LYONs; however, until March 13, 2008, rather than adjusting for “extraordinary cash dividends”, as is provided in the Old LYONs, the conversion rate of the New LYONs will be adjusted upon the issuance of a cash dividend to all the holders of our common stock to the extent such dividend exceeds \$0.16 per share per quarter. Notwithstanding the foregoing, in no event will the conversion rate exceed 18.3823 (subject to adjustment as described herein).
Sinking Fund	None.
DTC Eligibility	The New LYONs will be issued in book-entry form and will be represented by permanent global certificates without coupons deposited with a custodian for and registered in the name of a nominee of DTC in New York, New York. Beneficial interests in any such securities will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants, and any such interest may not be exchanged for certificated securities, except in limited circumstances. See “Description of New LYONs—Depositary—DTC Procedures.”
Listing	ML&Co. does not intend to list the New LYONs on any securities exchange.
Trading Symbol for our Common Stock	Our common stock is traded on the NYSE under the symbol “MER.”

RISK FACTORS RELATING TO THE NEW LYONS

Your investment in the New LYONS involves risks. You should carefully consider the following discussion of risks and the information about us and our business contained in documents incorporated by reference into this exchange circular before deciding whether an investment in the New LYONS is suitable for you.

The yield on the New LYONS cannot be determined at this time and may be lower than the yield on a standard debt security of comparable maturity and may be zero.

As with the Old LYONS, the yield on the New LYONS is based on 3-month LIBOR, which is the London Interbank Offered Rate. This represents the interest rate London banks offer for deposits of U.S. dollars for a period of three months. At November 8, 2004, 3-month LIBOR was 2.26% per annum. The yield on the New LYONS will be reset every three months. If LIBOR is at or below 2.0% per annum at the start of any three month period, no contingent principal will accrue on the New LYONS during that period. Currently, the yield on the Old LYONS is 0% per annum and will be reset on December 13, 2004, the next quarterly reset date. Therefore, the contingent principal amount of a LYON at maturity cannot be determined at this time and there can be no assurance that we will pay you on the maturity date more than the original principal amount of your LYONS.

The amount we pay you may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior debt security of ML&Co. with the same stated maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

We expect that the trading value of the New LYONS will be significantly affected by the price of our common stock and other factors.

The market price of the New LYONS is expected to be significantly affected by the market price of our common stock. This may result in greater volatility in the trading value of the New LYONS than would be expected for nonconvertible debt securities we issue. In addition, the New LYONS have a number of features, including conditions to conversion, which, if not met, could result in a holder receiving less than the value of the common stock into which a LYON is otherwise convertible. These features could adversely affect the value and the trading prices for the New LYONS.

Certain provisions in our certificate of incorporation, bylaws and rights agreement may deter potential acquirors and may depress our stock price.

Our certificate of incorporation, bylaws and rights agreement contain provisions that could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of ML&Co. See “Description of our Common Stock and Preferred Stock—Voting Rights”, “—Rights to Purchase Series A Junior Preferred Stock” and “—Material Charter Provisions”.

The trading market for LYONS may be limited.

The New LYONS comprise a new issue of securities for which there is currently no public market. If the New LYONS are traded, they may do so at a discount from their initial public offering price, depending on prevailing interest rates, the market for similar securities, the market prices for our common stock, our financial performance and other factors. The New LYONS will not be listed on any securities exchange, and we do not know whether an active trading market will develop or be maintained for the New LYONS. To the extent that an active trading market for the New LYONS does not develop, their liquidity and trading price may be harmed.

After the distribution of the New LYONS is completed, due to certain regulatory restrictions arising from its affiliation with ML&Co., MLPF&S will not be able to make a market in the New LYONS or, except on

[Table of Contents](#)

a limited, unsolicited basis, effect any transactions for the account of any customer in the New LYONs. Other broker-dealers unaffiliated with ML&Co. will not be subject to such prohibitions.

You should consider the U.S. federal income tax consequences of the exchange offer.

The U.S. federal income tax consequences of the exchange offer and of the ownership and disposition of the New LYONs are uncertain. We intend to take the position that the modifications to the Old LYONs resulting from the exchange offer will not result in an exchange for U.S. federal income tax purposes. Accordingly, we intend to take the position that the New LYONs are a continuation of the Old LYONs and, consequently, that there will be no U.S. federal income tax consequences to a holder that exchanges Old LYONs for New LYONs pursuant to the exchange offer. This position, however, is subject to uncertainty and may be challenged by the IRS. If, contrary to our position, the exchange offer were treated as resulting in an exchange for U.S. federal income tax purposes, the consequences to you may be materially different. Please see the section of this exchange circular titled "Certain United States Federal Income Tax Considerations."

You should consider the U.S. federal income tax consequences of owning New LYONs.

The New LYONs will constitute contingent payment debt instruments. As a result, you will be required to include amounts in income as ordinary interest income in advance of the receipt of any cash interest payments. We anticipate that the amount of interest income required to be included by you for each year will be in excess of the stated yield based upon 3-month LIBOR minus 2.0% per annum. You will recognize gain or loss on the sale, purchase by us at your option, exchange, conversion or redemption of a New LYON in an amount equal to the difference between the amount realized on the sale, purchase by us at your option, exchange, conversion or redemption, including the fair market value of any of our common stock received, and your adjusted tax basis in the New LYON. Any gain recognized by you on the sale, purchase by us at your option, exchange, conversion or redemption of a New LYON generally will be ordinary interest income. Any loss will be ordinary loss to the extent of the interest previously included in income and capital loss thereafter. A summary of the U.S. federal income tax consequences of the ownership and disposition of the New LYONs is described in this exchange circular under the heading "Certain United States Federal Income Tax Considerations."

If you do not exchange your Old LYONs, the Old LYONs you retain may become less liquid as a result of the exchange offer.

If a significant number of Old LYONs are exchanged in the exchange offer, the liquidity of the trading market for the Old LYONs, if any, after the completion of the exchange offer may be substantially reduced. Any Old LYONs exchanged will reduce the aggregate number of Old LYONs outstanding. As a result, the Old LYONs may trade at a discount to the price at which they would trade if the transactions contemplated by this exchange circular were not consummated, subject to prevailing interest rates, the market for similar securities and other factors. We cannot assure you that an active market in the Old LYONs will exist or be maintained and we cannot assure you as to the prices at which the Old LYONs may be traded.

[Table of Contents](#)

MERRILL LYNCH & CO., INC.
SUMMARY FINANCIAL INFORMATION

	For the Nine Months Ended		Year Ended Last Friday in December		
	September 24, 2004	September 26, 2003	2003	2002	2001
<i>(dollars in millions, except per share amounts)</i>					
Results of Operations					
Total Revenues	\$ 22,942	\$ 21,061	\$ 27,781	\$ 28,308	\$ 38,792
Less Interest Expense	6,731	6,011	7,818	9,872	17,108
Net Revenues	16,211	15,050	19,963	18,436	21,684
Non-Interest Expenses	11,916	11,387	14,745	16,121	21,918
Earnings (Loss) Before Income Taxes	4,295	3,663	5,218	2,315	(234)
Income Tax Expense	1,045	1,040	1,384	605	101
Net Earnings (Loss)	\$ 3,250	\$ 2,623	\$ 3,834	\$ 1,710	\$ (335)
Net Earnings (Loss) Applicable to Common Stockholders ^(a)	\$ 3,221	\$ 2,594	\$ 3,796	\$ 1,672	\$ (374)
Financial Position					
Total Assets	\$ 606,681	\$ 487,564	\$496,316	\$451,375	\$437,041
Short-Term Borrowings ^(b)	\$ 257,053	\$ 185,657	\$191,676	\$180,213	\$178,155
Long-Term Borrowings	\$ 102,582	\$ 80,706	\$ 83,299	\$ 78,524	\$ 76,572
Long-Term Debt Issued to TOPrS SM Partnerships	\$ 3,092	\$ 3,198	\$ 3,203	\$ 3,189	\$ 3,181
Total Stockholders' Equity	\$ 30,121	\$ 27,376	\$ 28,950	\$ 24,148	\$ 20,852
Common Share Data^(c)					
<i>(in thousands, except per share amounts)</i>					
Earnings Per Share:					
Basic	\$ 3.51	\$ 2.89	\$ 4.21	\$ 1.94	\$ (0.45)
Diluted	\$ 3.21	\$ 2.68	\$ 3.88	\$ 1.77	\$ (0.45)
Weighted-Average Shares Outstanding:					
Basic	918,795	896,528	900,711	862,318	838,683
Diluted	1,004,739	967,089	977,789	944,299	838,683
Shares Outstanding at Period End ^(d)	929,099	938,554	945,911	867,291	843,474
Book Value Per Share	\$ 31.83	\$ 28.59	\$ 30.03	\$ 27.15	\$ 24.03
Dividends Paid Per Share	\$ 0.48	\$ 0.48	\$ 0.64	\$ 0.64	\$ 0.64
Financial Ratios					
Pre-tax Profit Margin ^(e)	26.5%	24.3%	26.1%	12.6%	N/M
Annualized Return on Average Common Stockholders' Equity	14.6%	13.7%	14.7%	7.5%	N/M

N/M—Not meaningful.

Note: Prior period amounts have been restated to reflect stock option expensing under SFAS No. 123 and the deconsolidation of TOPrS SM.

(a) Net earnings less preferred stock dividends.

(b) Consists of Payables under repurchase agreements and securities loaned transactions, Commercial paper and other short-term borrowings, and Deposits.

(c) All share and per share data have been restated for the two-for-one common stock split paid in August 2000.

(d) Does not include shares exchangeable into common stock of 2,783 and 2,958 for the nine months ended September 24, 2004 and September 26, 2003, respectively and 2,900; 3,911 and 4,195 at year-end 2003, 2002 and 2001, respectively.

(e) Earnings (Loss) Before Income Taxes to Net Revenues.

[Table of Contents](#)

MARKET PRICE OF OUR COMMON STOCK

Our common stock is listed and traded on the NYSE under the symbol “MER”. There were approximately 18,614 registered holders of our common stock as of November 1, 2004. The table below sets forth the high and low sales prices of the common stock as reported for NYSE Composite Transactions and the quarterly cash dividends declared per share of our common stock during the periods indicated. The common stock prices have been rounded to the nearest one- hundredth and the dividends have been rounded to the nearest one-thousandth.

Calendar Quarter	Price Range		Cash Dividend Declared
	Low	High	
2002			
First Quarter	\$44.15	\$59.32	\$.160
Second Quarter	36.50	55.20	.160
Third Quarter	30.99	40.71	.160
Fourth Quarter	28.21	44.91	.160
2003			
First Quarter	\$30.75	\$43.75	\$.160
Second Quarter	35.30	49.20	.160
Third Quarter	45.83	57.50	.160
Fourth Quarter	53.85	60.47	.160
2004			
First Quarter	\$56.97	\$64.89	\$.160
Second Quarter	51.35	60.74	.160
Third Quarter	47.35	54.66	.160
Fourth Quarter (through November 9, 2004)	49.38	56.50	.160

On November 8, 2004, the last sale price per share of our common stock on the NYSE was \$55.82 per share.

The Old LYONs are not traded on any established trading market. Due to certain regulatory restrictions arising from its affiliation with ML&Co., MLPF&S is not able to make a market in the Old LYONs or, except on a limited, unsolicited basis, effect any transactions for the account of any customer in the Old LYONs. Similar restrictions will apply to transaction for the New LYONs. Other broker-dealers unaffiliated with ML&Co. are not be subject to such prohibitions.

USE OF PROCEEDS

We will not receive any proceeds from this exchange offer. Old LYONs that are validly tendered and exchanged pursuant to the exchange offer will be retired and canceled. Accordingly, our issuance of New LYONs will not result in any cash proceeds to us.

RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 24, 2004	Year Ended				
		2003	2002	2001	2000	1999
Ratio of earnings to fixed charges	1.58	1.63	1.23	0.99	1.27	1.26

For the purpose of calculating the ratio of earnings to fixed charges, “earnings” consist of earnings from continuing operations before income taxes and fixed charges, excluding amortization of capitalized interest and preferred security dividend requirements. “Fixed charges” consist of interest costs, the interest factor in rentals, amortization of debt issuance costs, preferred security dividend requirements of subsidiaries and capitalized interest.

PURPOSES OF THE EXCHANGE OFFER; PLANS OR PROPOSALS

Purpose of Exchange Offer

We are making the exchange offer to (a) limit the dilutive effect of the Old LYONs as the result of a new guidance of the FASB Emerging Issues Task Force which was approved September 30, 2004 and (b) increase the likelihood the New LYONs remain part of our capital structure beyond the March 13, 2005 purchase date preserving the economic benefits of the LYONs for ML&Co. For further information regarding the effect of the new guidance, see Note 1 to our financial statements (“Summary of Significant Accounting Policies—New Accounting Pronouncements”) included in our Quarterly Report on Form 10-Q for the period ended September 24, 2004, which has been incorporated by reference into this exchange circular.

Plans or Proposals

We currently have no plans, proposals or negotiations underway that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- any purchase, sale or transfer of an amount of our assets or any of our subsidiaries’ assets which is material to us and our subsidiaries, taken as a whole;
- any material change in our present dividend rate or policy, our capitalization, indebtedness, corporate structure or business;
- any change in our present Board of Directors or management or any plans or proposals to change the number or the terms of directors (although we may fill vacancies arising on the Board of Directors) or to change any material term of the employment contract of any executive officer;
- the ceasing of any class of our equity securities to be authorized to be quoted on the NYSE;
- any class of our equity securities becoming eligible for termination of registration under Section 12(g) of the Exchange Act;

Table of Contents

- the suspension of our obligation to file reports under the Exchange Act;
- the acquisition or disposition by any person of our securities; or
- any changes in our certificate of incorporation, bylaws or other governing instruments, or other actions that could impede the acquisition of control of us.

THE EXCHANGE OFFER

Securities Subject to the Exchange Offer

We are offering, upon the terms and subject to the conditions set forth in this exchange circular and the accompanying letter of transmittal, to exchange New LYONs for Old LYONs. We are offering to exchange all of the Old LYONs tendered in the exchange offer. However, the exchange offer is subject to the conditions described in this exchange circular.

Based on the principal amount of the Old LYONs outstanding as of the date of this exchange circular, and on the contingent principal amount of the Old LYONs as of such date, we are offering to acquire up to \$2,300,000,000 aggregate original principal amount of Old LYONs that are validly tendered on the terms and subject to the conditions set forth in this exchange circular and in the accompanying letter of transmittal.

You may tender all, some or none of your Old LYONs, subject to the terms and conditions of the exchange offer. Holders of Old LYONs must tender their Old LYONs in a minimum \$1,000 original principal amount and multiples thereof.

The exchange offer is not being made to, and we will not accept tenders for exchange from, holders of Old LYONs in any jurisdiction in which the exchange offer or the acceptance of the offer would not be in compliance with the securities or blue sky laws of that jurisdiction.

None of ML&Co., the financial advisor, the information agent or the exchange agent makes any recommendation to the holders of the Old LYONs as to whether or not to exchange all or any portion of their Old LYONs. In addition, we have not authorized anyone to make any recommendation. You must make your own decision whether to tender your Old LYONs for exchange and, if so, the amount of Old LYONs to tender.

Conditions to the Exchange Offer

Notwithstanding any other provisions of this exchange offer, we will not be required to accept for exchange any Old LYONs tendered, and we may terminate or amend the exchange offer if any of the following conditions precedent to the exchange offer is not satisfied, or is reasonably determined by us not to be satisfied, and, in our reasonable judgment and regardless of the circumstances giving rise to the failure of the condition, the failure of the condition makes it inadvisable to proceed with the exchange offer or with the acceptance for exchange or exchange and issuance of the New LYONs:

(1) No action or event shall have occurred, failed to occur or been threatened, no action shall have been taken, and no statute, rule, regulation, judgment, order, stay, decree or injunction shall have been promulgated, enacted, entered, enforced or deemed applicable to the exchange offer, by or before any court or governmental, regulatory or administrative agency, authority or tribunal, which either:

- challenges the making of the exchange offer or the exchange of Old LYONs under the exchange offer or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the exchange offer or the exchange of Old LYONs under the exchange offer, or
- in our reasonable judgment, could materially adversely affect our business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects and our subsidiaries, taken as a whole, or would be material to holders of Old LYONs in deciding whether to accept the exchange offer.

(2) (a) Trading generally shall not have been suspended or materially limited on the NYSE; (b) there shall not have been any suspension or limitation of trading of any of our securities on any

Table of Contents

exchange or in the over-the-counter market; (c) no general banking moratorium shall have been declared by federal or New York authorities; or (d) there shall not have occurred any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if the effect of any such outbreak, escalation, declaration, calamity or emergency has a reasonable likelihood to make it impractical or inadvisable to proceed with completion of the exchange offer.

(3) The trustee with respect to the Old LYONS shall not have objected in any respect to, or taken any action that could in our reasonable judgment adversely affect the consummation of the exchange offer, the exchange of Old LYONS under the exchange offer, nor shall the trustee or any holder of Old LYONS have taken any action that challenges the validity or effectiveness of the procedures used by us in making the exchange offer or the exchange of the Old LYONS under the exchange offer.

All of the foregoing conditions are for the sole benefit of us and may be waived by us, in whole or in part, in our sole discretion at any time before the expiration of the exchange offer. In the event we waive any condition to the exchange offer, it will be waived as to all holders of Old LYONS. Any determination that we make concerning an event, development or circumstance described or referred to above shall be conclusive and binding.

If any of the foregoing conditions are not satisfied, we may, at any time before the expiration of the exchange offer:

(a) terminate the exchange offer and return all tendered Old LYONS to the holders thereof;

(b) modify, extend or otherwise amend the exchange offer and retain all tendered Old LYONS until the expiration date, as may be extended, subject, however, to the withdrawal rights of holders (see “Expiration Date; Extensions; Amendments,” “Proper Execution and Delivery of Letter of Transmittal” and “Withdrawal of Tenders” below); or

(c) waive the unsatisfied conditions and accept all Old LYONS tendered and not previously withdrawn.

Except for the requirements of applicable United States federal and state securities laws, we know of no federal or state regulatory requirements to be complied with or approvals to be obtained by us in connection with the exchange offer which, if not complied with or obtained, would have a material adverse effect on us.

Expiration Date; Extensions; Amendments

For purposes of the exchange offer, the term “expiration date” shall mean 5:00 p.m., New York City time, on December 9, 2004, subject to our right to extend such date and time for the exchange offer in our sole discretion, in which case, the expiration date shall mean the latest date and time to which the exchange offer is extended.

We reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth above under “—Conditions to the Exchange Offer” occur or are deemed by us to have occurred, to extend the period of time during which the exchange offer is open and thereby delay acceptance of, any Old LYONS by giving oral or written notice of such extension to the exchange agent and making a public announcement of the extension. We also reserve the right to terminate the exchange offer and not accept any Old LYONS not already accepted or, subject to applicable law, to postpone issuance of New LYONS upon the occurrence of any of the conditions specified above under “—Conditions to the Exchange

Table of Contents

Offer” by giving oral or written notice of such termination or postponement to the exchange agent and making a public announcement of the termination or postponement. Our reservation of the right to delay acceptance and to delay payment for Old LYONS which we have accepted is limited by Rule 13e-4(f)(5) under the Securities Exchange Act of 1934 (the “Exchange Act”), which requires that we must pay the consideration offered or return the Old LYONS tendered promptly after termination or withdrawal of the exchange offer.

Subject to compliance with applicable law, we also reserve the right, and regardless of whether any of the events set forth above under “—Conditions to the Exchange Offer” occur or are deemed by us to have occurred, to amend the exchange offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the exchange offer to holders of Old LYONS or by decreasing the number of Old LYONS being sought in the exchange offer. Amendments to the exchange offer may be made at any time and from time to time by public announcement. The announcement, in the case of an extension, shall be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced expiration date.

Any public announcement made under the exchange offer will be disseminated promptly to holders of Old LYONS in a manner reasonably designed to inform holders of Old LYONS of that change. Without limiting the manner in which we may choose to make any public announcement, except as provided by applicable law, we have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to Business Wire or another comparable news service.

If we materially change the terms of the exchange offer or the information concerning the exchange offer, we will extend the exchange offer to the extent required by Rule 13e-4 promulgated under the Exchange Act. This rule and certain related releases and interpretations of the SEC provide that the minimum period during which a tender offer (including an exchange offer) must remain open following material changes in the terms of the tender offer or information concerning the tender offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If we undertake any of the following actions:

- decrease or increase the consideration offered to be paid for the Old LYONS,
- decrease the number of Old LYONS being sought in the exchange offer,

and the exchange offer is scheduled to expire at anytime earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice of an decrease is first published, sent or given to holders of Old LYONS, then the exchange offer will be extended until the expiration of a period of ten business days.

Effect of Tender

Any valid tender by a holder of Old LYONS that is not validly withdrawn prior to the expiration date of the exchange offer will constitute a binding agreement between that holder and us upon the terms and subject to the conditions of the exchange offer and the letter of transmittal. The acceptance of the exchange offer by a tendering holder of Old LYONS will constitute the agreement by that holder to deliver good and marketable title to the tendered Old LYONS, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind.

Absence of Dissenters’ Rights

Holders of the Old LYONS do not have any appraisal or dissenters’ rights under applicable law in connection with the exchange offer.

[Table of Contents](#)

Acceptance of Old LYONs for Exchange

The New LYONs will be delivered in book-entry form on the settlement date which we anticipate will be promptly following the expiration date of the exchange offer, after giving effect to any extensions. We refer to the date we issue the New LYONs as the “exchange date.”

We will be deemed to have accepted validly tendered Old LYONs when, and if, we have given oral (promptly confirmed in writing) or written notice thereof to the exchange agent. Subject to the terms and conditions of the exchange offer, the issuance of New LYONs will be recorded in book-entry form by the exchange agent on the exchange date upon receipt of such notice. The exchange agent will act as agent for tendering holders of the Old LYONs for the purpose of receiving book-entry transfers of Old LYONs in the exchange agent’s account at DTC. If any validly tendered Old LYONs are not accepted for any reason set forth in the terms and conditions of the exchange offer, including if Old LYONs are validly withdrawn, such withdrawn Old LYONs will be returned without expense to the tendering holder or such Old LYONs will be credited to an account maintained at DTC designated by the DTC participant who so delivered such Old LYONs, in either case, promptly after the expiration or termination of the exchange offer.

Procedures for Tendering

If you wish to participate in the exchange offer and your Old LYONs are held by, a custodial entity such as a bank, broker, dealer, trust company, or other nominee, you must instruct that custodial entity to tender your Old LYONs on your behalf pursuant to the procedures of that custodial entity.

To participate in the exchange offer, you must either:

- complete, sign and date a letter of transmittal, or a facsimile thereof, in accordance with the instructions in the letter of transmittal, including guaranteeing the signatures to the letter of transmittal, if required, and mail or otherwise deliver the letter of transmittal or, a manually executed facsimile thereof, to the exchange agent at the address listed in the letter of transmittal, for receipt before the expiration date; or
- comply with the ATOP procedures for book-entry transfer described below before the expiration date.

The exchange agent and DTC have confirmed that the exchange offer is eligible for ATOP. The letter of transmittal, or a facsimile thereof, with any required signature guarantees, or, in the case of book-entry transfer, an agent’s message (as defined below) in lieu of the letter of transmittal, and any other required documents, must be transmitted to and received by the exchange agent before the expiration date. Old LYONs will not be deemed to have been tendered until the letter of transmittal and signature guarantees, if any, or agent’s message, is received by the exchange agent.

The method of delivery of Old LYONs, the letter of transmittal, and all other required documents to the exchange agent is at the election and risk of the holder. If delivery is by mail, registered mail, with return receipt requested and properly insured, is recommended. Instead of delivery by mail, it is recommended that the holder use an overnight or hand-delivery service. In all cases, sufficient time should be allowed to ensure timely delivery. In all cases, sufficient time should be allowed to assure delivery to and receipt by the exchange agent before the expiration date. Do not send the letter of transmittal to anyone other than the exchange agent.

There are no guaranteed delivery provisions provided for by us in conjunction with the exchange offer. Holders must tender their Old LYONs in accordance with the procedures set forth in this section.

Table of Contents

Book-Entry Delivery Procedures for Tendering Old LYONs Held with DTC

If you wish to tender Old LYONs held on your behalf by a nominee with DTC, you must:

- inform your nominee of your interest in tendering your Old LYONs pursuant to the exchange offer; and
- instruct your nominee to tender all Old LYONs you wish to be tendered in the exchange offer into the exchange agent's account at DTC before the expiration date.

Any financial institution that is a participant in DTC must tender Old LYONs by effecting a book-entry transfer of Old LYONs to be tendered in the exchange offer into the account of the exchange agent at DTC by electronically transmitting its acceptance of the exchange offer through the ATOP procedures for transfer. DTC will then verify the acceptance, execute a book-entry delivery to the exchange agent's account at DTC, and send an agent's message to the exchange agent. An "agent's message" is a message, transmitted by DTC to, and received by, the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC; which we refer to as a "participant," tendering Old LYONs that the participant has received and agrees to be bound by the terms of the letter of transmittal and that we may enforce the agreement against the participant. **A letter of transmittal need not accompany tenders effected through ATOP.**

Proper Execution and Delivery of the Letter of Transmittal

Signatures on a letter of transmittal or notice of withdrawal described under "—Withdrawal of Tenders;" as the case may be, must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the NYSE Medallion Signature Program or the Stock Exchange Medallion Program unless the Old LYONs tendered pursuant to the letter of transmittal are tendered by a participant in DTC whose name appears on a security position listing as the owner of the Old LYONs or the account of an "eligible guarantor institution". An "eligible guarantor institution" is one of the following firms or other entities identified in Rule 17Ad-15 under the Exchange Act (as the terms are used in Rule 17Ad-15): a bank; a broker, dealer, municipal securities dealer, municipal securities broker, governmental securities dealer or government securities broker; a credit union; a national securities exchange, registered securities association or clearing agency; or a savings institution that is a participant in a Securities Transfer Association recognized program. If the letter of transmittal is signed by the holders of Old LYONs tendered thereby, the signatures must correspond with the names in which the Old LYONs are registered without any change whatsoever.

If any of the Old LYONs tendered are held by two or more holders, each holder must sign the letter of transmittal. If any of the Old LYONs tendered thereby are registered in different names, it will be necessary to complete, sign and submit as many separate letters of transmittal, and any accompanying documents, as there are different registrations of Old LYONs.

If the letter of transmittal is signed by a person other than the holder of the Old LYONs listed in the letter of transmittal, those Old LYONs must be properly endorsed or accompanied by a properly completed bond power, signed by the holder exactly as the holder's name appears on the books and records of the registrar for the Old LYONs. If the letter of transmittal or any Old LYONs, bond powers or other instruments of transfer are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

No alternative, conditional, irregular, or contingent tenders will be accepted. By executing the letter of transmittal, or facsimile thereof, the tendering holders of Old LYONs waive any right to receive any notice of the acceptance for exchange of their Old LYONs. Old LYONs not tendered or exchanged will be returned to the tendering holder.

Table of Contents

All questions as to the validity, form, eligibility, including time of receipt, and acceptance and withdrawal of tendered Old LYONs will be determined by us in our absolute discretion, which determination will be final and binding. We reserve the absolute right to reject any and all tendered Old LYONs determined by us not to be in proper form or not to be tendered properly or any tendered Old LYONs our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive, in our absolute discretion, any defects, irregularities, or conditions of tender as to particular Old LYONs, whether or not waived in the case of other Old LYONs. Our interpretation of the terms and conditions of an exchange offer, including the terms and instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old LYONs must be cured within the time we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Old LYONs, neither we, the information agent, the exchange agent nor any other person will be under any duty to give that notification or shall incur any liability for failure to give that notification. Tendere of Old LYONs will not be deemed to have been made until any defects or irregularities therein have been cured or waived.

Withdrawal of Tenders

Tenders of Old LYONs in connection with the exchange offer may be withdrawn at any time prior to 5:00 p.m. the expiration date of the exchange offer, and unless the Old LYONs are already accepted pursuant to the exchange offer, you may also withdraw Old LYONs at any time after 12:00 Midnight on the January 10, 2005.

For a withdrawal of a tender of Old LYONs to be effective, a written or facsimile transmission notice of withdrawal must be received by the exchange agent before the expiration date at its address set forth on the back cover of this exchange circular. Any such notice of withdrawal must (1) specify the name of the person that tendered the Old LYONs to be withdrawn, (2) contain the description of the Old LYONs to be withdrawn and the aggregate principal amount represented by such Old LYONs, and (3) be signed by the holder of such Old LYONs in the same manner as the original signature on the letter of transmittal by which such Old LYONs were tendered (including any required signature guarantees), if any, or be accompanied by documents of transfer sufficient to have the exchange agent register the transfer of the Old LYONs to the name of the person withdrawing such Old LYONs and a properly completed irrevocable proxy that authorized such person to effect such revocation on behalf of such holder. If the Old LYONs to be withdrawn have been delivered or otherwise identified to the exchange agent, a signed notice of withdrawal is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected.

Beneficial owners desiring to withdraw Old LYONs previously tendered should contact the DTC participant through which such beneficial owners hold their Old LYONs. In order to withdraw Old LYONs previously tendered, a DTC participant may, prior to the expiration date of the exchange offer, withdraw its instruction previously transmitted through ATOP by (i) withdrawing its acceptance through ATOP or (ii) delivering to the exchange agent by mail, hand delivery or facsimile transmission, notice of withdrawal of such instruction. The notice of withdrawal must contain the name and number of the DTC participant. The method of notification is at the risk and election of the holder and must be timely received by the exchange agent. Withdrawal of a prior instruction will be effective upon receipt of the notice of withdrawal by the exchange agent. All signatures on a notice of withdrawal must be guaranteed in the manner described above. However, signatures on the notice of withdrawal need not be guaranteed if the Old LYONs being withdrawn are held for the account of an eligible guarantor institution. A withdrawal of an instruction must be executed by a DTC participant in the same manner as such DTC participant's name appears on its transmission through ATOP to which such withdrawal relates. A DTC participant may withdraw a tender only if such withdrawal complies with the provisions described in this paragraph.

Table of Contents

Withdrawals of tenders of Old LYONs may not be rescinded and any Old LYONs withdrawn will thereafter be deemed not validly tendered for purposes of the exchange offer. Properly withdrawn Old LYONs, however, may be retendered by following the procedures described above at any time prior to the expiration date of the exchange offer.

Interests of Directors and Executive Officers, Transactions and Arrangement Concerning the LYONs.

Other than stock-based employee benefit plans, there are no agreements, arrangements or understandings involving ML&Co. and any executive officer and director of ML&Co. or each person controlling ML&Co. with respect to the LYONs.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the transfer and exchange of Old LYONs to us in the exchange offer. If transfer taxes are imposed for any other reason, the amount of those transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. Other reasons transfer taxes could be imposed include:

- if New LYONs in book-entry form are to be registered in the name of any person other than the person signing the letter of transmittal; or
- if tendered Old LYONs are registered in the name of any person other than the person signing the letter of transmittal.

If satisfactory evidence of payment of or exemption from those transfer taxes is not submitted with the letter of transmittal, the amount of those transfer taxes will be billed directly to the tendering holder and/or withheld from any payments due with respect to the Old LYONs tendered by such holder.

Exchange Agent

Global Bondholder Services Corporation has been appointed as the exchange agent for the exchange offer. Letters of transmittal and all correspondence in connection with the exchange offer should be sent or delivered by each holder of Old LYONs, or a beneficial owner's commercial bank, broker, dealer, trust company or other nominee, to the exchange agent at the address listed on the back cover page of this exchange circular. We will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

Information Agent

Global Bondholder Services Corporation has been appointed as the information agent for the exchange offer. Questions concerning tender procedures and requests for additional copies of this exchange circular or the letter of transmittal should be directed to the information agent at the address and telephone numbers listed on the back cover page of this exchange circular. Holders of Old LYONs may also contact their commercial bank, broker, dealer, trust company, or other nominee for assistance concerning the exchange offer. We will pay the information agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

Financial Advisor

MLPF&S is our financial advisor for the exchange offer. We will pay the financial advisor a fixed fee for their services and will reimburse their reasonable out-of-pocket expenses.

Table of Contents

Other Fees and Expenses

Tendering holders of Old LYONs will not be required to pay any expenses in the exchange offer. However if a tendering holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, such holder may be required to pay brokerage fees or commissions.

Miscellaneous

All questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of Old LYONs in connection with the exchange offer will be determined by us, in our sole discretion, and our determination will be final and binding. We reserve the absolute right to reject any and all tenders not in proper form or the acceptance for exchange of which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any defect or irregularity in the tender of any Old LYONs in the exchange offer, and the interpretation by us of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties, provided that we will not waive any condition to the offer with respect to an individual holder of Old LYONs unless we waive that condition for all such holders. None of us, the exchange agent, or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

Tenders of Old LYONs involving any irregularities will not be deemed to have been made until such irregularities have been cured or waived. Old LYONs received by the exchange agent in connection with the exchange offer that are not validly tendered and as to which the irregularities have not been cured or waived will be returned by the exchange agent to the DTC participant who delivered such Old LYONs by crediting an account maintained at DTC designated by such DTC participant promptly after the expiration date of the exchange offer or the withdrawal or termination of the exchange offer.

We are not aware of any jurisdiction where the making of the exchange offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the exchange offer is not in compliance with any applicable law, we will make a good faith effort to comply with the applicable law. If, after good faith effort, we cannot comply with applicable law, we will not make the exchange offer to, nor will we accept tenders from or on behalf of, holders of Old LYONs residing in that jurisdiction.

Pursuant to Rule 13e-4 promulgated under the Exchange Act, we have filed with the SEC an Issuer Tender Offer Statement on Schedule TO, which contains additional information relating to the exchange offer. The Schedule TO, including the exhibits and any amendments thereto, may be examined, and copies may be obtained, at the same places and in the same manner set forth in "Incorporation of Information We File with the SEC" with respect to information concerning us.

DESCRIPTION OF NEW LYONS

We will issue the New LYONS under an indenture between ML&Co. and JPMorgan Chase Bank, as trustee, to be dated as of the date of the issuance of the New LYONS. The following summarizes some, but not all, of the provisions of the New LYONS and the indenture. The New LYONS are a series of debt securities. The following summary does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the indenture, which we urge you to read because they define your rights as a New LYONS holder. As used in this description, the words “we,” “us,” “ML&Co.,” “our” or “Merrill Lynch” do not include any current or future subsidiary of ML&Co.

General

The New LYONS will be limited to an aggregate original principal amount equal to the contingent principal amount (as of the exchange date) of the Old LYONS for which they are exchanged. If all Old LYONS are exchanged, and if the contingent principal amount of the Old LYONS remains unchanged as of the exchange date, New LYONS will be issued in an aggregate original principal amount of \$2,300,000,000. The New LYONS will mature on March 13, 2032. The original principal amount of each New LYON will equal the contingent principal amount (as of the exchange date) of the Old LYONS for which it was exchanged. If the contingent principal amount of the Old LYONS remains unchanged as of the exchange date, the original principal amount of each New LYON will equal \$1,000. If the exchange offer expires on or after December 13, 2004 (which is the next quarterly yield reset date) the contingent principal amount of each New LYON may be an amount that is greater than \$1,000 if the rate of 3-month LIBOR on the second London banking day preceding December 13, 2004 is greater than 2.0%. On the maturity date of the New LYONS, a holder will receive the contingent principal amount of a New LYON as of the maturity date. The contingent principal amount of a New LYON will equal the original principal amount of the New LYON subject to increase daily by a variable yield. If the New LYONS are issued prior to December 13, 2004, the initial yield will equal 0% per annum. This yield will be reset on December 13, 2004 and on each subsequent quarterly yield reset date to a rate of 3-month LIBOR minus 2.0% per annum. Regardless of the level of 3-month LIBOR, however, this yield will never be less than zero and, after March 13, 2008, the yield will not exceed 5.5% per annum. The contingent principal amount will accrue daily at the applicable yield. The rate of accrual will be applied to the contingent principal amount per New LYON as of the day preceding the most recent yield reset date. Yield reset dates will be each March 13, June 13, September 13 and December 13. The yield will be calculated using the actual number of days elapsed between the yield reset dates divided by 360. Contingent interest, if any, which is described below will be in addition to the yield.

The New LYONS will be payable at the office of the paying agent, which initially will be an office or agency of the trustee, or an office or agency maintained by us for such purpose, in the Borough of Manhattan, The City of New York. Except as described below under “—Contingent Interest”, we will not make periodic payments of interest on the New LYONS.

Consistent with our position that the exchange offer will not result in an exchange for U.S. federal income tax purposes, the New LYONS will be debt instruments subject to the contingent payment debt regulations. The New LYONS will be treated as having been issued with original issue discount for U.S. federal income tax purposes. Even if we do not pay any contingent interest on the New LYONS, holders will be required to include accrued tax original issue discount in their gross income for U.S. federal income tax purposes. We anticipate that the rate at which the tax original issue discount will accrue will exceed the stated yield based upon 3-month LIBOR minus 2.0% per annum. See “Certain United States Federal Income Tax Considerations.”

The New LYONS will rank equally with all of our existing and future unsecured and unsubordinated indebtedness.

Maturity, conversion, purchase by us at the option of a holder or redemption of a New LYON at our option will cause the applicable yield and contingent interest, if any, to cease to accrue on such New LYON. We may not reissue a New LYON that has matured or been converted, purchased by us at your option, redeemed or otherwise cancelled, except for registration of transfer, exchange or replacement of such New LYON.

Table of Contents

New LYONs may be presented for conversion at the office of the conversion agent, and for exchange or registration of transfer at the office of the registrar, each such agent initially being the trustee. We will not charge a service fee for any registration of transfer or exchange of New LYONs.

LIBOR

The yield on the New LYONs will be reset on each March 13, June 13, September 13 and December 13. If any yield reset date would otherwise be a day that is not a business day, that yield reset date will be postponed to the next succeeding business day, except if that business day falls in the next succeeding calendar month, that yield reset date will be the immediately preceding business day.

We will determine 3-month LIBOR on the second London banking day preceding the related yield reset date, which we refer to as the yield determination date.

“3-month LIBOR” means:

(a) the rate for 3-month deposits in United States dollars commencing on the related yield reset date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the yield determination date, or

(b) if fewer than two offered rates appear, or no rate appears, as the case may be, on the particular yield determination date on the Moneyline Telerate Page 3750, the rate calculated by us of at least two offered quotations obtained by us after requesting the principal London offices of each of four major reference banks (which will not include our affiliates) in the London interbank market to provide us with its offered quotation for deposits in United States dollars for the period of three months, commencing on the related yield reset date, to prime banks in the London interbank market at approximately 11.00 A.M., London time, on that yield determination date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by us as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular yield determination date by three major banks (which will not include our affiliates) in The City of New York selected by us for loans in United States dollars to leading European banks for a period of three months and in a principal amount that is representative for a single transaction in United States dollars in that market at that time, or

(d) if the banks so selected by us are not quoting as mentioned in clause (c), LIBOR in effect on the particular yield determination date.

“Moneyline Telerate Page 3750” means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

“London banking day” means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

“business day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York.

[Table of Contents](#)

Conversion Rights

Holders may surrender New LYONs for conversion into cash only if at least one of the conditions described below is satisfied. The initial conversion rate is 13.8213 shares of common stock per New LYON, subject to adjustment upon the occurrence of certain events described below. Upon conversion, we will deliver, for each New LYON, consideration having a value equal to the product of the conversion rate multiplied by the average of the sale price of our common stock on the New York Stock Exchange on each of the 5 consecutive trading days beginning on the third business day following the conversion date of the New LYONs (the “applicable stock price”). This consideration will be paid in cash (the “required cash amount”) in an amount equal to the contingent principal amount of the New LYON on the conversion date, and the remainder, at our election, will be paid in cash, common stock or a combination thereof. We will give notice no later than two business days after the conversion date to holders who convert at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law stating whether we will pay the consideration in excess of the required cash amount in cash, in common stock or in a combination thereof, specifying the percentages of each. If a portion of the consideration is to be paid in shares of common stock, the number of shares to be delivered will equal (a)(i) the conversion rate multiplied by the applicable stock price, minus (ii) the total of the required cash amount and any additional cash paid as consideration, divided by (b) the applicable stock price.

New LYONs may be submitted for conversion in multiples of their original principal amount (which will be \$1,000 for each New LYON if the New LYONs are issued prior to December 13, 2004, or such higher amount as may reflect the accrual of any yield on or after December 13, 2004). A holder of a New LYON otherwise entitled to a fractional share will receive cash in an amount equal to the value of such fractional share based on the sale price, as defined below, on the trading day immediately preceding the conversion date.

Upon determination that New LYON holders are or will be entitled to convert their New LYONs in accordance with the following provisions, we will issue a press release and publish such information on our website as soon as practicable.

Conversion Rights Based on Common Stock Price. If, as of the last day of any calendar quarter, the sale price (as defined below) of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the accreted conversion price per share of common stock on the last day of such quarter, then on and after the first day of the following quarter holders may surrender New LYONs for conversion at any time at their option until the close of business on the business day immediately preceding March 13, 2032. If the New LYONs become convertible pursuant to this provision, they will remain convertible regardless of future changes in the sales prices of our common stock. The accreted conversion price per share as of any day will equal the contingent principal amount of a New LYON on that day, with that amount divided by the conversion rate on that day (the “conversion trigger price”).

The “sale price” of our common stock on any date means the closing per share sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date on the NYSE or such other principal United States securities exchange on which the common stock is traded or, if the common stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, we will determine the sale price on the basis of such quotations as we consider appropriate.

“Trading day” means a day during which trading in securities generally occurs on the NYSE or, if the common stock is not listed on the NYSE, on the principal other national or regional securities exchange on which the common stock is then listed or, if the common stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation system or, if the common stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the common stock is then traded.

Table of Contents

The contingent principal amount of a New LYON will be equal to the original principal amount of a New LYON subject to increase daily by a variable yield. If the New LYONs are issued prior to December 13, 2004, the initial yield will equal 0% per annum. This yield will be reset on December 13, 2004 and on each subsequent quarterly yield reset date to a rate of 3-month LIBOR minus 2.0% per annum. (Or, if the New LYONs are issued on or after December 13, 2004, the initial yield will equal then current yield on the Old LYONs determined as of December 13, 2004.) Because the accreted conversion price of a New LYON at any time is dependent upon the contingent principal amount of a New LYON at that time, the conversion trigger price per share of our common stock, which is based on the contingent principal amount at that time, cannot be determined at this time. The following table indicates what the conversion trigger prices would be for each of the 20 quarters through the second quarter of 2007 and at the end of each calendar year thereafter, assuming LIBOR was a constant 2.00%, 5.00% and 8.00% from December 10, 2004. This table represents an example of only three possibilities and you should realize that because LIBOR and therefore the yield on the New LYONs will fluctuate, the accreted conversion price, and therefore the conversion trigger price, will differ, and may differ significantly, from the amounts shown below.

Quarter*	Hypothetical Conversion Trigger Prices					
	Assuming 2.00% LIBOR		Assuming 5.00% LIBOR		Assuming 8.00% LIBOR	
	Accreted Conversion Price	Conversion Trigger Price	Accreted Conversion Price	Conversion Trigger Price	Accreted Conversion Price	Conversion Trigger Price
2004						
Fourth Quarter	72.35	86.82	78.18	93.82	84.43	101.31
2005						
First Quarter	72.35	86.82	78.78	94.53	85.72	102.87
Second Quarter	72.35	86.82	79.37	95.24	87.01	104.41
Third Quarter	72.35	86.82	79.97	95.97	88.33	105.99
Fourth Quarter	72.35	86.82	80.58	96.70	89.68	107.62
2006						
First Quarter	72.35	86.82	81.20	97.44	91.06	109.27
Second Quarter	72.35	86.82	81.81	98.17	92.42	110.91
Third Quarter	72.35	86.82	82.43	98.92	93.82	112.59
Fourth Quarter	72.35	86.82	83.06	99.68	95.26	114.32
2007						
First Quarter	72.35	86.82	83.70	100.44	96.72	116.07
Second Quarter	72.35	86.82	84.33	101.19	98.15	117.78
Year End						
2007	72.35	86.82	86.28	103.53	102.33	122.80
2008	72.35	86.82	88.94	106.72	108.17	129.81
2009	72.35	86.82	91.67	110.01	114.33	137.20
2010	72.35	86.82	94.49	113.39	120.84	145.01
2011	72.35	86.82	97.40	116.88	127.72	153.27
2012	72.35	86.82	100.41	120.49	135.02	162.02
2013	72.35	86.82	103.49	124.19	142.71	171.25
2014	72.35	86.82	106.68	128.01	150.83	181.00
2015	72.35	86.82	109.96	131.95	159.42	191.30
2016	72.35	86.82	113.35	136.02	168.52	202.23
2017	72.35	86.82	116.84	140.21	178.12	213.74
2018	72.35	86.82	120.44	144.52	188.26	225.91
2019	72.35	86.82	124.14	148.97	198.98	238.78
2020	72.35	86.82	127.97	153.56	210.34	252.41
2021	72.35	86.82	131.91	158.29	222.32	266.78
2022	72.35	86.82	135.97	163.16	234.98	281.97
2023	72.35	86.82	140.15	168.18	248.36	298.03
2024	72.35	86.82	144.47	173.37	262.54	315.05
2025	72.35	86.82	148.92	178.70	277.49	332.99
2026	72.35	86.82	153.50	184.20	293.29	351.95
2027	72.35	86.82	158.22	189.87	309.99	371.99
2028	72.35	86.82	163.10	195.72	327.69	393.23
2029	72.35	86.82	168.12	201.74	346.35	415.62
2030	72.35	86.82	173.29	207.95	366.07	439.28
2031	72.35	86.82	178.62	214.35	386.91	464.30

* This table assumes no events have occurred that would require an adjustment to the conversion rate.

Table of Contents

Conversion Rights Based on Credit Ratings Downgrade. Holders may also surrender a New LYON for conversion during any period in which the credit rating assigned to the New LYONs is Baa1 or lower by Moody's, BBB+ or lower by Standard & Poor's or BBB+ or lower by Fitch. The New LYONs will cease to be convertible pursuant to this paragraph during any period or periods in which all of the credit ratings are increased above such levels.

Conversion Rights Upon Notice of Redemption. A holder may surrender for conversion a New LYON called for redemption at any time prior to the close of business on the second business day immediately preceding the redemption date, even if it is not otherwise convertible at such time. A New LYON for which a holder has delivered a purchase notice or a change in control purchase notice as described below requiring us to purchase the New LYON may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Conversion Rights Upon Occurrence of Certain Corporate Transactions. If we are party to a consolidation, merger or binding share exchange pursuant to which our shares of common stock would be converted into cash, securities or other property, the New LYONs may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time, the right to convert a New LYON into cash will be changed into a right to convert it into the kind and amount of cash, securities or other property of ML&Co. or another person which the holder would have received if the holder had converted the holder's New LYON immediately prior to the transaction. If such transaction also constitutes a change in control, the holder will be able to require us to purchase all or a portion of such holder's New LYONs as described under "—Change in Control Permits Purchase of New LYONs at the Option of the Holder."

In the event we elect to make a distribution described in the third, fourth or fifth bullet of the first paragraph under "—Conversion Rate Adjustments" below which, in the case of the fourth bullet, has a per share value equal to more than 15% of the sale price of our shares of common stock on the day preceding the declaration date for such distribution, we will be required to give notice to the holders of New LYONs at least 20 days prior to the ex-dividend date for such distribution and, upon the giving of such notice, the New LYONs may be surrendered for conversion at any time until the close of business on the business day prior to the ex-dividend date or until we announce that such distribution will not take place. No adjustment to the conversion rate or the ability of a holder of a New LYON to convert will be made if we provide that holders of New LYONs will participate in the transaction without conversion or in certain other cases.

Delivery of Cash Payment. On conversion of a New LYON, a holder will not receive any cash payment of interest representing the increases in the contingent principal amount or accrued tax original issue discount or, except as described below, contingent interest. Our delivery to the holder of the cash payment, together with any cash payment for such holder's fractional shares, will be deemed:

- to satisfy our obligation to pay the original principal amount at maturity of the New LYON; and
- to satisfy our obligation to pay increases in the contingent principal amount and accrued tax original issue discount and, except as described below, contingent interest attributable to the period from the issue date through the conversion date.

As a result, the increases in the contingent principal amount and accrued tax original issue discount and, except as described below, contingent interest are deemed to be paid in full rather than cancelled, extinguished or forfeited.

If contingent interest is payable to holders of New LYONs during any particular six-month period, and such New LYONs are converted after the applicable accrual or record date for contingent interest and prior to the next succeeding contingent interest payment date, holders of such New LYONs at the close of business on the accrual or record date will receive the contingent interest payable on such New LYONs on the corresponding interest payment date notwithstanding the conversion. Such New LYONs, upon surrender for conversion, must

Table of Contents

be accompanied by funds equal to the amount of contingent interest payable on the principal amount of New LYONs so converted, unless such New LYONs have been called for redemption, in which case no such payment shall be required.

The conversion rate will not be adjusted for increases in the contingent principal amount or any contingent interest. The cash payment, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable following the conversion date.

To convert a New LYON, a holder must:

- complete and manually sign the conversion notice on the back of the New LYON or complete and manually sign a facsimile of the conversion notice and deliver the conversion notice to the conversion agent;
- surrender the New LYON to the conversion agent;
- if required by the conversion agent, furnish appropriate endorsements and transfer documents; and
- if required, pay all transfer or similar taxes.

Under the indenture, the date on which all of the foregoing requirements have been satisfied is the conversion date.

Conversion Rate Adjustments. The conversion rate will be adjusted for:

- dividends or distributions on our common stock payable in our common stock or other capital stock;
- subdivisions, combinations or certain reclassifications of our common stock;
- distributions to all holders of our common stock of certain rights to purchase our common stock for a period expiring within 60 days at less than the sale price at the time;
- distributions to the holders of our common stock of our assets or debt securities or certain rights to purchase our securities (excluding cash dividends or other cash distributions described in the bullet point below);
- Prior to March 13, 2008:* dividends or other distributions consisting exclusively of cash to all holders, excluding: (A) any cash that is distributed as part of a distribution referred to in the immediately preceding bullet point and (B) any quarterly cash dividend on our common stock to the extent that such quarterly cash dividend does not exceed \$0.16 (the “dividend amount”); the above dividend amount is also subject to adjustment on the same basis as the conversion rate, provided that no adjustment will be made to the dividend amount for any adjustment made to the conversion rate pursuant to this bullet point; and
- On and after March 13, 2008:* distributions to the holders of our common stock of our assets or debt securities or certain rights to purchase our securities (excluding cash dividends or other cash distributions from current or retained earnings other than extraordinary cash dividends). “Extraordinary cash dividends” means the amount of any cash dividend or distribution that, together with all other cash dividends paid during the preceding 12-month period, are on a per share basis in excess of the sum of (i) 5% of the sale price of the shares of common stock on the day preceding the date of declaration of such dividend or distribution, and (ii) the quotient of the amount of any contingent interest paid on a New LYON during such 12-month period divided by the number of shares of common stock issuable upon conversion of a New LYON at the conversion rate in effect on the payment date of such contingent interest.

Table of Contents

In the event that we pay a dividend or make a distribution on shares of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate may be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which “ex-dividend trading” commences for such dividend or distribution on the NYSE or such other national or regional exchange or market on which the securities are then listed or quoted.

Notwithstanding the foregoing, in no event will the conversion rate exceed 18.3823, subject to adjustment, which we refer to as the “maximum conversion rate”. If any adjustment is made to the conversion rate, the same proportional adjustment will be made to the maximum conversion rate; provided that no adjustment will be made to the maximum conversion rate as a result of any adjustment to the conversion rate described in the fifth or sixth bullet point above.

If a shareholder rights plan, such as our Rights Agreement described under “Description of our Common Stock and Preferred Stock—Rights to Purchase Series A Junior Preferred Stock”, under which any rights are issued provides that each share of common stock issued upon conversion of New LYONs at any time prior to the distribution of separate certificates representing such rights will be entitled to receive such rights, there shall not be any adjustment to the conversion privilege or conversion rate as a result of:

- the issuance of the rights;
- the distribution of separate certificates representing the rights;
- the exercise or redemption of such rights in accordance with any rights agreement; or
- the termination or invalidation of the rights.

The indenture permits us to increase the conversion rate from time to time.

If we are party to a consolidation, merger or binding share exchange or a transfer of all or substantially all of our assets, the right to convert a New LYON into common stock will be changed into a right to convert it into the kind and amount of securities, cash or other assets of ML&Co. or another person which the holder would have received if the holder had converted the holder’s New LYONs immediately prior to the transaction.

We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate; provided that we will carry forward any adjustments that are less than 1% of the conversion rate and make such carried forward adjustments, regardless of whether the aggregate adjustment is less than 1%, on the March 13th following the occurrence of the event causing the adjustment.

No adjustment need be made for any transaction referred to above if holders of the New LYONs are to participate in a transaction on a basis and with notice that our board of directors determines to be fair and appropriate in light of the basis and notice on which holders of common stock participate in the transaction.

Contingent Interest

Subject to the accrual and record date provisions described below, we will pay contingent interest to the holders of New LYONs during any six-month period from June 1 to November 30 and from December 1 to May 31, with the initial six-month period commencing June 1, 2008, if the average market price of a New LYON for the five trading days ending on the third trading day immediately preceding the first day of the applicable six-month period equals 120% or more of the contingent principal amount of such New LYON on the day immediately preceding the first day of the applicable six-month period. Notwithstanding the above, if we declare a dividend for which the record date falls prior to the first day of a six-month period but the payment date falls within such six-month period, then the five trading day period for determining the average market price of a New LYON will be the five trading days ending on the third trading day immediately preceding such record date.

Table of Contents

During any period when contingent interest is payable, the contingent interest payable per New LYON each quarter will equal an annualized rate of 0.88% of the contingent principal amount (the per bond equivalent of our quarterly current annualized dividend rate of \$0.16 per share of common stock multiplied by the conversion rate of 13.8213) of a New LYON on the immediately preceding quarterly yield reset date. This rate will not change in the event we vary our dividend rate or the conversion rate is adjusted.

Contingent interest, if any, will accrue and be payable to holders of New LYONs as of the 15th day preceding the last day of the relevant six-month period. We will make contingent interest payments on the last day of the relevant six-month period. The contingent principal amount will continue to increase at the applicable yield to whether or not contingent interest is paid.

The market price of a New LYON on any date of determination means the average of the secondary market bid quotations per New LYON obtained by the bid solicitation agent for \$10 million original principal amount of New LYONs at approximately 4:00 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select, provided that if:

- at least three such bids are not obtained by the bid solicitation agent; or
- in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the New LYONs,

then the market price of the New LYON will equal (a) the then applicable conversion rate of the New LYONs multiplied by (b) the average sale price of our common stock on the five trading days ending on such determination date, appropriately adjusted.

The “market price” means the average of the sale prices of our common stock for the five trading day period ending on (if the third business day prior to the applicable purchase date is a trading day, or if not, then on the last trading day prior to) the third business day prior to the applicable purchase date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such five trading day period and ending on such purchase date, of certain events that would result in an adjustment of the conversion rate with respect to our common stock.

The bid solicitation agent will initially be JPMorgan Chase Bank. We may change the bid solicitation agent, but the bid solicitation agent will not be our affiliate. The bid solicitation agent will solicit bids from securities dealers that are believed by us to be willing to bid for the New LYONs.

Upon determination that New LYON holders will be entitled to receive contingent interest during a relevant six-month period, we will issue a press release and publish such information on our website as soon as practicable.

Purchase of New LYONs at the Option of the Holder

On March 13, 2005, 2006, 2007, 2008, 2012, 2017, 2022 and 2027, holders may require us to purchase for cash any outstanding New LYON for which the holder has properly delivered and not withdrawn a written purchase notice, subject to certain additional conditions. Holders may submit their New LYONs for purchase to the paying agent at any time from the opening of business on the date that is 20 business days prior to the purchase date until the close of business on the business day immediately preceding the purchase date.

The purchase price of a New LYON will be the contingent principal amount of the New LYON on the applicable purchase date. The contingent principal amount of a New LYON will be equal to the original principal amount of the New LYON subject to increase daily by a variable yield. If the New LYONs are issued prior to December 13, 2004, the initial yield will equal 0% per annum. This yield will be reset on December 13, 2004 and on each subsequent quarterly yield reset date to a rate of 3-month LIBOR minus 2.0% per annum. Because the purchase price of a New LYON at any time is dependent upon the contingent principal amount of a New LYON at that time, the purchase price cannot be determined at this time. See “—Redemption of New LYONs at the Option of ML&Co.” for examples of purchase prices under hypothetical LIBOR levels.

Table of Contents

We will pay the purchase price in cash. For a discussion of the tax treatment of a holder receiving cash, see “Certain United States Federal Income Tax Considerations—Sale, Exchange, Conversion or Redemption.”

We will be required to give notice on a date not less than 20 business days prior to each purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things the procedures that holders must follow to require us to purchase their New LYONs.

The purchase notice given by each holder electing to require us to purchase New LYONs shall be given to the paying agent no later than the close of business on the business day immediately preceding the purchase date and must state:

- the certificate numbers of the holder’s New LYONs to be delivered for purchase;
- the portion of the original principal amount of New LYONs to be purchased, which must be in integral multiples of the original principal amount; and
- that the New LYONs are to be purchased by us pursuant to the applicable provisions of the New LYONs.

A holder may withdraw any purchase notice by delivering a written notice of withdrawal to the paying agent prior to the close of business on the purchase date.

The notice of withdrawal shall state:

- the original principal amount of the New LYONs being withdrawn;
- the certificate numbers of the New LYONs being withdrawn; and
- the original principal amount, if any, of the New LYONs that remain subject to the purchase notice.

In connection with any purchase offer, we will to the extent applicable:

- comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- file Schedule TO or any other required schedule under the Exchange Act.

Our obligation to pay the purchase price of a New LYON for which a purchase notice has been delivered and not validly withdrawn is conditioned upon the holder delivering the New LYON, together with necessary endorsements, to the paying agent at any time after delivery of the purchase notice. We will cause the purchase price of the New LYON to be paid promptly following the later of the purchase date or the time of delivery of the New LYON.

If the paying agent holds money sufficient to pay the purchase price of the New LYON on the business day following the purchase date in accordance with the terms of the indenture, then, immediately after the purchase date, the New LYON will cease to be outstanding and the contingent principal amount of such New LYON will cease to increase, whether or not the New LYON is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the purchase price upon delivery of the New LYON.

Redemption of New LYONs at the Option of ML&Co.

No sinking fund is provided for the New LYONs. Prior to March 13, 2008, we cannot redeem the New LYONs at our option. Beginning on March 13, 2008, we may redeem the New LYONs for cash as a whole at any time, or in part from time to time. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of New LYONs. The redemption price of a New LYON will be the contingent principal amount of such New LYON on the redemption date.

Table of Contents

The contingent principal amount of a New LYON will be equal to the original principal amount of a New LYON subject to increase daily by a variable yield. If the New LYONs are issued prior to December 13, 2004, the initial yield will equal 0% per annum. This yield will be reset on December 13, 2004 and on each subsequent quarterly yield reset date to a rate of 3-month LIBOR minus 2.0% per annum. Because the redemption price of a New LYON at any time is dependent upon the contingent principal amount of a New LYON at that time, the redemption price cannot be determined at this time. The following table indicates what the redemption prices would be on each date below if LIBOR was a constant 2.00%, 5.00% and 8.00% from December 10, 2004. This table represents an example of only three possibilities and you should realize that because LIBOR and therefore the yield on the New LYONs will fluctuate, any increases in contingent principal amount and redemption prices will differ, and may differ significantly, from the results shown below. The redemption price of a New LYON redeemed between the dates below would include an additional amount reflecting the additional yield accrued since the next preceding date in the table.

Redemption Date	Assuming 2.00% LIBOR			Hypothetical Redemption Prices Assuming 5.00% LIBOR			Assuming 8.00% LIBOR		
	(1) New LYON Issue Price	(2) Increase in Contingent Principal Amount	(3) Redemption Price (1) + (2)	(1) New LYON Issue Price	(2) Increase in Contingent Principal Amount	(3) Redemption Price (1) + (2)	(1) New LYON Issue Price	(2) Increase in Contingent Principal Amount	(3) Redemption Price (1) + (2)
March 13, 2005* (Purchase only at the option of the Holder)	\$ 1,000.00	\$ 0.00	\$ 1,000.00	\$ 1,000.00	\$ 95.26	\$ 1,095.26	\$ 1,000.00	\$ 198.76	\$ 1,198.76
March 13, 2006* (Purchase only at the option of the Holder)	1,000.00	0.00	1,000.00	1,000.00	128.95	1,128.95	1,000.00	273.37	1,273.37
March 13, 2007*	1,000.00	0.00	1,000.00	1,000.00	163.68	1,163.68	1,000.00	352.62	1,352.62
March 13, 2008* (Purchase only at the option of the Holder)	1,000.00	0.00	1,000.00	1,000.00	199.58	1,199.58	1,000.00	429.85	1,429.85
March 13, 2009	1,000.00	0.00	1,000.00	1,000.00	236.49	1,236.49	1,000.00	511.27	1,511.27
March 13, 2010	1,000.00	0.00	1,000.00	1,000.00	274.53	1,274.53	1,000.00	597.32	1,597.32
March 13, 2011	1,000.00	0.00	1,000.00	1,000.00	313.74	1,313.74	1,000.00	688.27	1,688.27
March 13, 2012*	1,000.00	0.00	1,000.00	1,000.00	354.27	1,354.27	1,000.00	784.67	1,784.67
March 13, 2013	1,000.00	0.00	1,000.00	1,000.00	395.94	1,395.94	1,000.00	886.30	1,886.30
March 13, 2014	1,000.00	0.00	1,000.00	1,000.00	438.88	1,438.88	1,000.00	993.70	1,993.70
March 13, 2015	1,000.00	0.00	1,000.00	1,000.00	483.15	1,483.15	1,000.00	1,107.23	2,107.23
March 13, 2016	1,000.00	0.00	1,000.00	1,000.00	528.91	1,528.91	1,000.00	1,227.55	2,227.55
March 13, 2017*	1,000.00	0.00	1,000.00	1,000.00	575.94	1,575.94	1,000.00	1,354.39	2,354.39
March 13, 2018	1,000.00	0.00	1,000.00	1,000.00	624.43	1,624.43	1,000.00	1,488.45	2,488.45
March 13, 2019	1,000.00	0.00	1,000.00	1,000.00	674.41	1,674.41	1,000.00	1,630.14	2,630.14
March 13, 2020	1,000.00	0.00	1,000.00	1,000.00	726.06	1,726.06	1,000.00	1,780.32	2,780.32
March 13, 2021	1,000.00	0.00	1,000.00	1,000.00	779.16	1,779.16	1,000.00	1,938.64	2,938.64
March 13, 2022*	1,000.00	0.00	1,000.00	1,000.00	833.90	1,833.90	1,000.00	2,105.97	3,105.97
March 13, 2023	1,000.00	0.00	1,000.00	1,000.00	890.32	1,890.32	1,000.00	2,282.82	3,282.82
March 13, 2024	1,000.00	0.00	1,000.00	1,000.00	948.64	1,948.64	1,000.00	2,470.27	3,470.27
March 13, 2025	1,000.00	0.00	1,000.00	1,000.00	1,008.59	2,008.59	1,000.00	2,667.87	3,667.87
March 13, 2026	1,000.00	0.00	1,000.00	1,000.00	1,070.38	2,070.38	1,000.00	2,876.72	3,876.72
March 13, 2027*	1,000.00	0.00	1,000.00	1,000.00	1,134.08	2,134.08	1,000.00	3,097.47	4,097.47
March 13, 2028	1,000.00	0.00	1,000.00	1,000.00	1,199.92	2,199.92	1,000.00	3,331.43	4,331.43
March 13, 2029	1,000.00	0.00	1,000.00	1,000.00	1,267.60	2,267.60	1,000.00	3,578.07	4,578.07
March 13, 2030	1,000.00	0.00	1,000.00	1,000.00	1,337.36	2,337.36	1,000.00	3,838.75	4,838.75
March 13, 2031	1,000.00	0.00	1,000.00	1,000.00	1,409.27	2,409.27	1,000.00	4,114.27	5,114.27
At Stated Maturity.	1,000.00	0.00	1,000.00	1,000.00	1,483.60	2,483.60	1,000.00	4,406.30	5,406.30

* Dates on which holders may require ML&Co. to purchase outstanding New LYONs at a price equal to the redemption price above.

If we redeem less than all of the outstanding New LYONs, the trustee will select the New LYONs to be redeemed on a pro rata basis in integral multiples of the original principal amount by lot, pro rata, based on the ownership thereof, or by any other method the trustee considers fair and appropriate. If a portion of a holder's

Table of Contents

New LYONs is selected for partial redemption and the holder converts a portion of the New LYONs, the converted portion will be deemed to be the portion selected for redemption.

Change in Control Permits Purchase of New LYONs at the Option of the Holder

In the event of a change in control (as defined below) occurring on or prior to March 13, 2007 with respect to ML&Co., each holder will have the right, at its option, subject to the terms and conditions of the indenture, to require us to purchase for cash all or any portion of the holder's New LYONs in integral multiples of the original principal amount, at a price equal to the contingent principal amount of such New LYONs on the purchase date. We will be required to purchase the New LYONs no later than 35 business days after the occurrence of such change in control. We refer to this date in this exchange circular as the "change in control purchase date."

Within 15 business days after the occurrence of a change in control, we must mail to the trustee and to all holders of New LYONs at their addresses shown in the register of the registrar and to beneficial owners as required by applicable law a notice regarding the change in control, which notice shall state, among other things:

- the events causing a change in control;
- the date of such change in control;
- the last date on which a holder may exercise the purchase right;
- the change in control purchase price;
- the change in control purchase date;
- the name and address of the paying agent and the conversion agent;
- the conversion rate and any adjustments to the conversion rate;
- that New LYONs with respect to which a change in control purchase notice is given by the holder may be converted, if otherwise convertible, only if the change in control purchase notice has been withdrawn in accordance with the terms of the indenture; and
- the procedures that holders must follow to exercise these rights.

To exercise this right, the holder must deliver a written notice so as to be received by the paying agent no later than the close of business on the change in control purchase date. The required purchase notice upon a change in control must state:

- the certificate numbers of the New LYONs to be delivered by the holder;
- the portion of the original principal amount of New LYONs to be purchased; and
- that we are to purchase the New LYONs pursuant to the applicable provisions of the New LYONs.

A holder may withdraw any change in control purchase notice by delivering to the paying agent a written notice of withdrawal prior to the close of business on the change in control purchase date. The notice of withdrawal must state:

- the original principal amount of the New LYONs being withdrawn;

Table of Contents

- the certificate numbers of the New LYONs being withdrawn; and
- the original principal amount, if any, of the New LYONs that remain subject to a change in control purchase notice.

Our obligation to pay the change in control purchase price for a New LYON for which a change in control purchase notice has been delivered and not validly withdrawn is conditioned upon delivery of the New LYON, together with necessary endorsements, to the paying agent at any time after the delivery of such change in control purchase notice. We will cause the change in control purchase price for such New LYON to be paid promptly following the later of the change in control purchase date or the time of delivery of such New LYON.

If the paying agent holds money sufficient to pay the change in control purchase price of the New LYON on the change in control purchase date in accordance with the terms of the indenture, then, immediately after the change in control purchase date, contingent principal amount and contingent interest, if any, on such New LYON will cease to accrue, whether or not the New LYON is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the change in control purchase price upon delivery of the New LYON.

Under the indenture, a “change in control” of ML&Co. is deemed to have occurred at such time as:

- any person, including its respective affiliates and associates, other than ML&Co., its subsidiaries or their employee benefit plans, files a Schedule 13D or Schedule TO (or any successor schedule, form or report under the Exchange Act) disclosing that such person has become the beneficial owner of 50% or more of the aggregate voting power of our common stock and other capital stock with equivalent voting rights, or other capital stock into which the common stock is reclassified or changed, with certain exceptions; or
- there shall be consummated any share exchange, consolidation or merger of ML&Co. pursuant to which the common stock would be converted into cash, securities or other property in which the holders of our common stock and other capital stock with equivalent voting rights immediately prior to the share exchange, consolidation or merger, have, directly or indirectly, less than a majority of the total voting power in the aggregate of all classes of capital stock of the continuing or surviving corporation immediately after the share exchange, consolidation or merger.

The indenture does not permit our board of directors to waive our obligation to purchase New LYONs at the option of holders in the event of a change in control.

In connection with any purchase offer in the event of a change in control, we will to the extent applicable:

- comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- file Schedule TO or any other required schedule under the Exchange Act.

The change in control purchase feature of the New LYONs may in certain circumstances make more difficult or discourage a takeover of ML&Co. The change in control purchase feature, however, is not the result of our knowledge of any specific effort:

- to accumulate shares of our common stock;
- to obtain control of ML&Co. by means of a merger, tender offer, solicitation or otherwise; or
- part of a plan by management to adopt a series of anti-takeover provisions.

Table of Contents

Instead, the change in control purchase feature is a standard term contained in other New LYONs offerings that have been marketed by MLPF&S.

We could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a change in control with respect to the change in control purchase feature of the New LYONs but that would increase the amount of our (or our subsidiaries') outstanding indebtedness.

We may not purchase New LYONs at the option of holders upon a change in control if there has occurred and is continuing an event of default with respect to the New LYONs, other than a default in the payment of the change in control purchase price with respect to the New LYONs.

Events of Default and Acceleration

The following are events of default for the New LYONs:

- (1) default in payment of the contingent principal amount, redemption price, purchase price or change in control purchase price with respect to any New LYONs when such becomes due and payable;
- (2) default in payment of any contingent interest, which default continues for 30 days;
- (3) our failure to comply with any of our other agreements in the New LYONs or the indenture upon our receipt of notice of such default from the trustee or from holders of not less than 25% in aggregate original principal amount of the New LYONs then outstanding, and our failure to cure (or obtain a waiver of) such default within 60 days after we receive such notice; or
- (4) certain events of bankruptcy or insolvency affecting us.

In case an event of default with respect to any New LYON has occurred and is continuing, the amount payable to a beneficial owner of a New LYON upon any acceleration permitted by the New LYONs, with respect to each New LYON, will be the contingent principal amount of the New LYON plus the applicable yield on the New LYON accrued through the date of such acceleration, and any accrued and unpaid contingent interest through the date of acceleration. If a bankruptcy proceeding is commenced in respect of us, the claim of the beneficial owner of a New LYON may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the issue price of the New LYON plus the yield and any contingent interest which has accrued as of the commencement of the proceeding.

In case of default in payment of the New LYONs, whether at the stated maturity or upon acceleration, from and after the maturity date the New LYONs will bear interest, payable upon demand of their beneficial owners, at the applicable yield, to the extent that payment of any interest is legally enforceable, on the unpaid contingent principal amount due and payable on that date in accordance with the terms of the New LYONs to the date payment of that amount has been made or duly provided for.

Modification

The indenture may be modified and amended by us and by the trustee with the consent of holders of a majority in original principal amount of the New LYONs. However, without the consent of each holder of the New LYONs, no amendment or modification to any indenture may:

- alter the manner or rate of accrual or payment of the contingent principal amount or contingent interest on any New LYON;
- make any New LYON payable in money or securities other than that stated in the New LYON;

Table of Contents

- reduce the original principal amount, contingent principal amount, redemption price, purchase price or change in control purchase price with respect to any New LYON;
- make any change that affects the right of a holder to convert any New LYON in any adverse manner;
- make any change that adversely affects the right to require us to purchase a New LYON;
- impair the right to institute suit for the enforcement of any payment with respect to, or conversion of, the New LYONs.

ML&Co. may modify the indenture or the New LYONs without the consent of the holders to cure any ambiguity, omission, defect or inconsistency or to make any other provisions with respect to matters or questions arising under the indenture, provided that such modification does not materially adversely affect the rights of any New LYON holder.

The holders of at least a majority in original principal amount of the outstanding New LYONs may waive past defaults under the indenture and waive compliance by us with certain provisions of that indenture, except as described under “—Events of Default”.

Merger and Consolidation

We may consolidate or merge with or into any other person, and we may sell, lease or convey all or substantially all of its assets to any person, provided that:

- the resulting person, if other than us, is a person organized and existing under the laws of the United States of America or any U.S. state and assumes all of our obligations to:
- pay or deliver the contingent principal amount, and contingent interest, if any, on the New LYONs; and
- perform and observe all of our other obligations under the indenture, and
- we are not nor is any successor person, as the case may be, immediately after any consolidation or merger, in default under the indenture.

Limitations Upon Liens

We may not, and may not permit any majority-owned subsidiary to, create, assume or incur any indebtedness for borrowed money secured by a pledge of, lien on or security interest in, other than any liens specifically permitted by the indenture, the Voting Stock of any Significant Subsidiary, unless the outstanding New LYONs are secured equally and ratably with the secured indebtedness.

“Voting Stock” is defined in the indenture as the stock of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a person provided that, for the purposes of the indenture, stock that carries only the right to vote conditionally on the occurrence of an event is not considered Voting Stock whether or not the event has happened.

“Significant Subsidiary” is defined in the indenture as any majority-owned subsidiary the consolidated net worth of which constituted at least 15 percent of the consolidated net worth of ML&Co. as of the end of the most recently completed fiscal year.

[Table of Contents](#)

Calculations in Respect of New LYONs

We will be responsible for making all calculations called for under the New LYONs. These calculations include, but are not limited to, determination of the yield and the contingent principal amount and of the average market prices of the New LYONs and of our common stock and amounts of contingent interest payments, if any, payable on the New LYONs. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of New LYONs. Upon request, we will provide a schedule of our calculations to the trustee, and the trustee is entitled to rely upon the accuracy of our calculations without independent verification.

Depository

Description of the Global Securities

Upon issuance, all LYONs will be represented by one or more fully registered global securities. Each global security will be deposited with, or on behalf of, DTC (DTC, together with any successor, being a “depository”), as depository, registered in the name of Cede & Co., DTC’s partnership nominee. Unless and until it is exchanged in whole or in part for LYONs in definitive form, no global security may be transferred except as a whole by the depository to its nominee or by such nominee of the depository or another nominee of the depository or by the depository or any nominee to a successor of the depository or a nominee of that successor.

So long as DTC, or its nominee, is a registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the New LYONs represented by the global security for all purposes under the indenture. Except as provided below, the beneficial owners of the New LYONs represented by a global security will not be entitled to have the New LYONs registered in their names, will not receive or be entitled to receive physical delivery of the New LYONs in definitive form and will not be considered the owners or holders of the New LYONs including for purposes of receiving any reports delivered by ML&Co. or the trustee under the indenture. Accordingly, each person owning a beneficial interest in a global security must rely on the procedures of DTC and, if that person is not a participant of DTC, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the indenture. We understand that under existing industry practices, in the event that we request any action of holders or that an owner of a beneficial interest in a global security desires to give or take any action which a holder is entitled to give or take under the indenture, DTC would authorize the participants holding the relevant beneficial interests to give or take that action, and those participants would authorize beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by DTC to participants, by participants to indirect participants and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

To ensure that notices of conversion and purchase at the option of a holder or upon a change in control of ML&Co. (or any other notices or actions permitted or required to be taken by holders of LYONs under the indenture) are received by the paying agent by the times required, holders may need to give substantially earlier instructions to their broker or other intermediary. Different brokerage firms and intermediaries may have different cut-off times for accepting and implementing instructions from their clients. Therefore, you should consult with your broker and other intermediary, if applicable, as to applicable cut-off times and other notice mechanics.

Table of Contents

DTC Procedures

The following is based on information provided by DTC.

DTC will act as securities depository for the New LYONs. The New LYONs will be issued as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee. One or more fully registered global securities will be issued for the New LYONs in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants of DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the NYSE, the AMEX, and the National Association of Securities Dealers, Inc. Access to DTC's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of the New LYONs under DTC's system must be made by or through direct participants, which will receive a credit for the New LYONs on DTC's records. The ownership interest of each beneficial owner is in turn to be recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in the New LYONs are to be made by entries on the books of participants acting on behalf of beneficial owners.

To facilitate subsequent transfers, all LYONs deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of LYONs with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the New LYONs; DTC's records reflect only the identity of the direct participants to whose accounts the New LYONs are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the New LYONs. Under its usual procedures, DTC mails an omnibus proxy to ML&Co. as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants identified in a listing attached to the omnibus proxy to whose accounts the New LYONs are credited on the record date.

Payments of contingent principal amounts and any contingent interest amounts made in cash on the New LYONs will be made in immediately available funds to DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on the depository's

Table of Contents

records unless DTC has reason to believe that it will not receive payment on that date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of that participant and not of DTC, the trustee or ML&Co., subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of contingent principal amounts, premium, if any, and/or contingent interest, if any, to DTC is the responsibility of ML&Co. or the trustee, disbursement of those payments to direct participants will be the responsibility of DTC, and disbursement of those payments to the beneficial owners will be the responsibility of direct participants and indirect participants.

Exchange for Certificated Securities

If:

- the depository is at any time unwilling or unable to continue as depository and a successor depository is not appointed by us within 60 days,
- we execute and deliver to the trustee a company order to the effect that the global securities shall be exchangeable, or
- an event of default under the indenture has occurred and is continuing with respect to the New LYONs,

the global LYONs will be exchangeable for LYONs in definitive form of like tenor and of an equal aggregate original principal amount, in denominations of \$1,000 original principal amount and integral multiples of \$1,000. The definitive LYONs will be registered in the name or names as the depository shall instruct the trustee. It is expected that instructions may be based upon directions received by the depository from participants with respect to ownership of beneficial interests in the global LYONs.

DTC may discontinue providing its services as securities depository with respect to the New LYONs at any given time by giving reasonable notice to us or the trustee. Under these circumstances, in the event that a successor securities depository is not obtained, LYONs certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, LYONs certificates will be printed and delivered.

The information in this section concerning DTC and DTC's system has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Settlement and Payment

Settlement for the New LYONs will be made by the exchange agent by the issuance of New LYONs on a date promptly after the expiration date upon acceptance of validly tendered Old LYONs. We will make all payments of contingent principal amounts and contingent interest, if any, in immediately available funds so long as the New LYONs are maintained in book-entry form.

Governing Law

The indenture and the New LYONs will be governed by, and construed in accordance with, the law of the State of New York.

DESCRIPTION OF OUR COMMON STOCK AND PREFERRED STOCK

The following description sets forth the general terms of common stock which we may issue. The description set forth below is not complete, is subject to, and is qualified in its entirety by reference to, our restated certificate of incorporation which is filed as an exhibit to our annual report on Form 10-K as supplemented by our current report on Form 8-K dated October 26, 2004. See "Incorporation of Information we file with the SEC."

Terms of the Common Stock

Under our restated certificate of incorporation, we are authorized to issue up to 3,000,000,000 shares of common stock, par value \$1.33¹/₃ per share. As of October 25, 2004, there were 928,629,718 shares of common stock and 2,782,912 Exchangeable Shares outstanding. The Exchangeable Shares are exchangeable at any time into common stock on a one-for-one basis and entitle holders to dividend, voting and other rights equivalent to common stock. The common stock is traded on the New York Stock Exchange under the symbol "MER" and also on the Chicago Stock Exchange, the Pacific Exchange, the Paris Bourse, the London Stock Exchange and the Tokyo Stock Exchange.

The common stock has the dividend, voting, liquidation and preemptive rights set forth below.

The common stock will be, when issued against payment therefor, fully paid and nonassessable. Holders of the common stock will have no preemptive rights to subscribe for any additional securities which may be issued by us. The rights of holders of common stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that has been issued and may be issued in the future. As of September 24, 2004, 17,000,000 depositary shares, each representing a one-four-hundredth interest in a share of 9% Preferred Stock, and one Special Voting Share were outstanding. On November 1, 2004, we issued 25,200,000 depositary shares each representing a one-twelve-hundredth interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series 1. The Board of Directors of ML&Co. may issue additional shares of preferred stock to obtain additional financing, in connection with acquisitions, to our officers, directors and employees and our subsidiaries pursuant to benefit plans or otherwise and for other proper corporate purposes.

Wells Fargo Bank, N.A. is the principal transfer agent for the common stock.

Because we are a holding company, our rights, and the rights of holders of our securities, including the holders of common stock, to participate in the distribution of assets of any subsidiary of ours upon the subsidiary's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors and preferred stockholders, except to the extent we may ourselves be a creditor with recognized claims against the subsidiary or a holder of preferred stock of the subsidiary.

Dividends

We may pay dividends on the common stock out of funds legally available for the payment of dividends as, if and when declared by our Board of Directors or a duly authorized committee of the Board of Directors.

As of September 24, 2004, our subsidiaries had outstanding approximately \$2,500,000,000 of perpetual TOPrS. In connection with the issuance of the TOPrS, we have agreed, among other things, that if full distributions on the TOPrS have not been paid or set apart for payment or we are in default of our related guarantee obligations, we, with certain exceptions, will not declare or pay dividends, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to any of our capital stock, including the common stock.

Table of Contents

In connection with the issuance of the 9% Preferred Stock and the Floating Rate Non-Cumulative Preferred Stock, we have agreed, among other things, that if full cumulative dividends on the 9% Preferred Stock and full dividends for the immediately preceding dividend period on the Floating Rate Non-Cumulative Preferred Stock, have not been declared, paid or set aside for payment, we, with certain exceptions, will not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to any of our common stock.

Liquidation Rights

Upon any voluntary or involuntary liquidation, dissolution, or winding up of ML&Co., the holders of our common stock will be entitled to receive, after payment of all of our debts, liabilities and of all sums to which holders of any preferred stock may be entitled, all of the remaining assets of ML&Co.

Voting Rights

Except as described under “—Voting Rights of Preferred Stock”, the holders of the common stock currently possess exclusive voting rights in ML&Co. Our Board of Directors may, however, give voting power to any preferred stock which may be issued in the future. Each holder of common stock is entitled to one vote per share with respect to all matters. There is no cumulative voting in the election of directors. Actions requiring approval of stockholders generally require approval by a majority vote of outstanding shares.

Our Board of Directors is currently comprised of 11 directors, divided into three classes, the precise number of members to be fixed from time to time by the Board of Directors. The directors of the class elected at each annual election hold office for a term of three years, with the term of each class expiring at successive annual meetings of stockholders.

Voting Rights of Preferred Stock

Whenever dividends payable on preferred stock have not been declared or paid for a number of dividend periods, whether or not consecutive, which in the aggregate is equivalent to six calendar quarters, the holders of outstanding shares of the preferred stock, voting as a class with holders of shares of all other series of preferred stock ranking equal with the preferred stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (to the extent such other series of preferred stock are entitled to vote pursuant to the terms thereof), will be entitled to vote for the election of two additional directors on the terms set forth below. These voting rights with respect to the preferred stock will continue until all dividends on the shares of preferred stock are paid in full for at least one calendar year. Upon payment in full of these dividends, the voting rights will terminate except as expressly provided by law. These voting rights are subject to re-vesting in the event of each and every subsequent default in the payment of dividends. Holders of all series of preferred stock which are granted these voting rights and which rank equal with the preferred stock will vote as a class. In the event that the holders of shares of the preferred stock are entitled to vote as described in this paragraph, our Board of Directors will be increased by two directors, and the holders of the preferred stock will have the right as members of that class, as outlined above, to elect two directors at the next annual meeting of stockholders.

Upon termination of the right of the holders of the preferred stock to vote for directors as discussed in the preceding paragraph, the term of office of all directors then in office elected by only those holders will terminate immediately. Whenever the term of office of the directors elected by those holders ends and the related special voting rights expire, the number of directors will automatically be decreased to the number of directors as would otherwise prevail.

Table of Contents

The foregoing voting provisions will not apply if all outstanding shares of preferred stock have been redeemed or sufficient funds have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

Rights to Purchase Series A Junior Preferred Stock

Under the Amended and Restated Rights Agreement, adopted on December 2, 1997 (the "Rights Agreement"), preferred purchase rights were distributed to holders of common stock. The preferred purchase rights are attached to each outstanding share of common stock and will attach to all subsequently issued shares, including common stock that may be offered by us. The preferred purchase rights entitle the holder to purchase fractions of a share ("Units") of Series A junior preferred stock at an exercise price of \$300 per Unit, subject to adjustment from time to time as provided in the Rights Agreement. The exercise price and the number of Units issuable are subject to adjustment to prevent dilution.

The preferred purchase rights will separate from the common stock ten days following the earlier of:

- an announcement of an acquisition by a person or group of 15% or more of the outstanding common stock of ML&Co.; or
- the commencement of a tender or exchange offer for 15% or more of the shares of common stock of ML&Co. outstanding.

If, after the preferred purchase rights have separated from the common stock,

- we are the surviving corporation in a merger with an acquiring party,
- a person becomes the beneficial owner of 15% or more of the common stock,
- an acquiring party engages in one or more defined "self-dealing" transactions, or
- an event occurs which results in such acquiring party's ownership interest being increased by more than 1%,

then, in each case, each holder of a preferred purchase right will have the right to purchase Units of Series A junior preferred stock having a value equal to two times the exercise price of the preferred purchase right. In addition, preferred purchase rights held by or transferred in certain circumstances by an acquiring party may immediately become void.

In the event that, at any time,

- we are acquired in a merger or other business combination transaction and ML&Co. is not the surviving corporation,
- any person consolidates or merges with us and all or part of our common stock is converted or exchanged for securities, cash or property of any other person or
- 50% or more of our assets or earning power is sold or transferred, each holder of a right will have the right to purchase common stock of the acquiring party having a value equal to two times the exercise price of the preferred purchase right.

Table of Contents

The preferred purchase rights expire on December 2, 2007. The preferred purchase rights are redeemable at the option of a majority of the independent directors of ML&Co. at \$.01 per right at any time until the tenth day following an announcement of the acquisition of 15% or more of the common stock.

The foregoing provisions of the Rights Agreement may have the effect of delaying, deferring or preventing a change in control of ML&Co.

The certificate of designations of the Series A junior preferred stock provides that the holders of Units of the Series A junior preferred stock will be entitled to receive quarterly dividends in an amount to be determined in accordance with the formula set forth in the certificate of designations. These dividend rights are cumulative. The Series A junior preferred stock rank junior in right of payment of dividends to the 9% Preferred Stock and Floating Rate Non-Cumulative Stock and to all other preferred stock issued by us, unless the terms of any other preferred stock provide otherwise. The holders of Units of the Series A junior preferred stock will have one vote per Unit on all matters submitted to the stockholders of ML&Co., subject to adjustment. If at any time dividends on any Units of the Series A junior preferred stock are in arrears for a number of periods, whether or not consecutive, which in the aggregate is equivalent to six calendar quarters, then during that period of default, the holders of all Units, voting separately as a class, will have the right to elect two directors to our Board of Directors. Additionally, whenever quarterly dividends or other dividends or distributions payable on the Series A junior preferred stock are in arrears, we shall not, among other things, declare or pay dividends on or make any other distributions on, or redeem or purchase or otherwise acquire for consideration any of our shares or capital stock which ranks junior in right of payment to the Series A junior preferred stock, including the common stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of ML&Co., the holders of outstanding Units of the Series A junior preferred stock will be entitled to receive a distribution in an amount to be determined in accordance with the formula set forth in the certificate of designations before the payment of any distribution to the holders of common stock. The Units of Series A junior preferred stock are not redeemable. As of the date of this exchange circular, there are no shares of Series A junior preferred stock outstanding.

Material Charter Provisions

Our restated certificate of incorporation provides that, except under specified circumstances, we may not merge or consolidate with any one or more corporations, joint-stock associations or non-stock corporations; sell, lease or exchange all or substantially all of its property and assets or dissolve without the affirmative vote of two-thirds of the entire Board of Directors and the holders of a majority of the outstanding shares of common stock entitled to vote. Additionally, our restated certificate of incorporation provides that specified business combinations involving ML&Co. and an interested stockholder or an affiliate or associate of that stockholder must be approved by 80% of the voting power of the outstanding shares of our capital stock entitled to vote generally in the election of directors. The vote of 80% of the voting power of the voting stock referred to in the immediately preceding sentence is required for amendment of these provisions. Our restated certificate of incorporation also provides that only our Board of Directors has the authority to call special stockholder meetings.

The foregoing provisions of our restated certificate of incorporation may have the effect of delaying, deferring or preventing a change in control of ML&Co.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain United States federal income tax considerations relating to the exchange of Old LYONs for New LYONs pursuant to the exchange offer and to the ownership and disposition of New LYONs. This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), and relevant regulations, rulings and decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect. This summary only addresses holders who hold the Old LYONs and New LYONs as “capital assets” within the meaning of Section 1221 of the Code, and does not address persons subject to special tax rules, such as financial institutions, insurance companies, S corporations, regulated investment companies, tax exempt investors, dealers in securities and currencies, certain former U.S. citizens or residents, persons holding the Old LYONs or New LYONs as a position in a “straddle,” “hedge,” “conversion transaction,” or other integrated transaction or U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar. Further, this summary does not address consequences under the alternative minimum tax rules, estate or gift tax laws, the laws of any U.S. state or locality, or any foreign tax laws. Holders are urged to consult their own tax advisors regarding the tax consequences to them, in light of their particular circumstances, of the exchange of Old LYONs for New LYONs pursuant to the exchange offer and of the ownership and disposition of the New LYONs under U.S. federal tax laws and the laws of any relevant state, local or foreign taxing jurisdiction.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of an Old LYON or New LYON that, for U.S. federal income tax purposes, is (i) an individual citizen or resident of the United States, (ii) a corporation, or entity treated as a corporation, organized under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is includible in gross income regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more U.S. persons have the authority to control all substantial decisions of the trust. For purposes of this summary, a beneficial owner that is not a U.S. Holder is a “Non-U.S. Holder.” If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner, the treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and partners in such partnership should consult their own tax advisors.

The Exchange Offer—Consequences to U.S. Holders

In general, the alteration of the terms of a debt instrument, pursuant to an exchange offer or otherwise, results in an exchange for U.S. federal income tax purposes (a “Tax Exchange”) if there is a “significant modification” of the debt instrument. The relevant Treasury regulations provide that an alteration or series of alterations of the terms of a debt instrument results in a significant modification if, based on all of the facts and circumstances, the legal rights and obligations of the new debt instrument differ from those of the old debt instrument to a degree that is “economically significant.” While the application of these rules to the exchange offer is uncertain, we intend to take the position that the modifications to the Old LYONs pursuant to the exchange offer will not constitute a significant modification of the Old LYONs. Accordingly, we intend to treat the exchange of Old LYONs for New LYONs as not resulting in a Tax Exchange. In addition, pursuant to the terms of the indenture, we and each holder agree to treat the New LYONs for U.S. federal income tax purposes as the same debt instrument as, and a continuation of, the Old LYONs and, accordingly, to treat the New LYONs as having been issued for U.S. federal income tax purposes on the same issue date, for the same issue price and with the same comparable yield and projected payment schedule as the Old LYONs. This position, however, is subject to uncertainty and may be challenged by the Internal Revenue Service (“IRS”).

If, consistent with our position, the exchange does not result in a Tax Exchange, the New LYONs will be treated as a continuation of the Old LYONs and there will be no U.S. federal income tax consequences to a U.S. Holder that exchanges Old LYONs for New LYONs pursuant to the exchange offer. The holder’s adjusted tax basis and holding period in respect of the New LYONs will be the same as the holder’s adjusted tax basis and

Table of Contents

holding period in respect of the Old LYONs immediately prior to the exchange. In addition, the adjusted issue price of the New LYONs will be equal to the adjusted issue price of the Old LYONs.

If, contrary to our position, the exchange results in a Tax Exchange, while the matter is not entirely clear, we would take the position that the Tax Exchange would constitute a recapitalization for U.S. federal income tax purposes. If the Tax Exchange constituted a recapitalization, a U.S. Holder generally would not recognize any gain or loss as a result of the Tax Exchange and (i) the U.S. Holder's adjusted tax basis in the New LYONs generally would equal the U.S. Holder's adjusted tax basis in the Old LYONs, and (ii) the U.S. Holder's holding period in respect of the New LYONs would include the U.S. Holder's holding period in respect of the Old LYONs.

If the Tax Exchange did not constitute a recapitalization, the Tax Exchange would be a fully taxable transaction, and a U.S. Holder generally would recognize gain or loss in an amount equal to the difference between the U.S. Holder's adjusted tax basis in the Old LYONs and the issue price of the New LYONs (determined as described below). Any gain recognized on the exchange generally would be treated as ordinary interest income. Any loss generally would be treated as ordinary loss to the extent of interest previously included in income and capital loss thereafter. Any capital loss recognized would be long term capital loss if the Old LYONs were held for more than one year at the time of exchange. Any loss recognized may be subject to disallowance under the "wash sale" rules. A U.S. Holder's holding period in the New LYONs would begin the day after the exchange, and the U.S. Holder's tax basis in the New LYONs generally would equal the issue price the New LYONs.

The determination of the issue price of the New LYONs depends on whether a substantial amount of the New LYONs is traded on an established market ("publicly traded") within the meaning of applicable Treasury regulations. If the New LYONs are publicly traded, their issue price would be equal to their fair market value on the date of exchange. We expect that the New LYONs will be publicly traded.

The Exchange Offer—Consequences to Non U.S. Holders

If, consistent with our position, the exchange of Old LYONs for New LYONs is not treated as a Tax Exchange, then, as discussed above, the New LYONs will be treated as a continuation of the Old LYONs and there will be no U.S. federal income tax consequences to a Non-U.S. Holder that exchanges Old LYONs for New LYONs pursuant to the exchange offer. If, contrary to our position, the exchange of Old LYONs for New LYONs results in a Tax Exchange, any gain realized by a Non-U.S. Holder will be treated as described below under the discussion relating to the consequences to Non-U.S. Holders of a sale or exchange of the New LYONs.

The New LYONs—Consequences to U.S. Holders

Pursuant to the terms of the indenture, we and each holder of the New LYONs agree, for U.S. federal income tax purposes, to treat the New LYONs as debt instruments that are subject to the regulations governing contingent payment debt instruments (the "CPDI regulations"). Pursuant to these regulations, U.S. Holders of the New LYONs will be required to accrue interest income on the New LYONs in the amounts described below regardless of whether the U.S. Holder uses the cash or accrual method of tax accounting. Accordingly, we anticipate that U.S. Holders will be required to include interest in taxable income in each year in excess of the yield on the New LYONs for non-tax purposes and in excess of any contingent interest payments actually received in that year.

The CPDI regulations provide that a U.S. Holder must accrue an amount of ordinary interest income, as original issue discount, for each accrual period prior to and including the maturity date of the New LYONs that equals (1) the product of (i) the adjusted issue price of the New LYONs as of the beginning of the accrual period; and (ii) the comparable yield to maturity (as defined below) of the New LYONs, adjusted for the length of the accrual period; (2) divided by the number of days in the accrual period; and (3) multiplied by the number of days during the accrual period that the U.S. Holder held the New LYONs.

Table of Contents

The adjusted issue price of a New LYON is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the amount of any projected payments, as defined below, with respect to the New LYONs.

As discussed above, if, consistent with our position, the exchange of Old LYONs for New LYONs does not result in a Tax Exchange, the New LYONs will be treated as a continuation of the Old LYONs. In that case, the comparable yield of the New LYONs will equal the comparable yield of the Old LYONs, i.e., 5.714%, compounded semi-annually. The CPDI regulations require that we provide to U.S. Holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments, which we refer to as projected payments, on the New LYONs. This schedule must produce the comparable yield. The projected payment schedule includes estimates for certain payments of contingent interest and an estimate for a payment at maturity taking into account the conversion feature. The comparable yield and the schedule of projected payments is set forth in the indenture. U.S. Holders may also obtain the projected payment schedule by submitting a written request for such information to Merrill Lynch & Co., Inc., Corporate Secretary's Office, 222 Broadway, 17th Floor, New York, New York 10038 or to corporatesecretary@exchange.ml.com.

If, contrary to our position, the exchange were to result in a Tax Exchange, we would be required to determine if the New LYONs are debt instruments subject to the CPDI regulations and, if so, to calculate a new comparable yield and projected payment schedule for the New LYONs. The new comparable yield would be effective as of the date of the exchange. It is possible that the new comparable yield and projected payment schedule would produce significant differences in the amount of income, gain or loss that a U.S. Holder must take into account in respect of the New LYONs.

For U.S. federal income tax purposes, a U.S. Holder must use the comparable yield and the schedule of projected payments in determining its interest accruals, and the adjustments thereto described below, in respect of the New LYONs, unless such U.S. Holder timely discloses and justifies the use of other estimates to the IRS. A U.S. Holder that determines its own comparable yield or schedule of projected payments must also establish that our comparable yield or schedule of projected payments is unreasonable.

The comparable yield and the schedule of projected payments are not determined for any purpose other than for the determination of a U.S. Holder's interest accruals and adjustments thereof in respect of the New LYONs for United States Federal income tax purposes and do not constitute a projection or representation regarding the actual amounts payable on the New LYONs.

Adjustments to Interest Accruals on the New LYONs

If, during any taxable year, a U.S. Holder receives actual payments with respect to the New LYONs for that taxable year that in the aggregate exceed the total amount of projected payments for that taxable year, the U.S. Holder will incur a "net positive adjustment" under the CPDI regulations equal to the amount of such excess. The U.S. Holder will treat a "net positive adjustment" as additional interest income for the taxable year. For this purpose, the payments in a taxable year include the fair market value of property received in that year.

If a U.S. Holder receives in a taxable year actual payments with respect to the New LYONs for that taxable year that in the aggregate were less than the amount of projected payments for that taxable year, the U.S. Holder will incur a "net negative adjustment" under the CPDI regulations equal to the amount of such deficit. This adjustment will (a) reduce the U.S. Holder's interest income on the New LYONs for that taxable year, and (b) to the extent of any excess after the application of (a), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the New LYONs during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments.

If a U.S. Holder acquires a New LYON with a basis that is less than the adjusted issue price or greater than the adjusted issue price the difference will be treated as a positive adjustment or a negative adjustment,

[Table of Contents](#)

respectively. The U.S. Holder must reasonably allocate the adjustment over the remaining term of the New LYON by reference to the accruals of original issue discount at the comparable yield or to the projected payments. It may be reasonable to allocate the adjustment over the remaining term of the New LYON pro rata with the accruals of original issue discount at the comparable yield. You should consult your tax advisor regarding these allocations.

Sale, Exchange, Conversion or Redemption

Generally, the sale or exchange of a New LYON, or the redemption of a New LYON for cash, will result in taxable gain or loss to a U.S. Holder. As described above, our calculation of the comparable yield and the schedule of projected payments for the New LYONs includes the receipt of stock upon conversion as a contingent payment with respect to the New LYONs. Accordingly, we intend to treat the receipt of cash and our common stock by a U.S. Holder upon the conversion of a New LYON as a contingent payment under the CPDI regulations. As described above, holders are generally bound by our determination of the comparable yield and the schedule of projected payments. Under this treatment, a conversion will also result in taxable gain or loss to a U.S. Holder. The amount of gain or loss on a taxable sale, exchange, conversion or redemption will be equal to the difference between (a) the amount of cash plus the fair market value of any other property received by the U.S. Holder, including the fair market value of any of our common stock received, and (b) the U.S. Holder's adjusted tax basis in the New LYON. A U.S. Holder's adjusted tax basis in a New LYON on any date will generally be equal to the U.S. Holder's initial tax basis for the New LYON, increased by any interest income previously accrued by the U.S. Holder (determined without regard to any adjustments to interest accruals described above, other than adjustments to reflect discount or premium to the adjusted issue price, if any), and decreased by the amount of any projected payments, as defined above, projected to have been made through such date. Gain recognized upon a sale, exchange, conversion or redemption of a New LYON will generally be treated as ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income, and thereafter, capital loss (which will be long-term if the New LYON is held for more than one year). The deductibility of net capital losses by individuals and corporations is subject to limitations.

A U.S. Holder's tax basis in our common stock received upon a conversion of a New LYON will equal the then current fair market value of such common stock. The U.S. Holder's holding period for the common stock received will commence on the day immediately following the date of conversion or redemption.

Constructive Dividends

If at any time we make a distribution of property to our stockholders that would be taxable to the stockholders as a dividend for federal income tax purposes and the conversion rate of the New LYONs is increased (e.g., if the conversion rate of the New LYONs is increased because we pay a cash dividend to holders of our common stock in excess of \$0.16 per share per quarter), we intend to take the position that any such increase will not be deemed to be the payment of a taxable dividend to U.S. Holders of the New LYONs. This position, however, is subject to uncertainty and may be challenged by the IRS.

The New LYONs—Consequences to Non-U.S. Holders

Payments other than payments attributable to any increases in conversion rate described under “—Constructive Dividends” above on the New LYONs made to a Non-U.S. Holder and any gain realized on a sale or exchange of the New LYONs generally will be exempt from United States income or withholding tax, provided that: (i) the Non-U.S. Holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership, and is not a bank receiving interest described in section 881(e)(3)(A) of the Code; (ii) the statement requirement set forth in section 871(h) or section 881(c) of the Code has been fulfilled with respect to the beneficial owner, as discussed below; (iii) such payments and gain are not effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States; and

Table of Contents

(iv) our common stock continues to be actively traded within the meaning of section 871(h)(4)(C)(v)(I) of the Code (which, for these purposes and subject to certain exceptions, includes trading on the NYSE). We intend to take the position that any increases in conversion rate described under “—Constructive Dividends” above will not be deemed to be the payment of a taxable dividend to Non-U.S. Holders of the New LYONs. This position, however, is subject to uncertainty and may be challenged by the IRS. We also intend to take the position that any payments received by a Non-U.S. Holder upon conversion of the New LYONs that are attributable to any such increase in conversion rate will be treated as interest that is subject to U.S. federal withholding tax at a 30% rate, subject to reduction by an applicable treaty. Any such withholding tax due and payable will be deducted when cash payments are actually made to a Non-U.S. Holder.

The statement requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a New LYONs certifies on IRS Form W-8BEN, under penalties of perjury, that it is not a United States person and provides its name, address and such other information as the form may require.

If a Non-U.S. Holder of the New LYONs is engaged in a trade or business in the United States, and if interest on the New LYONs is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, will generally be subject to regular U.S. federal income tax on interest and on any gain realized on the sale or exchange of the New LYONs in the same manner as if it were a U.S. Holder. In lieu of the certificate described in the preceding paragraph, such a Non-U.S. Holder will be required to provide to the withholding agent a properly executed IRS Form W-8ECI (or successor form) in order to claim an exemption from withholding tax. In addition, if such a Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

Backup Withholding and Information Reporting

Payments of contingent principal amount, premium, if any, and interest (including original issue discount and a payment in common stock pursuant to a conversion of the New LYONs) on, and the proceeds from a disposition of, the New LYONs may be subject to information reporting and U.S. federal backup withholding tax at the applicable statutory rate if a U.S. Holder thereof fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements. A Non-U.S. Holder may be subject to U.S. backup withholding tax on payments on the New LYONs and the proceeds from a sale or other disposition of the New LYONs unless the Non-U.S. Holder complies with certification procedures to establish that it is not a United States person. Any amounts so withheld will be allowed as a credit against such holder’s U.S. federal income tax liability and may entitle a holder to a refund, provided the required information is timely furnished to the IRS.

INCORPORATION OF INFORMATION WE FILE WITH THE SEC

The SEC allows us to incorporate by reference the information we file with them, which means:

- incorporated documents are considered part of the exchange circular;
- we can disclose important information to you by referring you to those documents; and
- information that we file with the SEC will automatically update and supersede this incorporated information.

We incorporate by reference the documents listed below which were filed with the SEC under the Exchange Act (other than information in the documents that is deemed not to be filed):

- annual report on Form 10-K for the year ended December 26, 2003;
- quarterly reports on Form 10-Q for the periods ended March 26, 2004, June 25, 2004 and September 24, 2004; and
- all current reports on Form 8-K dated after the date of the Form 10-K for the year ended December 26, 2003.

You should rely only on information contained or incorporated by reference in this exchange circular. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this exchange circular is accurate as of the date of this exchange circular only. Our business, financial condition and results of operations may have changed since that date.

You may request a copy of any filings referred to above (excluding exhibits not specifically incorporated by reference into the filing), at no cost, by contacting us in writing or by telephone at the following address: Judith A Witterschein, Corporate Secretary's Office, Merrill Lynch & Co., Inc., 222 Broadway, 17th Floor, New York, New York 10038, Telephone: (212) 670-0432.

VALIDITY OF SECURITIES

The validity of the New LYONs will be passed upon for ML&Co. by Sidley Austin Brown & WoodLLP, New York, New York.

EXPERTS

The restated consolidated financial statements and the related restated financial statement schedule incorporated in this exchange circular by reference from the Current Report on Form 8-K of Merrill Lynch & Co., Inc. and subsidiaries dated May 4, 2004 for the year ended December 26, 2003 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports dated March 1, 2004 (May 4, 2004 as to Note 2) (which express unqualified opinions, and which report on the consolidated financial statements includes explanatory paragraphs for the change in accounting method in 2002 for goodwill amortization to conform to Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, and for the change in accounting method in 2004 for stock-based compensation to conform to Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, as amended by Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation—Transition and Disclosure, by retroactively restating its 2003, 2002 and 2001 consolidated financial statements), which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

With respect to the unaudited condensed consolidated financial statements for the periods ended March 26, 2004 and March 28, 2003, June 25, 2004 and June 27, 2003 and September 24, 2004 and September 26, 2003, which are incorporated herein by reference, Deloitte & Touche LLP, an independent registered public accounting firm, have applied limited procedures in accordance with standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports included in Merrill Lynch & Co., Inc. and subsidiaries' Quarterly Reports on Form 10-Q for the quarters ended March 26, 2004, June 25, 2004 and September 24, 2004 and incorporated by reference herein, they did not audit and they do not express an opinion on those unaudited condensed consolidated financial statements. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited condensed consolidated financial statements because those reports are not "reports" or a "part" of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

The exchange agent for the exchange offer is:

Global Bondholder Services Corporation

By facsimile:
(For Eligible Institutions only):
(212) 430-3775

Confirmation:
(212) 430-3774

By Mail:
65 Broadway—Suite 704
New York, NY 10006

By Overnight Courier:
65 Broadway—Suite 704
New York, NY 10006

By Hand:
65 Broadway—Suite 704
New York, NY 10006

Requests for assistance regarding the procedures for tendering Old LYONs and requests for additional copies of this exchange circular and letter of transmittal may be directed to the information agent at its addresses or telephone numbers set forth below. The financial advisor, the exchange agent and the information agent will answer questions with respect to the exchange offer solely by reference to the terms of this exchange circular and the information agent may be contacted at the addresses and telephone numbers set forth below.

The information agent for the exchange offer is:

Global Bondholder Services Corporation

65 Broadway—Suite 704
New York, New York 10006
Attn: Corporate Actions

Banks and Brokers call: (212) 430-3774
Toll free (866) 470-3800

The financial advisor for the exchange offer is:

Merrill Lynch, Pierce, Fenner & Smith Incorporated

4 World Financial Center
New York, New York 10080
(888) 654-8637 (toll free)
(212) 449-4914

Attention: Liability Management Group



Merrill Lynch & Co., Inc.

LETTER OF TRANSMITTAL
Relating to

Merrill Lynch & Co., Inc.

Offer to Exchange
any and all of its

Liquid Yield Option™ Notes due 2032
(Zero Coupon-Floating Rate-Senior)
("Old LYONs")

CUSIP No. 590188 A7 3

for

Exchange Liquid Yield Option Notes due 2032
(Zero Coupon-Floating Rate-Senior)
("New LYONs")

CUSIP No. 590188 W4 6

The exchange offer and withdrawal rights will expire at 5:00 P.M., New York City time, on December 9, 2004, unless extended by Merrill Lynch & Co., Inc.

Each holder of Old LYONs wishing to participate in the exchange offer, except holders of Old LYONs executing their tenders through the Automated Tender Offer Program ("ATOP") procedures of The Depository Trust Company, as depository ("DTC"), should complete, sign and submit this letter of transmittal to the exchange agent, Global Bondholder Services Corporation (the "exchange agent"), before the expiration date.

By Facsimile (for Eligible Institutions only):
(212) 430-3775

Confirmation:
(212) 430-3774

By Mail, Hand Delivery and Overnight Courier:

65 Broadway—Suite 704
New York, NY 10006

Delivery of this letter of transmittal to an address, or transmission of instructions via a facsimile number, other than as set forth above or in accordance with the instructions herein, will not constitute valid delivery. You should read the instructions accompanying this letter of transmittal carefully before completing this letter of transmittal.

November 9, 2004

™ Trademark of Merrill Lynch & Co., Inc.

ML&Co. (as defined below) is making the exchange offer in reliance on the exemption from the registration requirements of the Securities Act of 1933 afforded by Section 3(a)(9) thereof. Therefore ML&Co. will not pay any commission or other remuneration to any broker, dealer, salesperson or other person for soliciting tenders of Old LYONs.

The exchange offer is not being made to, nor will ML&Co. accept tenders of Old LYONs from, holders in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction.

There are no guaranteed delivery provisions provided for by ML&Co. in conjunction with the exchange offer. Holders must tender their Old LYONs in accordance with the procedures set forth in this letter of transmittal and under “Description of the Exchange Offer—Procedures for Tendering” in the exchange circular.

This document relates to the exchange offer (the “exchange offer”) made by Merrill Lynch & Co., Inc. (“ML&Co.”). The exchange offer is described in the exchange circular dated November 9, 2004 (as it may be amended or supplemented, the “exchange circular”) and in this letter of transmittal (this “letter of transmittal”). All terms and conditions contained in, or otherwise referred to in, the exchange circular are deemed to be incorporated in, and form a part of, this letter of transmittal. Therefore, you are urged to read carefully the exchange circular and the items referred to therein. The terms and conditions contained in the exchange circular, together with the terms and conditions governing this letter of transmittal and the instructions herein, are collectively referred to herein as the “terms and conditions.”

Defined terms used herein and not defined herein shall have the meanings ascribed to them in the exchange circular.

Questions regarding the exchange offer or procedures for tendering Old LYONs should be directed to the information agent, Global Bondholder Services Corporation (the “information agent”), at the following telephone numbers:

Global Bondholder Services Corporation

65 Broadway—Suite 704
New York, New York 10006
Attn: Corporate Actions

Banks and Brokers call: (212) 430-3774
Toll free (866) 470-3800

This letter of transmittal may be used to participate in the exchange offer if Old LYONs are to be tendered by effecting a book-entry transfer into the exchange agent’s account at DTC and instructions are not being transmitted through DTC’s ATOP procedures. Unless you intend to tender your Old LYONs through ATOP, you should complete, execute and deliver this letter of transmittal.

TENDER OF OLD LYONS

To effect a valid tender of Old LYONS through the completion, execution and delivery of this letter of transmittal, the undersigned must complete the table below entitled "Description of Old LYONS Tendered" and sign this letter of transmittal where indicated.

New LYONS will be delivered in book-entry form through DTC and only to the DTC account of the undersigned or the undersigned's custodian, as specified below, on the exchange date.

Failure to provide the information necessary to effect delivery of New LYONS will render such holder's tender defective, and ML&Co. will have the right, which it may waive, to reject such tender without notice.

DESCRIPTION OF OLD LYONS TENDERED (see Instruction 2) NOTE: SIGNATURES MUST BE PROVIDED BELOW. PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.		
Old LYONS Being Tendered	Name of DTC Participant and Participant's Account Number in Which Old LYONS are Held and/or the Corresponding New LYONS are to be Delivered	Aggregate Original Principal Amount Tendered*
* The original principal amount of Old LYONS tendered hereby must be in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. See Instruction 3. Unless otherwise specified, it will be assumed that the holder is tendering the entire aggregate original principal amount of all Old LYONS held by the undersigned.		

Note: Signatures must be provided below.
Please read the accompanying instructions carefully.

Ladies and Gentlemen:

The undersigned hereby tenders to ML&Co. the aggregate principal amount of Old LYONs indicated in the table above entitled "Description of Old LYONs Tendered" in accordance with the terms and conditions of the exchange offer.

The undersigned understands that validly tendered Old LYONs (or defectively tendered Old LYONs with respect to which ML&Co. has waived such defect or caused such defect to be waived) will be deemed to have been accepted by ML&Co. if, as and when ML&Co. gives oral (promptly confirmed in writing) or written notice thereof to the exchange agent. The undersigned understands that, subject to the terms and conditions, Old LYONs validly tendered (and not validly withdrawn) and accepted in accordance with the terms and conditions will be exchanged for New LYONs. The undersigned understands that, under certain circumstances, ML&Co. may not be required to accept any of the Old LYONs tendered (including any such Old LYONs tendered after the expiration date). If any Old LYONs are not accepted for exchange for any reason (or if Old LYONs are validly withdrawn), such Old LYONs will be returned, without expense, to the undersigned's account at DTC or such other account as designated herein, pursuant to the book-entry transfer procedures described in the exchange circular, promptly after the expiration or termination of the exchange offer.

Following the date upon which Old LYONs are tendered hereby, and subject to and effective upon ML&Co.'s acceptance for exchange of the principal amount of the Old LYONs tendered hereby, upon the terms and conditions, the undersigned hereby:

(1) irrevocably sells, assigns and transfers to or upon the order of ML&Co. or its nominee all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the undersigned status as a holder of, all Old LYONs tendered hereby, such that thereafter it shall have no contractual or other rights or claims in law or equity against ML&Co. or any fiduciary, trustee, fiscal agent or other person connected with the Old LYONs arising under, from or in connection with such Old LYONs;

(2) waives any and all rights with respect to the Old LYONs tendered hereby, including, without limitation, any existing or past defaults and their consequences in respect of such Old LYONs; and

(3) releases and discharges ML&Co. and JPMorgan Chase Bank, as trustee for the Old LYONs (the "trustee"), from any and all claims that the undersigned may have, now or in the future, arising out of or related to the Old LYONs tendered hereby.

The undersigned understands that tenders of Old LYONs pursuant to any of the procedures described in the exchange circular and in the instructions in this letter of transmittal and acceptance of such Old LYONs by ML&Co. will, following such acceptance, constitute a binding agreement between the undersigned and ML&Co. upon the terms and conditions.

All authority conferred or agreed to be conferred by this letter of transmittal shall not be affected by, and shall survive, the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, trustees in bankruptcy, personal and legal representatives, successors and assigns of the undersigned.

The undersigned hereby represents, warrants and agrees that:

(1) it has received the exchange circular;

(2) it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more beneficial owners of, the Old LYONs tendered hereby, and it has full power and authority to execute this letter of transmittal;

(3) the Old LYONs being tendered hereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and ML&Co. will acquire good, indefeasible and unencumbered title to such Old LYONs, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when ML&Co. accepts the same;

(4) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Old LYONs tendered hereby, from the date of this letter of transmittal, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;

(5) in evaluating the exchange offer and in making its decision whether to participate therein by submitting a letter of transmittal and tendering its Old LYONs, the undersigned has made its own independent appraisal of the matters referred to in the exchange circular and this letter of transmittal and in any related communications and it is not relying on any statement, representation or warranty, express or implied, made to such holder by ML&Co., the financial advisor, the information agent, the exchange agent or any other person, other than those contained in the exchange circular, as amended or supplemented through the expiration date;

(6) the execution and delivery of this letter of transmittal shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions;

(7) the submission of this letter of transmittal to the exchange agent shall, subject to a holder's ability to withdraw its tender pursuant to the terms of the exchange offer, and subject to the terms and conditions generally, constitute the irrevocable appointment of the exchange agent as its attorney and agent and an irrevocable instruction to that attorney and agent to complete and execute all or any forms of transfer and other documents at the discretion of that attorney and agent in relation to the Old LYONs tendered hereby in favor of ML&Co. or any other person or persons as ML&Co. may direct and to deliver such forms of transfer and other documents in the attorney's and agent's discretion and the certificates and other documents of title relating to the registration of such Old LYONs and to execute all other documents and to do all other acts and things as may be in the opinion of that attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the exchange offer, and to vest in ML&Co. or its nominees such Old LYONs; and

(8) the terms and conditions shall be deemed to be incorporated in, and form a part of, this letter of transmittal, which shall be read and construed accordingly.

The representations and warranties and agreements of a holder tendering Old LYONs shall be deemed to be repeated and reconfirmed on and as of the expiration date and the exchange date. For purposes of this letter of transmittal, the "beneficial owner" of any Old LYONs means any holder that exercises investment discretion with respect to such Old LYONs.

The undersigned understands that tenders may not be withdrawn at any time after the expiration date, except as set forth in the exchange circular.

SIGN HERE

By completing, executing and delivering this letter of transmittal, the undersigned hereby tenders to ML&Co. the original principal amount of the Old LYONs listed in the table on page 3 entitled "Description of Old LYONs Tendered".

Signature of Registered Holder(s) or Authorized Signatory
(see guarantee requirement below)

Date

Signature of Registered Holder(s) or Authorized Signatory
(see guarantee requirement below)

Date

Signature of Registered Holder(s) or Authorized Signatory
(see guarantee requirement below)

Date

Area Code and Telephone Number: _____

If a holder of Old LYONs is tendering any Old LYONs, this letter of transmittal must be signed by the registered holder(s) exactly as the name(s) appear(s) on a securities position listing of DTC or by any person(s) authorized to become the Registered Holder(s) by endorsements and documents transmitted herewith. If the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, please set forth at the line entitled "Capacity (full title)" and submit evidence satisfactory to the exchange agent and ML&Co. of such person's authority to so act. See Instruction 4.

Name(s): _____

(Please Type or Print)

Capacity (Full Title): _____

Address: _____

(Including Zip Code)

MEDALLION SIGNATURE GUARANTEE
(If required—See Instruction 4)

Signature(s) Guaranteed by
an Eligible Guarantor Institution: _____

(Authorized Signature)

(Title)

(Name of Firm)

(Address)

Dated: _____

**INSTRUCTIONS FORMING PART OF
THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER**

1. Delivery of letter of transmittal. This letter of transmittal is to be completed by tendering holders of Old LYONs if tender of such Old LYONs is to be made by book-entry transfer to the exchange agent's account at DTC and instructions are not being transmitted through ATOP. Holders who tender their Old LYONs through DTC's ATOP procedures shall be bound by, but need not complete, this letter of transmittal; thus, a letter of transmittal need not accompany tenders effected through ATOP.

A confirmation of a book-entry transfer into the exchange agent's account at DTC of all Old LYONs delivered electronically, as well as a properly completed and duly executed letter of transmittal (or a manually signed facsimile thereof) or properly transmitted agent's message, and any other documents required by this letter of transmittal, must be received by the exchange agent at its address set forth herein before the expiration date.

Any financial institution that is a participant in DTC may electronically transmit its acceptance of the exchange offer by causing DTC to transfer Old LYONs to the exchange agent in accordance with DTC's ATOP procedures for such transfer before the expiration date. The exchange agent will make available its general participant account at DTC for the Old LYONs for purposes of the exchange offer.

Delivery of a letter of transmittal to DTC will not constitute valid delivery to the exchange agent. No letter of transmittal should be sent to ML&Co., DTC, the financial advisor or the information agent.

The method of delivery of this letter of transmittal and all other required documents, including delivery through DTC and any acceptance or agent's message delivered through ATOP, is at the option and risk of the tendering holder. If delivery is by mail, registered mail, with return receipt requested and properly insured, is recommended. Instead of delivery by mail, it is recommended that the holder use an overnight or hand-delivery service. In all cases, sufficient time should be allowed to ensure timely delivery.

2. Delivery of the New LYONs. New LYONs to be issued according to the terms of the exchange offer, if completed, will be delivered in book-entry form. The appropriate DTC participant name and number (along with any other required account information) needed to permit such delivery must be provided in the table on page 3 entitled "Description of Old LYONs Tendered." Failure to do so will render a tender of the Old LYONs defective, and ML&Co. will have the right, which it may waive, to reject such delivery. Holders that anticipate participating in the exchange offer other than through DTC are urged to contact promptly a bank, broker or other intermediary (that has the capability to hold securities custodially through DTC) to arrange for receipt of New LYONs delivered pursuant to the exchange offer and to obtain the information necessary to complete the table.

3. Amount of Tenders. Tenders of Old LYONs will be accepted only in minimum denominations of \$1,000 original principal amount and integral multiples of \$1,000 original principal amount in excess thereof. Book-entry transfers to the exchange agent should be made in the exact original principal amount of Old LYONs tendered.

4. Signatures on letter of transmittal; Instruments of Transfer; Guarantee of Signatures. For purposes of this letter of transmittal, the term "Registered Holder" means an owner of record as well as any DTC participant that has Old LYONs credited to its DTC account. Except as otherwise provided below, all signatures on this letter of transmittal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the NYSE Medallion Signature Program or the Stock Exchange Medallion Program (each, a "Medallion Signature Co-Obligor"). Signatures on this letter of transmittal need not be guaranteed if:

(1) this letter of transmittal is signed by a participant in DTC whose name appears on a security position listing as the owner of the Old LYONs; or

(2) the Old LYONs are tendered for the account of an “eligible guarantor institution.”

An “eligible guarantor institution” is one of the following firms or other entities identified in Rule 17Ad-15 under the Securities Exchange Act of 1934 (as the terms are used in Rule 17 Ad-15):

- (a) a bank;
- (b) a broker, dealer, municipal securities dealer, municipal securities broker, government securities dealer or government securities broker,
- (c) a credit union;
- (d) a national securities exchange, registered securities association or clearing agency; or
- (e) a savings institution that is a participant in a Securities Transfer Association recognized program.

If any of the Old LYONs tendered are held by two or more registered holders, all of the registered holders must sign the letter of transmittal.

ML&Co. will not accept any alternative, conditional, irregular or contingent tenders. By executing this letter of transmittal (or a facsimile hereof) or directing DTC to transmit an agent’s message, you waive any right to receive notice of the acceptance of your Old LYONs for exchange.

If this letter of transmittal or instruments of transfer are signed by trustees, executors, administrators, guardians or attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and, unless waived by ML&Co., evidence satisfactory to ML&Co. of their authority to so act must be submitted with this letter of transmittal.

Beneficial owners whose tendered Old LYONs are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if they desire to tender their Old LYONs.

5. Transfer Taxes. Except as set forth in this Instruction 5, ML&Co. will pay all transfer taxes, if any, applicable to the transfer and exchange of Old LYONs to ML&Co. in the exchange offer. If transfer taxes are imposed for any other reason, the amount of those transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. Other reasons transfer taxes could be imposed include: (i) if New LYONs in book-entry form are to be registered in the name of any person other than the person signing the letter of transmittal; or (ii) if tendered Old LYONs are registered in the name of any person other than the person signing the letter of transmittal. If satisfactory evidence of payment of or exemption from those transfer taxes is not submitted with the letter of transmittal, the amount of those transfer taxes will be billed directly to the tendering holder and/or withheld from any payments due with respect to the Old LYONs tendered by such holder.

6. Validity of Tenders. All questions concerning the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Old LYONs will be determined by ML&Co. in its sole discretion, which determination will be final and binding. ML&Co. reserves the absolute right to reject any and all tenders of Old LYONs not in proper form or any Old LYONs the acceptance for exchange of which may, in the opinion of its counsel, be unlawful. ML&Co. also reserves the absolute right to waive any defect or irregularity in tenders of Old LYONs, whether or not similar defects or irregularities are waived in the case of other tendered Old LYONs. The interpretation of the terms and conditions by ML&Co. shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old LYONs must be cured within such time as ML&Co. shall determine. None of ML&Co., the information agent, the exchange agent or any other person will be under any duty to give notification of defects or irregularities with respect to tenders of Old LYONs, nor shall any of them incur any liability for failure to give such notification.

Tenders of Old LYONs will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Old LYONs received by the exchange agent that are not validly tendered and as to

which the defects or irregularities have not been cured or waived will be returned by the exchange agent to the holders of Old LYONs, unless otherwise provided in this letter of transmittal, promptly following the expiration or termination of the exchange offer.

7. Withdrawal. Tenders may be withdrawn only pursuant to the procedures and subject to the terms set forth in the exchange circular under the caption “Description of the Exchange Offer—Withdrawal of Tenders.”

8. Requests for Assistance or Additional Copies. Questions regarding the exchange offer or the procedures for tendering Old LYONs and requests for additional copies of the exchange circular and this letter of transmittal may be directed to the information agent at its telephone numbers indicated herein.

9. Backup United States Federal Income Tax Withholding

Under the United States federal income tax laws, payments made pursuant to the exchange offer may be subject to backup withholding at the rate of 28%. In order to avoid such backup withholding, each tendering holder should complete and sign the Substitute Form W-9 and either (a) provide the correct taxpayer identification number (“TIN”) and certify, under penalties of perjury, that the TIN provided is correct, that the holder is a U.S. person, and that (1) the holder has not been notified by the United States Internal Revenue Service (the “IRS”) that the holder is subject to backup withholding as a result of a failure to report all interest or dividends or (2) the IRS has notified the holder that the holder is no longer subject to backup withholding; or (b) provide an adequate basis for exemption. If the tendering holder has not been issued a TIN and has applied for one, or intends to apply for one in the near future, such holder should write “Applied For” in the space provided for the TIN in Part I of the Substitute Form W-9, sign and date the Substitute Form W-9 and sign the Certificate of Awaiting Taxpayer Identification Number. If “Applied For” is written in Part I, 28% of payments made to the tendering holder will be retained during the 60-day period following the date of the Substitute Form W-9. If the holder furnishes his, her or its TIN within 60 days after the date of the Substitute Form W-9, the amounts retained will be remitted to the holder and no further amounts shall be retained or withheld from payments made to the holder thereafter. If, however, the holder has not provided the exchange agent his, her or its TIN within such 60-day period, such previously retained amounts will be remitted to the IRS as backup withholding. In general, if a holder is an individual, the TIN is the social security number of such individual. If the exchange agent is not provided with the correct TIN, the holder may be subject to a \$50 penalty imposed by the IRS.

Failure to complete the Substitute Form W-9 will not, by itself, cause Old LYONs to be deemed invalidly tendered, but may require backup withholding of 28% of the amount of any payments made pursuant to the exchange offer. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the IRS.

Certain holders are not subject to these backup withholding and reporting requirements. Generally, in order for a non-resident alien (*i.e.*, a non-U.S. holder) to qualify as an exempt recipient, such holder must submit a statement (as appropriate, on IRS Form W-8BEN, W-8ECI, W-8EXP or W-8IMY), signed under penalties of perjury, attesting to that individual’s foreign status. Such statements can be obtained from the exchange agent.

See the attached “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” for more information.

SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service Payer's Request for Taxpayer Identification Number (TIN)	PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW <hr/> Name <hr/> Business Name Please check appropriate box <input type="checkbox"/> Individual/Sole Proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other _____ <hr/> Address <hr/> City, State, Zip code	Part I—Social Security Number OR Employer Identification Number <hr/> (If awaiting TIN, write "Applied For") <hr/> Part II—For Payees exempt from backup withholding, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9, check the Exempt box below, and complete the Substitute Form W-9. Exempt <input type="checkbox"/>
Certification—Under penalties of perjury, I certify that:		
(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien)		
Certification Instructions—You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item (2) does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see instructions in the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.)		
Signature _____ Date: _____		

NOTE: IF YOU ARE A UNITED STATES HOLDER, FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE EXCHANGE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL INSTRUCTIONS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN PART I OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within 60 days, 28% of all reportable payments made to me will be withheld until I provide a taxpayer identification number.

SIGNATURE: _____

DATE: _____

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER. Social security numbers have nine digits separated by two hyphens: *i.e.*, 000-00-0000. Employer identification numbers have nine digits separated by one hyphen: *i.e.*, 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	Give the SOCIAL SECURITY number of:	For this type of account:	Give the EMPLOYER IDENTIFICATION number of:
1. Individual	The individual	6. A valid trust, estate, or pension trust	The legal entity(4)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	7. Corporate or LLC electing corporate status on Form 8832	The corporation
3. Custodian account of a minor(Uniform Gift to Minors Act)	The minor(2)	8. Association, club, religious, charitable or educational or other tax-exempt organization	The organization
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	9. Partnership or multi-member LLC	The partnership
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)	10. A broker or registered nominee	The broker or nominee
5. Sole proprietorship or single-owner LLC	The owner(3)	11. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or, if you have one, your employer identification number.
- (4) List first and circle the name of the legal trust, estate or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE If no name is circled when there is more than one name listed, the number will be considered to be that of the first name listed.

Obtaining a Number

If you do not have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number. You may also obtain Form SS-4 by calling the IRS at 1-800-TAX-FORM.

If you do not have a TIN, but have applied for one, write "Applied For" in the space for the TIN, complete the Certificate of Awaiting Taxpayer Identification Number, sign and date the form and return it to the exchange agent.

Payees Exempt From Backup Withholding

Payees specifically exempt from backup withholding on ALL payments include the following:

- An organization exempt from tax under section 501(a), any individual retirement account, or a custodial account under section 403 (b) (7) if the account satisfies the requirements of section 401 (f) (2).
- The United States or any of its agencies or instrumentalities.
- A state, the District of Columbia, a possession of the United States or any of their political subdivisions or instrumentalities.
- A foreign government or any of its political subdivisions, agencies, or instrumentalities.
- An international organization or any of its agencies or instrumentalities.

Payees specifically exempt from backup withholding on interest and dividend payments include the following:

- A corporation.
- A foreign central bank of issue.
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A common trust fund operated by a bank under section 584(a).
- A financial institution.
- A middleman known in the investment community as a nominee or custodian.
- A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to non-resident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.

EXEMPT PAYEES DESCRIBED ABOVE SHOULD FILE SUBSTITUTE FORM W-9 TO AVOID POSSIBLE ERRONEOUS BACKUP WITHHOLDING. FILE THE SUBSTITUTE FORM W-9 WITH THE PAYER. FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER. CHECK THE BOX MARKED "EXEMPT" IN PART II OF THE FORM AND RETURN IT TO THE PAYER.

Certain payments other than dividends that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6045, 6050A, 6050N and the regulations thereunder.

Privacy Act Notice.—Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states and the District of Columbia to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number.—If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information With Respect to Withholding.—If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(3) Criminal Penalty for Falsifying Information.—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

In order to tender, a holder of Old LYONs should send or deliver a properly completed and signed letter of transmittal and any other required documents to the exchange agent at its address set forth below or tender pursuant to DTC's ATOP procedures.

The exchange agent for the exchange offer is:

Global Bondholder Services Corporation

By facsimile:
(For Eligible Institutions only):
(212) 430-3775

Confirmation:
(212) 430-3774

By Mail:
65 Broadway—Suite 704
New York, NY 10006

By Overnight Courier:
65 Broadway—Suite 704
New York, NY 10006

By Hand:
65 Broadway—Suite 704
New York, NY 10006

Requests for assistance regarding the procedures for tendering Old LYONs and requests for additional copies of this exchange circular and letter of transmittal may be directed to the information agent at its addresses or telephone numbers set forth below. The financial advisor, the exchange agent and the information agent will answer questions with respect to the exchange offer solely by reference to the terms of this exchange circular and the information agent may be contacted at the addresses and telephone numbers set forth below.

The information agent for the exchange offer is:

Global Bondholder Services Corporation

65 Broadway—Suite 704
New York, New York 10006
Attn: Corporate Actions

Banks and Brokers call: (212) 430-3774
Toll free (866) 470-3800

The financial advisor for the exchange offer is:

Merrill Lynch, Pierce, Fenner & Smith Incorporated

4 World Financial Center
New York, New York 10080
(888) 654-8637 (toll free)
(212) 449-4914

Attention: Liability Management Group



Merrill Lynch & Co., Inc.

Offer to Exchange
any and all of its
Liquid Yield Option™ Notes due 2032
(Zero Coupon-Floating Rate-Senior)
(“Old LYONs”)
CUSIP No. 590188 A7 3
for
Exchange Liquid Yield Option Notes due 2032
(Zero Coupon-Floating Rate-Senior)
(“New LYONs”)
CUSIP No. 590188 W4 6

The exchange offer and withdrawal rights will expire at 5:00 P.M., New York City time, on December 9, 2004, unless extended by Merrill Lynch & Co., Inc.

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

Enclosed for your consideration is the exchange circular, dated November 9, 2004 (as it may be amended or supplemented, the “exchange circular”) and a form of letter of transmittal (as it may be amended or supplemented, the “letter of transmittal”) relating to the exchange offer (the “exchange offer”) made by Merrill Lynch & Co., Inc. (the “Company”) to holders of Old LYONs to tender for exchange any Old LYONs for New LYONs.

The Company is inviting holders of Old LYONs to tender for exchange Old LYONs for New LYONs upon the terms and subject to the conditions set forth in the exchange circular. The exchange offer is not conditioned on any minimum number of Old LYONs being tendered but is subject to certain other conditions. See “The Exchange Offer—Conditions to the Exchange Offer” in the exchange circular.

Defined terms used herein and not defined herein shall have the meanings ascribed to them in the exchange circular.

The terms of the New LYONs and of the Old LYONs are more fully described in the exchange circular. The terms of the New LYONs are similar to the terms of the Old LYONs, but will differ in the following material ways:

- the yield will not exceed 5.5% per annum after March 13, 2007 for the Old LYONs or after March 13, 2008 for the New LYONs;
- the Company may redeem all or a portion of the Old LYONs at any time on or after March 13, 2007, however the Company may redeem all or a portion of the New LYONs at any time on or after March 13, 2008;
- holders may require the Company to repurchase all or a portion of either the Old LYONs or the New LYONs on March 13, 2005, 2007, 2012, 2017, 2022 and 2027, but additionally holders may require the Company to repurchase all or a portion of the New LYONs on March 13, 2006 and 2008;

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- holders of Old LYONs surrendered for conversion will receive 13.8213 shares of the Company's common stock (subject to adjustment), while holders of New LYONs surrendered for conversion will receive the value (calculated as described in the exchange circular) of 13.8213 shares of our common stock (subject to adjustment). This value will be paid in cash in an amount equal to the contingent principal amount of the New LYON on the conversion date and the remainder, at our election, in cash, common stock or a combination thereof;
- the Company will pay contingent interest, if any, to holders commencing June 1, 2007 for the Old LYONs and commencing June 1, 2008 for the New LYONs;
- during any period when contingent interest is payable, the contingent interest payable each quarter per New LYON will equal an annualized rate of 0.88% of the contingent principal amount (the per bond equivalent of our quarterly current annualized dividend rate of \$0.16 per share of common stock multiplied by the conversion rate of 13.8213) of a New LYON on the immediately preceding quarterly yield reset date. This rate will not change in the event we vary our dividend rate or the conversion rate is adjusted. Contingent interest on the Old LYONs, if payable, is variable and based upon dividends that the Company pays on our common stock; and
- the conversion rate adjustments applicable to the New LYONs will generally be identical to the conversion rate adjustments applicable to the Old LYONs; however, until March 13, 2008 rather than adjusting for "extraordinary cash dividends", as is provided in the Old LYONs, the conversion rate of the New LYONs will be adjusted upon the issuance of a cash dividend to all the holders of our common stock to the extent such dividend exceeds \$0.16 per share per quarter.

The original terms of the Old LYONs provided that, in the event of an early repayment of the Old LYONs at the option of holders, the Company could repay such Old LYONs by delivering, at its option, cash, its common stock or a combination thereof. On November 1, 2004, the Company amended the terms of the Old LYONs to provide that the Company will repay any Old LYONs surrendered for early repurchase at the option of a holder only in cash. This amended term of the Old LYONs will also be a term of the New LYONs.

For your information and for forwarding to your clients for whom you hold Old LYONs registered on the books of The Depository Trust Company ("DTC") in your name or in the name of your nominee, we are enclosing the following documents:

1. Exchange circular dated November 9, 2004.
2. A letter of transmittal for the Old LYONs for your use and for the information of your clients, including an Internal Revenue Service Form W-9, a Certificate of Awaiting Taxpayer Identification Number and Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
3. A printed form of letter, including the letter of instructions, which may be sent to your clients for whose accounts you hold Old LYONs registered on the books of DTC in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the exchange offer. This form will enable you, on behalf of your clients, to tender all Old LYONs owned by your clients that are held by you on their behalf.

DTC participants will be able to execute tenders through the DTC Automated Tender Offer Program ("ATOP").

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE IN ORDER TO OBTAIN THEIR INSTRUCTIONS.

Any inquiries you may have with respect to the exchange offer should be addressed to: Global Bondholder Services Corporation, the information agent, or to Merrill Lynch, Pierce, Fenner & Smith Incorporated, the financial advisor, at their respective addresses and telephone numbers set forth on the back cover of the exchange circular. Additional copies of the enclosed materials may be obtained from the information agent. The financial advisor, the exchange agent and the information agent will answer questions with respect to the exchange offer solely by reference to the terms of the exchange circular.

Very truly yours,

MERRILL LYNCH & CO.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU AS THE AGENT OF THE COMPANY, THE FINANCIAL ADVISOR, THE INFORMATION AGENT OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.



Merrill Lynch & Co., Inc.

Offer to Exchange
any and all of its
Liquid Yield Option™ Notes due 2032
(Zero Coupon-Floating Rate-Senior)
(“Old LYONs”)
CUSIP No. 590188 A7 3

for
Exchange Liquid Yield Option Notes due 2032
(Zero Coupon-Floating Rate-Senior)
(“New LYONs”)
CUSIP No. 590188 W4 6

The exchange offer and withdrawal rights will expire at 5:00 P.M., New York City time, on December 9, 2004, unless extended by Merrill Lynch & Co., Inc.

To Our Clients:

Enclosed for your consideration is the exchange circular, dated November 9, 2004 (as it may be amended or supplemented, the “exchange circular”) and a form of letter of transmittal (as it may be amended or supplemented, the “letter of transmittal”) relating to the exchange offer (the “exchange offer”) made by Merrill Lynch & Co., Inc. (the “Company”) to holders of Old LYONs to tender for exchange any Old LYONs for New LYONs.

The Company is inviting holders of Old LYONs to tender for exchange Old LYONs for New LYONs upon the terms and subject to the conditions set forth in the exchange circular. The exchange offer is not conditioned on any minimum number of Old LYONs being tendered but is subject to certain other conditions. See “The Exchange Offer—Conditions to the Exchange Offer” in the exchange circular.

This material relating to the exchange offer is being forwarded to you as the beneficial owner of Old LYONs held by us for your account or benefit but not registered in your name. A tender of any Old LYONs may only be made by us as the registered holder and pursuant to your instructions. Therefore, the Company urges beneficial owners of Old LYONs registered in the name of a broker, dealer, commercial bank, trust company or other nominee to contact such registered holder promptly if they wish to tender Old LYONs pursuant to the exchange offer.

Accordingly, we request instructions as to whether you wish to tender any or all Old LYONs held by us for your account. We urge you to read carefully the exchange circular, the letter of transmittal and the other materials provided herewith before instructing us to tender your Old LYONs.

The terms of the New LYONs and of the Old LYONs are more fully described in the exchange circular. The terms of the New LYONs are similar to the terms of the Old LYONs, but will differ in the following material ways:

- the yield will not exceed 5.5% per annum after March 13, 2007 for the Old LYONs or after March 13, 2008 for the New LYONs;
- the Company may redeem all or a portion of the Old LYONs at any time on or after March 13, 2007, however the Company may redeem all or a portion of the New LYONs at any time on or after March 13, 2008;

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- holders may require the Company to repurchase all or a portion of either the Old LYONs or the New LYONs on March 13, 2005, 2007, 2012, 2017, 2022 and 2027, but additionally holders may require the Company to repurchase all or a portion of the New LYONs on March 13, 2006 and 2008;
- holders of Old LYONs surrendered for conversion will receive 13.8213 shares of the Company's common stock (subject to adjustment), while holders of New LYONs surrendered for conversion will receive the value (calculated as described in the exchange circular) of 13.8213 shares of our common stock (subject to adjustment). This value will be paid in cash in an amount equal to the contingent principal amount of the New LYON on the conversion date and the remainder, at our election, in cash, common stock or a combination thereof;
- the Company will pay contingent interest, if any, to holders commencing June 1, 2007 for the Old LYONs and commencing June 1, 2008 for the New LYONs;
- during any period when contingent interest is payable, the contingent interest payable each quarter per New LYON will equal an annualized rate of 0.88% of the contingent principal amount (the per bond equivalent of our quarterly current annualized dividend rate of \$0.16 per share of common stock multiplied by the conversion rate of 13.8213) of a New LYON on the immediately preceding quarterly yield reset date. This rate will not change in the event we vary our dividend rate or the conversion rate is adjusted. Contingent interest on the Old LYONs, if payable, is variable and based upon dividends that the Company pays on our common stock; and
- the conversion rate adjustments applicable to the New LYONs will generally be identical to the conversion rate adjustments applicable to the Old LYONs; however, until March 13, 2008, rather than adjusting for "extraordinary cash dividends", as is provided in the Old LYONs, the conversion rate of the New LYONs will be adjusted upon the issuance of a cash dividend to all the holders of our common stock to the extent such dividend exceeds \$0.16 per share per quarter.

The original terms of the Old LYONs provided that, in the event of an early repayment of the Old LYONs at the option of holders, the Company could repay such Old LYONs by delivering, at its option, cash, its common stock or a combination thereof. On November 1, 2004, the Company amended the terms of the Old LYONs to provide that the Company will repay any Old LYONs surrendered for early repurchase at the option of a holder only in cash. This amended term of the Old LYONs will also be a term of the New LYONs.

Your instructions to us should be forwarded as promptly as possible in order to permit us to tender Old LYONs on your behalf in accordance with the provisions of the exchange offer. Please note that the exchange offer and withdrawal rights will expire at 5:00 p.m., New York City time, on December 9, 2004, unless extended by the Company.

Your attention is directed to the following:

1. The exchange offer is for any and all Old LYONs for New LYONs.
2. The exchange offer is subject to certain conditions, which the Company may assert or waive, set forth in the exchange circular.
3. There are material differences between the New LYONs and the Old LYONs, which are more fully described in the exchange circular.
4. Exchanging Old LYONs for New LYONs involves risks, which are more fully described in detail in the exchange circular.

If you wish to have us tender any or all of your Old LYONs held by us for your account or benefit, please so instruct us by completing, executing and returning to us the instruction form that appears below.

The accompanying letter of transmittal is furnished to you for informational purposes only and may not be used by you to tender Old LYONs held by us and registered in our name for your account.

INSTRUCTIONS

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the exchange offer of the Company with respect to the Old LYONs.

This will instruct you to tender the principal amount of Old LYONs indicated below held by you for the account or benefit of the undersigned, pursuant to the terms of and conditions set forth in the exchange circular dated November 9, 2004 and the letter of transmittal.

**Liquid Yield Option Notes
due 2032
(CUSIP No. 590188 A73)
which are to be tendered.**

Principal Amount

\$ _____

PLEASE SIGN HERE

Signature(s)

Name(s) (Please Print)

Address

Zip Code

Area Code and Telephone No.

Taxpayer Identification or Social Security No.

My Account Number With You

Date: _____, ____



News

Merrill Lynch & Co., Inc.

World Headquarters
4 World Financial Center
New York, NY 10080

For Release: November 9, 2004

Media Relations:

Michael O'Looney
(212) 449-9205
Michael_OLooney@ml.com

Investor Relations:

Tina Madon
(212) 449-7687
Tina_Madon@ml.com

MERRILL LYNCH COMMENCES EXCHANGE OFFER FOR ITS FLOATING RATE CONVERTIBLE SECURITIES

New York, November 9, 2004 – Merrill Lynch & Co., Inc. (**NYSE: MER**) announced today that it has commenced an offer pursuant to which holders of its outstanding Liquid Yield Option™ Notes due 2032 (Zero Coupon—Floating Rate—Senior—CUSIP No. 590188 A7 3) (“Old LYONs”) can exchange all or a portion of their Old LYONs for an equal amount of a new issuance of Exchange Liquid Yield Option Notes due 2032 (Zero Coupon—Floating Rate—Senior—CUSIP No. 590188 W4 6) (“New LYONs”).

Merrill Lynch has also announced today that it will be amending the terms of its Liquid Yield Option Notes due 2031 (Zero Coupon—Senior) (“Fixed Rate LYONs”) to add December 10, 2004 as an additional date on which holders may require Merrill Lynch to repurchase all or a portion of their Fixed Rate LYONs for \$554.40 in cash.

The New LYONs will include amended terms primarily with respect to redemption rights, conversion features and the payment of contingent interest. Merrill Lynch urges investors and security holders to read its exchange offer materials, including the Exchange Circular and related information for a description of the terms of the New LYONs and other important facts about the exchange offer.

The exchange offer and withdrawal rights will expire at 5:00 p.m., New York City time, on December 9, 2004 unless extended by Merrill Lynch. Holders must tender their Old LYONs prior to the expiration date if they wish to participate in the exchange offer.

Additional information concerning the terms of the exchange offer and copies of the Exchange Circular and related documents may be obtained from the information agent.

The information agent is:
Global Bondholder Services Corporation
65 Broadway – Suite 704
New York, New York 10006
Attn: Corporate Actions
Banks and Brokers call: (212) 430-3774
(866) 470-3800 (toll-free)

The financial advisor will be able to answer questions with respect to the exchange offer solely by reference to the Exchange Circular.

The financial advisor is:
Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center
New York, New York 10080
Attn: Liability Management Group
(888) 654-8637 (toll-free)
(212) 449-4914

Merrill Lynch's board of directors is not making any recommendation to holders of the Old LYONs as to whether or not they should tender any Old LYONs pursuant to the exchange offer. This announcement does not constitute an offer to sell, or the solicitation of an offer to purchase, any securities.

Merrill Lynch is one of the world's leading financial management and advisory companies, with offices in 35 countries and total client assets of approximately \$1.5 trillion. As an investment bank, it is a leading global underwriter of debt and equity securities and strategic advisor to corporations, governments, institutions and individuals worldwide. Through Merrill Lynch Investment Managers, the company is one of the world's largest managers of financial assets. Firmwide assets under management total \$478 billion. For more information on Merrill Lynch, please visit www.ml.com.

Merrill Lynch may make or publish forward-looking statements about management expectations, strategic objectives, business prospects, investment banking backlogs, anticipated expense levels and financial results, anticipated results of litigation and regulatory proceedings, and other similar matters. A variety of factors, many of which are beyond Merrill Lynch's control, affect the operations, performance, business strategy and results of Merrill Lynch and could cause actual results and experiences to differ materially from the expectations and objectives expressed in these statements. These factors include, but are not limited to, financial market volatility, actions and initiatives by current and potential competitors, the effect of current and future legislation or regulation, and certain other additional factors described in Merrill Lynch's 2003 Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K, which are available on the Merrill Lynch Investor Relations website at www.ir.ml.com and at the SEC's website, www.sec.gov. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Merrill Lynch does not undertake to update such statements to reflect the impact of circumstances or events that arise after the date these statements were made. Readers should, however, consult any further disclosures Merrill Lynch may make in its reports filed with the SEC.