SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 29, 1996

COMMISSION FILE NUMBER 1-7182

MERRILL LYNCH & CO., INC.

(Exact name of registrant as specified in its charter)

DELAWARE	13-2740599
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

WORLD FINANCIAL CENTER, NORTH TOWER,
NEW YORK, NEW YORK 10281-1332

(Address of principal executive offices) (Zip Code)

(212) 449-1000

Registrant's telephone number, including area code

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

171,380,936 shares of Common Stock*
(as of the close of business on May 3, 1996)

* Does not include 2,895,319 unallocated reversion shares held in the Employee Stock Ownership Plan that are not considered outstanding for accounting purposes.

Part I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

<TABLE>
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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED EARNINGS (UNAUDITED)

(In Millions, Except Per Share Amounts)	FOR THE THREE MONTHS ENDED MARCH 29, 1996	FOR THE THREE MONTHS ENDED MARCH 31, 1995	PERCENT(1) INCREASE (DECREASE)

<S>	<C>	<C>	<C>
REVENUES			
Commissions	$ 989	$ 685	44%
Interest and dividends	3,010	3,030	(1)
Principal transactions	982	675	46
Investment banking	378	249	52
Asset management and portfolio service fees	538	448	20
Other	122	117	4
Total Revenues	6,019	5,204	16
Interest Expense	2,758	2,783	(1)
Net Revenues	3,261	2,421	35
NON-INTEREST EXPENSES			
Compensation and benefits	1,691	1,270	33
Communications and equipment rental	131	111	17
Occupancy	116	110	5
Depreciation and amortization	98	86	14
Professional fees	130	99	32
Advertising and market development	114	86	33
Brokerage, clearing, and exchange fees	106	84	27
Other	204	195	4
Total Non-Interest Expenses	2,590	2,041	27
EARNINGS BEFORE INCOME TAXES	671	380	77
Income tax expense	262	152	73
NET EARNINGS	$ 409	$ 228	80%
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	$ 398	$ 215	
EARNINGS PER COMMON SHARE:			
Primary	$ 2.03	$ 1.08	
Fully diluted	$ 2.03	$ 1.08	
DIVIDEND PAID PER COMMON SHARE	$ .26	$ .23	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE:			
Primary	196.2	199.2	

Fully diluted	196.2	199.2
	======	======

</TABLE>

(1) Percentages are based on actual numbers before rounding.

See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in Millions, Except Per Share Amounts) ASSETS	MARCH 29, 1996	DEC. 29, 1995
<S>	<C>	<C>
CASH AND CASH EQUIVALENTS	$ 2,633	$ 3,091
CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS	5,099	5,412
MARKETABLE INVESTMENT SECURITIES	2,307	2,365
TRADING ASSETS, AT FAIR VALUE		
Corporate debt and preferred stock	18,386	17,581
Contractual agreements	10,285	11,833
Equities and convertible debentures	13,295	10,843
Non-U.S. governments and agencies	6,820	6,744
U.S. Government and agencies	7,952	6,672
Mortgages, mortgage-backed, and asset-backed	2,990	3,749
Money markets	1,465	1,680
Municipals	876	1,001
Total	62,069	60,103
RESALE AGREEMENTS	52,880	44,257
SECURITIES BORROWED	24,814	20,645
RECEIVABLES		
Customers (net of allowance for doubtful accounts of $41 in 1996 and $37 in 1995)	14,988	14,783
Brokers and dealers	14,117	9,267
Interest and other	4,458	4,741
Total	33,563	28,791
INVESTMENTS OF INSURANCE SUBSIDIARIES	5,432	5,619
LOANS, NOTES, AND MORTGAGES (NET OF ALLOWANCE FOR LOAN LOSSES OF $131 IN 1996 AND 1995)	2,503	2,172
OTHER INVESTMENTS	987	961
PROPERTY, LEASEHOLD IMPROVEMENTS, AND EQUIPMENT (NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION OF $2,253 IN 1996 AND $2,239 IN 1995)	1,602	1,605
OTHER ASSETS	1,995	1,836
TOTAL ASSETS	$195,884	$176,857
	========	========

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See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in Millions, Except Per Share Amounts) LIABILITIES AND STOCKHOLDERS' EQUITY	MARCH 29, 1996	DEC. 29, 1995
<S>	<C>	<C>
LIABILITIES		
REPURCHASE AGREEMENTS	$ 61,657	$ 56,817
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS	30,669	29,546
TRADING LIABILITIES, AT FAIR VALUE		
Contractual agreements	9,132	10,907
U.S. Government and agencies	12,443	9,089
Equities and convertible debentures	7,834	6,642
Non-U.S. governments and agencies	6,231	4,418
Corporate debt and preferred stock	1,994	2,199
Municipals	69	95
Total	37,703	33,350
CUSTOMERS	10,599	11,391
INSURANCE	5,232	5,391
BROKERS AND DEALERS	12,808	6,366
OTHER LIABILITIES AND ACCRUED INTEREST	10,626	10,515
LONG-TERM BORROWINGS	20,226	17,340
TOTAL LIABILITIES	189,520	170,716
STOCKHOLDERS' EQUITY		
PREFERRED STOCKHOLDERS' EQUITY	619	619
COMMON STOCKHOLDERS' EQUITY		
Common stock, par value $1.33 1/3 per share; authorized: 500,000,000 shares; issued: 1996 and 1995 - 236,330,162 shares	315	315
Paid-in capital	1,322	1,237
Foreign currency translation adjustment	(21)	11
Net unrealized gains on investment securities available-for-sale (net of applicable income tax expense of $2 in 1996 and $13 in 1995)	4	25
Retained earnings	6,845	6,492
Subtotal	8,465	8,080
Less:		
Treasury stock, at cost: 1996 - 60,394,639 shares; 1995 - 60,929,278 shares	2,224	2,241
Unallocated ESOP reversion shares, at cost: 1996 - 2,895,319 shares; 1995 - 4,012,519 shares	46	63
Employee stock transactions	450	254
TOTAL COMMON STOCKHOLDERS' EQUITY	5,745	5,522
TOTAL STOCKHOLDERS' EQUITY	6,364	6,141
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$195,884	$176,857
BOOK VALUE PER COMMON SHARE	$ 33.38	$ 32.41

</TABLE>

See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(UNAUDITED)

(In Millions)	FOR THE THREE MONTHS ENDED MARCH 29, 1996	MARCH 31, 1995
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 409	$ 228
Noncash items included in earnings:		
Depreciation and amortization	98	86
Policyholder reserves	70	77
Other	201	231
(Increase) decrease in operating assets:		
Trading assets	(1,951)	(4,838)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations	313	(604)
Securities borrowed	(4,169)	(4,206)
Customers	(212)	899
Other	(5,033)	(2,490)
Increase (decrease) in operating liabilities:		
Trading liabilities	4,353	2,707
Customers	(792)	(623)
Insurance	(175)	(171)
Other	6,559	2,084
CASH USED FOR OPERATING ACTIVITIES	(329)	(6,620)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities	710	287
Sales of available-for-sale securities	558	432
Purchases of available-for-sale securities	(1,151)	(680)
Maturities of held-to-maturity securities	187	224
Purchases of held-to-maturity securities	(62)	(345)
Other investments and other assets	(376)	(128)
Property, leasehold improvements, and equipment	(95)	(91)
CASH USED FOR INVESTING ACTIVITIES	(229)	(301)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Repurchase agreements, net of resale agreements	(3,783)	4,615
Commercial paper and other short-term borrowings	1,123	4,047
Issuance and resale of long-term borrowings	4,572	2,094
Settlement and repurchase of long-term borrowings	(1,558)	(2,719)
Common stock transactions	(198)	(412)
Dividends	(56)	(54)
CASH PROVIDED BY FINANCING ACTIVITIES	100	7,571
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(458)	650
Cash and cash equivalents, beginning of year	3,091	2,312
CASH AND CASH EQUIVALENTS, END OF PERIOD	$2,633	$2,962

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Cash paid for:
Income taxes totaled $25 in 1996 and $0 in 1995.
Interest totaled $2,656 in 1996 and $2,594 in 1995.

</TABLE>

See Notes to Consolidated Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MARCH 29, 1996

(DOLLARS IN MILLIONS)

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Merrill Lynch & Co., Inc. and subsidiaries (collectively referred to as the "Corporation"). All material intercompany balances have been eliminated. The December 29, 1995 consolidated balance sheet was derived from the audited financial statements. The interim consolidated financial statements for the three-month periods are unaudited; however, in the opinion of the management of the Corporation, all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of the results of operations have been included.

These unaudited financial statements should be read in conjunction with the audited financial statements included in the Corporation's Annual Report on Form 10-K for the year ended December 29, 1995 ("1995 10-K"). The nature of the Corporation's business is such that the results of any interim period are not necessarily indicative of results for a full year. Prior period financial statements have been reclassified, where appropriate, to conform to the 1996 presentation.

COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS

Commercial paper and other short-term borrowings at March 29, 1996 and December 29, 1995 are presented below:

	March 29, 1996	Dec. 29, 1995
Commercial paper	$17,222	$16,969
Demand and time deposits	8,141	8,182
Securities loaned	3,768	2,857
Bank loans and other	1,538	1,538
Total	$30,669	$29,546

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Corporation enters into various derivative contracts to meet clients' needs and to manage its own market risks. Derivative contracts often involve future commitments to exchange interest payment streams or currencies (such as interest rate and currency swaps or foreign exchange forwards) or to purchase or sell other financial instruments at specified terms on a specified date. Options, for example, can be purchased or written on a wide range of financial instruments such as securities, currencies, futures, and various market indices.

The contractual or notional amounts of derivatives provide only a measure of involvement in these types of transactions and represent neither the amounts subject to the various types of market risk, nor the future cash requirements under these instruments. The contractual or notional amounts of derivatives used for trading purposes by type of risk follow:

<TABLE>
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(In billions)

March 29, 1996	Interest Rate Risk(1)(2)	Currency Risk (3)	Equity Price Risk	Commodity Price Risk
<S>	<C>	<C>	<C>	<C>
Swap agreements	$ 964	$ 109	$ 16	$ 3
Futures contracts	175	1	7	2
Options purchased	56	34	30	3
Options written	80	34	31	2
Forward contracts	36	130	-	22
December 29, 1995				
Swap agreements	$ 851	$ 106	$ 7	$ 3

Futures contracts	215	1	2	2
Options purchased	45	24	38	5
Options written	64	24	41	6
Forward contracts	33	118	-	25

</TABLE>

(1) Certain derivatives subject to interest rate risk are also exposed to credit risk of the underlying financial instrument, such as total return swaps and similar instruments.

(2) Forward contracts subject to interest rate risk principally represent "To Be Announced" mortgage pools which bear interest rate as well as principal prepayment risk.

(3) Included in the currency risk category are certain contracts which are also subject to interest rate risk.

The contractual or notional amounts of derivative financial instruments used for financing and other non-trading purposes follow:

(In billions)	March 29, 1996	December 29, 1995
Interest rate swap contracts(1)	$28	$31
Foreign exchange contracts(1)	$ 2	$ 3
Equity options purchased	$ 1	$ 1

(1) Includes options embedded in swap contracts which hedge callable debt totaling $1 billion notional.

Most of the above transactions are entered into with the Corporation's swap and foreign exchange dealer subsidiaries, which intermediate interest rate and currency risk with third parties in the normal course of their trading activities.

In the normal course of business, the Corporation also enters into underwriting commitments, when-issued transactions, and commitments to extend credit.

Settlement of these commitments as of March 29, 1996 would not have a material effect on the consolidated financial condition of the Corporation.

REGULATORY REQUIREMENTS

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer and a subsidiary of the Corporation, is subject to Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934. Under the alternative method permitted by this rule, the minimum required net capital, as defined, shall not be less than 2% of aggregate debit items arising from customer transactions. At March 29, 1996, MLPF&S's regulatory net capital of $1,809 was 13% of aggregate debit items, and its regulatory net capital in excess of the minimum required was $1,525.

Merrill Lynch Government Securities Inc. ("MLGSI"), a primary dealer in U.S. Government securities and a subsidiary of the Corporation, is subject to the capital adequacy requirements of the Government Securities Act of 1986. This rule requires dealers to maintain liquid capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At March 29, 1996, MLGSI's liquid capital of $797 was 217% of its total market and credit risk, and liquid capital in excess of the minimum required was $356.

Merrill Lynch International ("MLI"), a United Kingdom registered broker-dealer and a subsidiary of the Corporation, is subject to capital requirements of the Securities and Futures Authority ("SFA") of the United Kingdom. Financial resources, as defined, must exceed the total financial resources requirement of the SFA. At March 29, 1996, MLI's financial resources were $1,330 and exceeded the minimum requirement by $512.

INTEREST AND DIVIDEND EXPENSE

Interest expense includes payments in lieu of dividends of $1.6 and $2.4 for the first quarters of 1996 and 1995, respectively.

LITIGATION MATTER

On January 12, 1995, an action was commenced in the United States Bankruptcy Court for the Central District of California by Orange County, California (the "County") and the Orange County Investment Pools (the "Pools"), both of which filed bankruptcy petitions in that Court on December 6, 1994, against the

Corporation and certain of its subsidiaries in connection with the Corporation's business activities with the Orange County Treasurer-Tax Collector. In addition, other actions have been brought against the Corporation and/or certain of its officers, directors, and employees and certain of its subsidiaries in federal and state courts in California, Illinois, and New York. These include class actions and stockholder derivative actions brought by persons alleging harm to themselves or to the Corporation arising out of the Corporation's dealings with the Orange County Treasurer-Tax Collector, or from the purchase of debt instruments issued by the County that were underwritten by the Corporation's subsidiary, MLPF&S. See "Commitments and Contingencies" in the notes to the audited consolidated financial statements contained in the 1995 10-K as well as "Legal Proceedings" in the 1995 10-K and this Quarterly Report on Form 10-Q.

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Merrill Lynch & Co., Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries as of March 29, 1996, and the related condensed statements of consolidated earnings and consolidated cash flows for the three-month periods ended March 29, 1996 and March 31, 1995. These financial statements are the responsibility of the management of Merrill Lynch & Co., Inc.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries as of December 29, 1995, and the related statements of consolidated earnings, changes in consolidated stockholders' equity and consolidated cash flows for the year then ended (not presented herein); and in our report dated February 26, 1996, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 29, 1995 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
New York, New York

May 10, 1996

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Merrill Lynch & Co., Inc. and its subsidiaries (collectively referred to as the "Corporation") conduct their businesses in global financial markets that are influenced by a number of factors, including economic and market conditions, political events, and investor sentiment. The reaction of issuers and investors to a particular condition or event is unpredictable and can increase volatility in the marketplace. While higher volatility increases risk, it may also increase order flow, which drives many of the Corporation's businesses. Other global market and economic conditions, including the liquidity of secondary markets, the level and volatility of interest rates, currency exchange rates, and security valuations, competitive conditions, and the size, number, and timing of transactions may also affect earnings. As a result, revenues and net earnings can vary significantly from year to year, and from quarter to quarter.

Global financial markets were generally strong during 1995, led by a stable U.S.

economy, declining interest rates, and heightened investor activity. Market expectations for additional declines in interest rates continued through February 1996, fueling further market advances, strong investor and issuer activity, higher fee-based revenues, and improved trading profits industrywide. In March 1996, inflationary fears were stirred by the release of U.S. economic statistics indicating stronger than anticipated growth and the Federal Reserve's decision to hold short-term interest rates at current levels. This led to increases in long-term interest rates and greater market volatility.

U.S. equity markets, which posted significant gains in 1995, continued to advance in the 1996 first quarter, as individual investors deposited record amounts into mutual funds, boosting demand for new issuances and driving many domestic stock indices to record levels. During the quarter, the Dow Jones Industrial Average and the Nasdaq Composite Index reached record highs. In addition, record average daily trading volumes were achieved on the New York Stock Exchange and Nasdaq.

U.S. bond markets, which advanced strongly on steady declines in interest rates throughout 1995, became more volatile in the first quarter of 1996. Long-term interest rates remained low in the first two months of 1996, but rose markedly in March 1996. The U.S. Treasury yield curve (the relationship between interest rates and maturities), which flattened throughout 1995, steepened in March as long-term interest rates increased more than short-term rates. Despite the intra-quarter increase in interest rates, the overall level of interest rates for the 1996 first quarter remained low relative to the year-ago period.

International equity markets rose an average of 3% during the quarter, as measured by the Dow Jones World Stock Index, with mixed performances in individual markets. Most Asian and European markets advanced, but Japanese and U.K. stocks both ended the quarter virtually unchanged from 1995 year-end levels in U.S. dollar terms. Interest rates in most global bond markets rose within the quarter, after declining throughout 1995, but remained low relative to the 1995 first quarter.

U.S. underwriting volume, which was weak in the first quarter of 1995, strengthened throughout the remainder of the year, and remained robust in the 1996 first quarter. Rising stock prices and relatively low interest rates continued to create attractive market conditions for issuers, while demand for new issues benefited from record inflows of cash into mutual funds during the quarter.

Strategic services activities remained strong during the 1996 first quarter, reflecting a continuation of the high level of merger and acquisition activity experienced in 1995. Driven by globalization and other competitive and economic factors, companies continued to seek strategic alliances to increase earnings growth and expand into new markets or businesses.

The strong financial markets and improved economic conditions that characterized 1995 continued into the first quarter of 1996. Nevertheless, the financial services industry is cyclical. As a result, the Corporation's businesses are evaluated across market cycles for profitability and alignment with long-term strategic objectives. The Corporation seeks to mitigate the effect of market downturns by expanding its global presence, developing long-term client relationships, closely monitoring costs and risks, and continuing to diversify revenue sources.

FIRST QUARTER 1996 VERSUS FIRST QUARTER 1995

Net earnings for the 1996 first quarter were a record $409 million, up $181 million (80%) from the $228 million reported in last year's first quarter. First quarter earnings per common share were $2.03 primary and fully diluted, compared with $1.08 primary and fully diluted in the 1995 first quarter. After deducting preferred stock dividends, net earnings applicable to common stockholders in the 1996 first quarter totaled $398 million, up $183 million (85%) from $215 million in the prior year's quarter. Annualized return on average common stockholders' equity was 28.2% in the 1996 first quarter versus 16.7% in the year-ago period. The Corporation's pretax profit margin in the 1996 first quarter was 20.6% versus 15.6% a year ago. The net profit margin increased to 12.6% in the 1996 first quarter, compared with 9.4% in the 1995 first quarter.

Total revenues increased 16% from the 1995 first quarter to $6.0 billion, with record revenues in commissions, principal transactions, and asset management and portfolio service fees. Net revenues (revenues after interest expense) increased 35% from the year-ago period to $3.3 billion.

Commissions revenues are summarized as follows:

Three Months Ended

(In millions)	March 29, 1996	March 31, 1995	Percent Increase
Listed and over-the-counter	$548	$365	50%
Mutual funds	299	187	60
Other	142	133	7
Total	$989	$685	44

Commissions revenues from listed and over-the-counter securities rose to record levels due to higher trading volumes on most major U.S. and international exchanges and the Corporation's expanded global market presence. Mutual fund commissions revenues were also a record due primarily to strong sales of both domestic and offshore funds.

Significant components of interest and dividend revenues and interest expense for the three-month periods ended March 29, 1996 and March 31, 1995 follow:

(In millions)	Three Months Ended March 29, 1996	Three Months Ended March 31, 1995
Interest and dividend revenues:		
Trading assets	$ 958	$ 940
Securities borrowed	676	686
Resale agreements	689	771
Margin lending	373	325
Other	314	308
Subtotal	3,010	3,030
Interest expense:		
Borrowings	1,117	1,011
Repurchase agreements	847	956
Trading liabilities	552	575
Other	242	241
Subtotal	2,758	2,783
Net interest and dividend profit	$ 252	$ 247

The Corporation hedges its long-term payment obligations with interest rate and currency swaps. The effect of these hedges, which is included in the "Borrowings" caption above, decreased interest expense by approximately $22 million for the 1996 first quarter and increased interest expense by approximately $3 million for the 1995 first quarter.

Interest and dividend revenues and expenses are a function of the level and mix of interest-earning assets and interest-bearing liabilities and the prevailing level, term structure, and volatility of interest rates. Net interest and dividend profit for the 1996 first quarter was up slightly from the 1995 first quarter, as increases in net interest-earning assets were substantially offset by the effect of lower interest rates.

Principal transactions revenues were up 46% from the 1995 first quarter to a record $982 million, as higher investor activity and market volatility led to increases in virtually all trading products.

Trading, hedging, and financing activities affect the recognition of both principal transactions revenues and net interest and dividend profit. In assessing the profitability of its trading activities, the Corporation views net interest and principal transactions revenues in the aggregate. For financial reporting purposes, however, realized and unrealized gains and losses on trading positions, including hedges, are recorded in principal transactions revenues. The net interest carry (i.e., the spread representing interest earned versus financing costs) for trading positions,

including hedges, is recorded either as principal transactions revenues or net interest profit, depending on the nature of the specific instruments. Changes in the composition of trading inventories and hedge positions can cause the recognition of revenues within these categories to fluctuate.

The following table provides information on aggregate trading profits, including related net interest revenue (expense). Interest revenue and expense components are based on financial reporting categories and management's assessment of the cost to finance trading positions, after consideration of the underlying liquidity of these positions.

(In millions)	Principal Transactions Revenues	Net Interest Revenue (Expense)	Net Trading Revenue
1996 First Quarter			
Equities and equity derivatives	$347	$(19)	$ 328
Taxable fixed-income	265	53	318
Interest rate and currency swaps	255	(10)	245
Municipals	75	1	76
Foreign exchange and commodities	40	(4)	36
Total	$982	$ 21	$1,003
1995 First Quarter			
Equities and equity derivatives	$166	$(28)	$ 138
Taxable fixed-income	164	81	245
Interest rate and currency swaps	234	(18)	216
Municipals	90	(1)	89
Foreign exchange and commodities	21	(3)	18
Total	$675	$ 31	$ 706

Equities and equity derivatives trading revenues, in the aggregate, were $347 million, up 109% from the 1995 first quarter, as trading revenues from most equity products increased, due primarily to higher trading volume and rising stock prices. International equities trading revenues, in particular, benefited from the addition of trading activity related to Smith New Court PLC ("Smith New Court"), which was acquired in the third quarter of 1995.

Taxable fixed-income trading revenues increased to $265 million, up 62% from the first quarter of 1995, primarily due to higher revenues from non-U.S. governments and agencies, mortgage-backed securities, and high-yield bonds. Non-U.S. governments and agencies trading revenues advanced due to improved results from trading of Japanese Government Bonds, as well as increased trading volume in certain Latin American emerging markets as credit ratings improved and investors sought higher returns. Mortgage-backed securities trading revenues increased due primarily to improved liquidity and increased customer demand compared with the year-ago period. Trading revenues from high-yield bonds were up due to lower interest rates and improved credit ratings of certain issuers.

Interest rate and currency swap trading revenues increased 9% to $255 million due to higher trading revenues from non-U.S. dollar-denominated

transactions, partially offset by decreases in revenues from U.S. dollar-denominated transactions. Foreign exchange and commodities trading revenues, in the aggregate, rose to $40 million, up 94% from the 1995 first quarter, as foreign exchange trading revenues continued to benefit from the strengthening of the U.S. dollar versus other major currencies. Municipal securities trading revenues declined 17% to $75 million primarily due to continued weak investor demand for tax-exempt investments.

A summary of the Corporation's investment banking revenues follows:

(In millions)	Three Months Ended March 29, 1996	Three Months Ended March 31, 1995	Percent Increase/(Decrease)
Underwriting revenues	$294	$162	82%
Strategic services revenues	84	87	(3)
Total	$378	$249	52

Underwriting revenues benefited from strong levels of debt and equity underwriting industrywide, with higher fees from convertibles, corporate bonds and preferred stock, equities, and high-yield securities. The Corporation retained its position as top underwriter of total debt and equity securities in the 1996 first quarter with market shares of 16.1% domestically and 11.9% globally, according to Securities Data Co.

Strategic services revenues were down slightly from a year ago, but remained comparable to record 1995 levels, benefiting from continued strong merger and acquisition activity.

A summary of the Corporation's asset management and portfolio service fees is presented below:

(In millions)	Three Months Ended March 29, 1996	Three Months Ended March 31, 1995	Percent Increase
Asset management fees	$239	$200	19%
Portfolio service fees	140	107	31
Other fees	159	141	13
Total	$538	$448	20

Asset management fees, which include fees earned on mutual funds sponsored by the Corporation and third parties, increased due primarily to strong inflows of client assets. Total assets in worldwide private client accounts were a record $732 billion at quarter-end, compared with $603 billion at first quarter-end 1995. Assets under management by Merrill Lynch Asset Management were a record $208 billion at quarter-end, compared with $170 billion a year ago.

Portfolio service fees also benefited from inflows of client assets. Increased numbers of accounts and asset levels led to higher fee revenues for Merrill Lynch Consults(Registered Trademark) and Mutual Fund Advisor(Service Mark), which are personalized portfolio management services, and Asset Power(Registered Trademark), an asset-based fee product. Other fee-based revenues were up due primarily to increased revenues from mutual fund transfer agency and mortgage servicing activities.

Other revenues were $122 million, up 4% from $117 million reported in the 1995 first quarter.

Non-interest expenses were $2.6 billion, up 27% from the 1995 first quarter. The largest expense category, compensation and benefits expense, increased 33% from the 1995 first quarter to $1.7 billion due to higher incentive and production-related compensation as well as a 6% increase in the number of full-time employees. Incentive compensation increased with improved profitability, while production-related compensation was up due to heightened activity and strong volumes in many businesses. Overall, headcount increased by approximately 2,800 employees from the 1995 first quarter to approximately 46,400 at the end of the 1996 first quarter due primarily to the addition of employees through business acquisitions, including Smith New Court, and selective hirings. Compensation and benefits expense as a percentage of net revenues was 51.8%, compared with 52.5% in the year-ago period.

Non-interest expenses, excluding compensation and benefits, increased 17% to $899 million. Communications and equipment rental expense increased 17% from the 1995 first quarter to $131 million, due to higher levels of business activity and increased use of market data services. Occupancy costs were up 5% to $116 million due to international growth, including the addition of Smith New Court facilities. Depreciation and amortization expense rose 14% from the 1995 first quarter to $98 million due primarily to purchases of technology-related equipment over the past year.

Professional fees increased 32% to $130 million primarily as a result of higher systems development costs related to upgrading technology and processing capabilities. Advertising and market development expense rose 33% to $114 million. Increased international travel and higher advertising and client promotion costs contributed to this advance. Brokerage, clearing, and exchange fees were up 27% to $106 million, driven by higher trading volume, particularly in international markets. Other expenses totaled $204 million, up 4% from the 1995 first quarter primarily due to goodwill amortization related to Smith New Court.

Income tax expense was $262 million in the 1996 first quarter. The effective tax rate in the 1996 first quarter was 39.0%, compared with 40.0% in the year-ago period. The decrease in the effective tax rate was primarily attributable to increases in dividends qualifying for the Federal dividends received deduction, lower state taxes, and expanded international business activities.

LIQUIDITY AND LIABILITY MANAGEMENT

The primary objective of the Corporation's funding policies is to assure liquidity at all times. There are three key elements to the Corporation's liquidity strategy. The first element is to maintain alternative funding sources such that all debt obligations maturing within one year, including commercial paper, uncommitted bank loans, and the current portion of long-term debt, can be funded when due without issuing new unsecured debt or liquidating any business assets. The most significant alternative funding sources are the proceeds from executing repurchase agreements and obtaining

secured bank loans, both principally employing unencumbered investment grade marketable securities. Other alternative funding sources include liquidating cash equivalents; securitizing additional home equity and other mortgage loan assets; and drawing on committed, unsecured, revolving credit facilities ("Credit Facilities"), which at March 29, 1996 totaled $5.7 billion and have not been drawn upon.

As an additional measure, the Corporation regularly reviews the level and mix of its assets and liabilities to ascertain its ability to conduct core businesses beyond one year without reliance on issuing new unsecured debt or drawing upon Credit Facilities. The composition of the Corporation's asset mix provides a great degree of flexibility in managing liquidity. The Corporation's liquidity position is enhanced since a significant portion of the Corporation's assets turn over frequently and are typically funded with liabilities whose cash flow characteristics closely match those of the assets. At March 29, 1996, approximately 97% of the Corporation's assets were considered readily marketable by management.

As part of the Corporation's overall liquidity program, its insurance subsidiaries regularly review the funding requirements of their contractual obligations for in-force, fixed-rate life insurance and annuity contracts and expected future acquisition and maintenance expenses for all contracts. The Corporation's insurance subsidiaries primarily market variable life insurance and variable annuity products. These products are not subject to the interest rate, asset/liability matching, and credit risks attributable to fixed-rate products, thereby reducing the risk profile and liquidity demands on the insurance subsidiaries. At March 29, 1996, approximately 86% of invested assets of insurance subsidiaries were considered liquid by management.

The second element of the Corporation's liquidity strategy is to concentrate general purpose borrowings at the Merrill Lynch & Co., Inc. level, except where tax regulations, time zone differences, or other business considerations make this impractical. The benefits of this strategy are lower financing costs; simplicity, control, and wider name recognition by creditors; and flexibility to meet varying funding requirements within subsidiaries.

The third element is to expand and diversify the Corporation's funding instruments and its investor and creditor base. The Corporation's funding programs benefit from the ability to market its debt instruments through its own sales force to a large, diversified customer base. The Corporation maintains strict concentration standards for short-term lenders, which include limits for any single investor. Commercial paper remains the Corporation's major source of short-term general purpose funding. Commercial paper outstanding totaled $17.2 billion at March 29, 1996 and $17.0 billion at December 29, 1995, which represented 9% and 10% of total assets at first quarter-end 1996 and year-end 1995, respectively.

At March 29, 1996, total long-term debt was $20.2 billion, compared with $17.3 billion at year-end 1995. At March 29, 1996, the Corporation's senior long-term debt was rated by seven recognized credit rating agencies, as follows:

Rating Agency	Rating
Duff & Phelps Credit Rating Co.	AA-
Fitch Investors Service, L.P.	AA

IBCA Ltd.	AA-
Japan Bond Research Institute	AA
Moody's Investors Service, Inc.	A1
Standard & Poor's Ratings Group	A+
Thomson BankWatch, Inc.	AA

During the first three months of 1996, the Corporation issued $4.2 billion in long-term debt. During the same period, maturities and repurchases were $1.3 billion. In addition, approximately $341 million of the Corporation's long-term debt securities held by subsidiaries were sold and $305 million were purchased. At March 29, 1996, $14.1 billion of term debt had maturity dates beyond one year.

Approximately $39.2 billion of the Corporation's indebtedness at March 29, 1996 is considered senior indebtedness as defined under various indentures.

CAPITAL RESOURCES AND CAPITAL ADEQUACY

The Corporation remains one of the most highly capitalized institutions whose business is primarily in the U.S. securities industry. The Corporation has an equity base of $6.4 billion at March 29, 1996, including over $5.7 billion in common equity, supplemented by $619 million in preferred stock.

The Corporation's leverage ratios are as follows:

	Leverage Ratio(1)	Adjusted Leverage Ratio(2)
Period-end		
March 29, 1996	30.8x	18.6x
December 29, 1995	28.8x	18.2x
Average (3)		
Three months ended March 29, 1996	32.8x	20.0x
Year ended December 29, 1995	32.7x	19.5x

(1) Ratio of total assets to total stockholders' equity.

(2) Ratio of total assets, less resale agreements and securities borrowed, to total stockholders' equity.

(3) Computed using month-end balances.

The Corporation operates in many regulated businesses that require various minimum levels of capital to conduct business. (See Regulatory Requirements Note to the Consolidated Financial Statements-Unaudited.) The Corporation's broker-dealer, banking, insurance, and Futures Commission Merchant activities are subject to regulatory requirements that may restrict the free flow of funds to affiliates. Regulatory approval is required for payment of dividends in excess of certain established levels, making affiliated investments, and entering into management and service agreements with affiliated companies.

The Corporation's overall capital needs are continually reviewed to ensure that its capital base can support the estimated risks of its businesses as well as the regulatory and legal capital requirements of subsidiaries. Based upon these analyses, management believes that the Corporation's equity base is adequate.

ASSETS AND LIABILITIES

The Corporation manages its balance sheet and risk limits according to market conditions and business needs, subject to profitability and control of risk. Asset and liability levels are primarily determined by order flow and fluctuate daily, sometimes significantly, depending upon volume and demand. The liquidity and maturity characteristics of assets and liabilities are monitored continually. The Corporation monitors and manages the change of its balance sheet using average daily balances. Average daily balances are derived from the Corporation's management information system, which summarizes balances on a settlement date basis. Financial statement balances, as required under generally accepted accounting principles, are recorded on a trade date basis. The discussion that follows compares the changes in settlement date average daily balances, not quarter-end balances.

For the first three months of 1996, average daily assets were $200 billion, up 1% versus $197 billion for the 1995 fourth quarter. Average daily liabilities rose 1% to $194 billion from $191 billion for the 1995 fourth quarter.

The major components in the growth of average daily assets and liabilities for the 1996 first quarter are summarized as follows:

(In millions)	Increase in Average Assets	Percent Increase
Resale agreements and securities borrowed	$3,040	4%

	Increase in Average Liabilities	Percent Increase
Repurchase agreements and securities loaned	$1,104	1%
Long-term borrowings	$1,668	9%

In managing its balance sheet, the Corporation strives to match-fund its interest-earning assets with interest-bearing liabilities having similar maturities and cash flow characteristics, such as repurchase and resale agreements. In the 1996 first quarter, repurchase and securities loaned

transactions and resale and securities borrowed transactions rose as a result of an increase in match-funded activity involving primarily U.S. Government and agencies securities. In addition, resale and securities borrowed transactions increased to facilitate security deliveries to customers.

The Corporation's assets, based on liquidity and maturity characteristics, are funded through diversified sources which include repurchase agreements, commercial paper and other short-term borrowings, long-term borrowings, and equity. A portion of the 1996 first quarter increase in average assets was funded through an increase in long-term borrowings, including medium-term notes.

NON-INVESTMENT GRADE HOLDINGS AND HIGHLY LEVERAGED TRANSACTIONS

In the normal course of business, the Corporation underwrites, trades, and holds non-investment grade securities in connection with its investment banking, market making, and derivative structuring activities. During the past three years, the Corporation has increased its non-investment grade trading inventories to satisfy client demand for higher-yielding investments, including emerging market and other international securities.

Non-investment grade securities have been defined as debt and preferred equity securities rated as BB+ or lower, or equivalent ratings by recognized credit rating agencies, certain sovereign debt in emerging markets, amounts due under various derivative contracts from non-investment grade counterparties, and other instruments that, in the opinion of management, are non-investment grade. At March 29, 1996, long and short non-investment grade inventories accounted for 6.6% of aggregate consolidated trading inventories, compared with 6.3% at year-end 1995. Non-investment grade trading inventories are carried at fair value.

The Corporation provides financing and advisory services to, and invests in, companies entering into leveraged transactions, which may include leveraged buyouts, recapitalizations, and mergers and acquisitions. The Corporation provides extensions of credit to leveraged companies in the form of senior and subordinated debt, as well as bridge financing on a select and limited basis. In addition, the Corporation syndicates loans for non-investment grade counterparties or in connection with highly leveraged transactions. In connection with these syndications, the Corporation may retain a residual portion of these loans.

The Corporation holds direct equity investments in leveraged companies and interests in partnerships that invest in leveraged transactions. The Corporation has also committed to participate in limited partnerships that invest in leveraged transactions. Future commitments to participate in limited partnerships and other direct equity investments will be determined on a select and limited basis.

Investment in non-investment grade securities and involvement in highly leveraged transactions subject the Corporation to additional risks related to the creditworthiness of the issuers and the liquidity of the market for such securities. The Corporation recognizes such risks and, whenever possible, employs strategies to mitigate exposures.

The specific components and overall level of non-investment grade and highly leveraged positions may vary significantly from period to period as a result of inventory turnover, investment sales, and asset redeployment. The Corporation continually monitors credit risk by individual issuer and industry concentration.

In certain instances, the Corporation engages in hedging strategies to reduce its exposure associated with owning a non-investment grade position by selling short the related equity security or by entering into an offsetting derivative contract. The Corporation also uses certain non-investment grade trading inventories, principally non-U.S. governments and agencies securities, to hedge the exposure arising from structured derivative transactions. Collateral, consisting principally of U.S. Government securities, may be obtained to reduce credit risk related to these transactions.

The Corporation's insurance subsidiaries hold non-investment grade securities. As a percentage of total insurance investments, non-investment grade securities were 4.7%, compared with 4.2% at year-end 1995. Non-investment grade securities of insurance subsidiaries are classified as available-for-sale and are carried at fair value.

A summary of the Corporation's highly leveraged transactions and non-investment grade holdings follows:

(In millions)	MARCH 29, 1996	DECEMBER 29, 1995
Trading assets	$6,026	$5,489
Trading liabilities	529	353
Insurance subsidiaries' investments	257	234
Loans (net of allowance for loan losses) (1)	517	489
Bridge loans (2)	90	-
Equity investments (3)	189	211
Partnership interests	82	91
Additional commitments to invest in partnerships	$ 83	$ 79
Unutilized revolving lines of credit and other lending commitments	75	127

(1) Represented outstanding loans to 34 and 30 medium-sized companies at March 29, 1996 and December 29, 1995, respectively.

(2) Subsequent to March 29, 1996, the Corporation entered into a bridge loan commitment for $100 million to a non-investment grade counterparty. The Corporation intends to syndicate the commitment and may retain a residual portion of the loan.

(3) Invested in 62 enterprises at both March 29, 1996 and December 29, 1995.

At March 29, 1996, the largest non-investment grade concentration consisted of various issues of a South American sovereign totaling $764 million, which primarily represented on-balance-sheet hedges for off-balance-sheet

instruments. No one industry sector accounted for more than 31% of total non-investment grade positions. Included in the preceding table are debt and equity securities of issuers in various stages of bankruptcy proceedings or in default. At March 29, 1996, the carrying value of these securities totaled $169, of which 80% resulted from the Corporation's market making activities in such securities.

STATISTICAL DATA

Selected statistical data for the last five quarters is presented below for informational purposes:

<TABLE>
<CAPTION>

	1ST QTR. 1995	2ND QTR. 1995	3RD QTR. 1995	4TH QTR. 1995	1ST QTR. 1996

<S>	<C>	<C>	<C>	<C>	<C>
PRIVATE CLIENT ACCOUNTS (IN BILLIONS):					
Assets in Worldwide Private Client Accounts	$ 603	$ 643	$ 675	$ 703	$ 732
Assets in U.S. Private Client Accounts	$ 571	$ 608	$ 639	$ 665	$ 692
Assets under Professional Management:					
Money Markets	$ 71	$ 76	$ 80	$ 82	$ 89
Equities	38	42	44	47	51
Fixed Income	37	38	39	41	41
Private Portfolio	20	20	22	22	23
Insurance	4	4	4	4	4
Subtotal	170	180	189	196	208
ML Consults	15	16	17	17	18
Mutual Fund Advisor and Asset Power	4	4	5	6	7
TOTAL	$ 189	$ 200	$ 211	$ 219	$ 233
UNDERWRITING (DOLLARS IN BILLIONS)(A):					
Global Debt and Equity:					
Volume	$ 29	$ 33	$ 41	$ 45	$ 44
Market Share	12.8%	12.2%	14.4%	15.3%	11.9%
U.S. Debt and Equity:					
Volume	$ 26	$ 28	$ 34	$ 40	$ 38
Market Share	18.1%	15.3%	17.5%	20.6%	16.1%
FULL-TIME EMPLOYEES:					
U.S.	38,550	38,200	38,900	39,250	39,400
International	5,050	5,100	6,500	6,750	7,000
TOTAL	43,600	43,300	45,400	46,000	46,400
Financial Consultants and Account Executives Worldwide	13,500	13,600	13,700	13,800	13,700
Support Personnel to Producer ratio (B)	1.44	1.41	1.38	1.43	1.46
INCOME STATEMENT:					
Net Earnings (in millions)	$ 228	$ 283	$ 300	$ 303	$ 409
Annualized Return on Average Common Stockholders' Equity	16.7%	21.0%	21.5%	21.1%	28.2%
Earnings per Common Share:					
Primary	$ 1.08	$ 1.40	$ 1.47	$ 1.49	$ 2.03
Fully Diluted	$ 1.08	$ 1.39	$ 1.46	$ 1.49	$ 2.03
BALANCE SHEET (IN MILLIONS):					

Total Assets	$176,733	$174,853	$185,473	$176,857	$195,884
Total Stockholders' Equity	$ 5,704	$ 5,883	$ 6,077	$ 6,141	$ 6,364
SHARE INFORMATION (IN THOUSANDS):					
Weighted Average Shares Outstanding:					
Primary	199,178	193,267	196,395	195,148	196,225
Fully Diluted	199,178	195,159	197,157	195,148	196,225
Common Shares Outstanding (C)	176,521	175,460	175,501	171,388	173,040
Shares Repurchased	9,309	3,571	1,689	5,443	4,543

</TABLE>

(A) Full credit to book manager. All market share data are derived from Securities Data Co.

(B) Support personnel includes sales assistants.

(C) Does not include 5,307, 4,809, 4,375, 4,013, and 2,895 unallocated reversion shares held in the Employee Stock Ownership Plan at period end March 31, 1995, June 30, 1995, September 29, 1995, December 29, 1995, and March 29, 1996, respectively, which are not considered outstanding for accounting purposes.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Orange County Litigation. The following developments have occurred since the filing of the 1995 Form 10-K with respect to civil actions filed against or on behalf of the Corporation arising out of the Corporation's business activities with Orange County related to transactions entered into on behalf of Orange County and the Pools. Capitalized terms used herein without definition have meanings set forth in the 1995 Form 10-K.

In the Atascadero State Court Action, an amended complaint was filed on April 10, 1996, adding two employees of the Corporation as defendants and adding claims for common law conversion and violations of Sections 25400, 25401, 25500, and 25501 of the California Code and RICO.

In the Atascadero Federal Court Action, an amended complaint was filed on March 22, 1996, adding two employees of the Corporation as defendants and adding a claim for common law conversion.

On April 1, 1996, the Smith Federal Court Action was dismissed without prejudice. The proposed settlements reached among plaintiffs and certain of the defendants other than the Corporation and the employee of the Corporation named as a defendant have been withdrawn.

GSLIC Litigation. The following development has occurred since the filing of the 1995 10-K with respect to the GSLIC Litigation. On May 2, 1996, the Haag/Levine Action against all defendants was dismissed with prejudice.

For more detailed information regarding litigation matters involving the Corporation and its subsidiaries, see "Item 3. - Legal Proceedings" in the 1995 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

On April 16, 1996, the Corporation held its Annual Meeting of Stockholders, at which 90.5% of the shares of Common Stock, par value $1.33 1/3 per share, outstanding and eligible to vote, either in person or by proxy, were represented, constituting a quorum. At this Annual Meeting, the following matters were voted upon: (i) the election of four directors to the Board of Directors to hold office for a term of three years; (ii) a stockholder proposal concerning cumulative voting in the election of directors; and (iii) a stockholder proposal concerning declassification of the Corporation's Board of Directors. Proxies for the Annual Meeting of Stockholders were solicited by the Board of Directors pursuant to Regulation 14A of the Securities Exchange Act of 1934.

The stockholders elected all four nominees to three year terms as members of the Board of Directors as set forth in the Corporation's Proxy Statement. There was no solicitation in opposition to such nominees. The votes cast for or withheld from

the election of directors were as follows: Jill K. Conway received 158,408,430 votes in favor and 2,555,953 votes were withheld; George B. Harvey received 158,939,713 votes in favor and 2,024,670 votes were withheld; David H. Komansky received 158,838,230 votes in favor and 2,126,153 votes were withheld; and William L. Weiss received 158,931,618 votes in favor and 2,032,765 votes were withheld.

The stockholders did not approve the stockholder proposal concerning cumulative voting in election of directors. The votes cast for and against, as well as the number of abstentions and broker non-votes, for this proposal were as follows: 31,623,319 votes in favor, 108,923,181 votes against, 2,668,691 shares abstained, and 17,749,192 shares represented broker non-votes.

The stockholders did not approve the stockholder proposal concerning declassification of the Corporation's Board of Directors. The votes cast for and against, as well as the number of abstentions and broker non-votes, for this proposal were as follows: 45,488,137 votes in favor, 95,769,854 votes against, 1,957,200 shares abstained, and 17,749,192 shares represented broker non-votes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

(4) Instruments defining the rights of security holders, including indentures:

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Corporation hereby undertakes to furnish to the Securities and Exchange Commission (the "Commission"), upon request, copies of the instruments defining the rights of holders of long-term debt securities of the Corporation that authorize an amount of securities constituting 10% or less of the total assets of the Corporation and its subsidiaries on a consolidated basis.

(10) Material Contracts

(i) Merrill Lynch & Co., Inc. Long-Term Incentive Compensation Plan, as amended on April 16, 1996.

(ii) Merrill Lynch & Co., Inc. Equity Capital Accumulation Plan, as amended on April 16, 1996.

(11) Statement re: computation of per share earnings.

(12) Statement re: computation of ratios.

(15) Letter re: unaudited interim financial information.

(27) Financial Data Schedule.

(b) Reports on Form 8-K

The following Current Reports on Form 8-K were filed by the Corporation with the Commission during the quarterly period covered by this Report:

(i) Current Report dated January 17, 1996 for the purpose of filing the form of Registrant's 6% Notes due January 15, 2001.

(ii) Current Report dated January 22, 1996 for the purpose of filing the Preliminary Unaudited Earnings Summaries of the Corporation for the three- and twelve-month periods ended December 29, 1995.

(iii) Current Report dated February 7, 1996 for the purpose of filing the form of Registrant's AMEX Hong Kong 30 Index Equity Participation Notes due February 16, 1999.

(iv) Current Report dated February 29, 1996 for the purpose of filing the form of Registrant's 6% Notes due March 1, 2001.

(v) Current Report dated March 1, 1996 for the purpose of filing certain summary financial information of the Corporation as of December 29, 1995.

(vi) Current Report dated March 12, 1996 for the purpose of filing the audited financial statements of the Corporation for its 1995 fiscal year.

(vii) Current Report dated March 18, 1996 for the purpose of filing the form of Registrant's 7% Notes due March 15, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERRILL LYNCH & CO., INC.
(Registrant)

Date: May ___, 1996

By: /s/ Joseph T. Willett
Joseph T. Willett
Senior Vice President
Chief Financial Officer

INDEX TO EXHIBITS

Exhibits

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EXHIBIT 10(i)

AS AMENDED THROUGH APRIL 16, 1996

MERRILL LYNCH & CO., INC.

LONG-TERM INCENTIVE COMPENSATION PLAN

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MERRILL LYNCH & CO., INC.

LONG-TERM INCENTIVE COMPENSATION PLAN

ARTICLE I - GENERAL

SECTION 1.1 PURPOSE.

The purposes of the Long-Term Incentive Compensation Plan (the "PLAN") are: (a) to enhance the growth and profitability of Merrill Lynch & Co., Inc., a Delaware corporation ("ML & CO."), and its subsidiaries by providing the incentive of long-term rewards to key employees who are capable of having a significant impact on the performance of ML & Co. and its subsidiaries; (b) to attract and retain employees of outstanding competence and ability; (c) to encourage long-term stock ownership by employees; and (d) to further the identity of interests of such employees with those of stockholders of ML & Co.

SECTION 1.2 DEFINITIONS.

For the purpose of the Plan, the following terms shall have the meanings indicated:

(a) "BOARD OF DIRECTORS" or "BOARD" shall mean the Board of Directors of ML & Co.

(b) "CODE" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto.

(c) "COMPANY" shall mean ML & Co. and any corporation, partnership, or other organization of which ML & Co. owns or controls, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests. For purposes of this Plan, the terms "ML & Co." and "Company" shall include any successor thereto.

(d) "COMMITTEE" shall mean the Management Development and Compensation Committee of the Board of Directors, or its functional successor, unless some other Board committee has been designated by the Board of Directors to administer the Plan. The Committee shall be constituted so that at all relevant times it meets the then applicable requirements of Rule 16b-3 (or its successor) promulgated under the Securities Exchange Act of 1934, as amended.

(e) "COMMON STOCK" shall mean the Common Stock, par value $1.33 1/3 per share, of ML & Co. and a "SHARE OF COMMON STOCK" shall mean one share of Common Stock together with, for so long as Rights are outstanding, one Right (whether trading with the Common Stock or separately).

(f) "DISABILITY," unless otherwise provided herein, shall mean any physical or mental condition that, in the opinion of the Director of Human Resources of Merrill Lynch & Co., Inc. (or his functional successor), renders an employee incapable of engaging in any employment or occupation for which he is suited by reason of education or training, provided that, in the case of any officer of ML & Co., as defined in Rule 16a-1 under the Securities Exchange Act of 1934, such determination shall be made by the Committee following recommendation by the Director of Human Resources.

(g) "FAIR MARKET VALUE" of shares of Common Stock on any given date(s) shall be: (a) the mean of the high and low sales prices on the New York Stock Exchange--Composite Tape of such shares on the date(s) in question, or, if the shares of Common Stock shall not have been traded on any such date(s), the mean of the high and low sales prices on the New York Stock Exchange--Composite Tape on the first day prior thereto on which the shares of Common Stock were so traded; or (b) if the shares of Common Stock are not traded on the New York Stock Exchange, such other amount as may be determined by the Committee by any fair and reasonable means.

"FAIR MARKET VALUE" of any Other ML & Co. Security on any given date(s) shall be: (a) the mean of the high and low sales prices of such Other ML & Co. Security on the principal securities exchange on which such Security is traded on the date(s) in question or, if such Other ML & Co. Security shall not have been traded on any such exchange on such date(s), the mean of the high and low sales prices on such exchange on the first day prior thereto on which such Other ML & Co. Security was so traded; or (b) if the Other ML & Co. Security is not publicly traded on a securities exchange, such other amount as may be determined by the Committee by any fair and reasonable means.

(h) "JUNIOR PREFERRED STOCK" shall mean ML & Co.'s Series A Junior Preferred Stock, par value $1.00 per share.

(i) "OTHER ML & CO. SECURITY" shall mean a financial instrument issued pursuant to Article VI.

(j) "PARTICIPANT" shall mean any employee who has met the eligibility requirements set forth in Section 1.5 hereof and to whom a grant has been made and is outstanding under the Plan.

(k) "PERFORMANCE PERIOD" shall mean, in relation to Performance Shares or Performance Units, any period, for which performance objectives have been established, of not less than one nor more than ten consecutive ML & Co. fiscal years, commencing with the first day of the fiscal year in which such Performance Shares or Performance Units were granted.

(l) "PERFORMANCE SHARE" shall mean a right, granted to a Participant pursuant to Article II, that will be paid out as a share of Common Stock.

(m) "PERFORMANCE UNIT" shall mean a right, granted to a Participant pursuant to Article II, to receive an amount equal to the Fair Market Value of one share of Common Stock in cash.

(n) "RESTRICTED PERIOD" shall mean, (i) in relation to shares of Common Stock receivable in payment for Performance Shares, the period beginning at the end of the applicable Performance Period during which restrictions on the transferability of such shares of Common Stock are in effect; and (ii) in relation to Restricted Shares, the period, beginning with the first day of the month in which Restricted Shares are granted, during which restrictions on the transferability of such Restricted Shares are in effect and which shall not be of shorter duration than the Vesting Period applicable to the same Restricted Shares.

(o) "RESTRICTED SHARE" shall mean a share of Common Stock, granted to a Participant pursuant to Article III, subject to the restrictions set forth in Section 3.3 hereof.

(p) "RESTRICTED UNIT" shall mean the right, granted to a Participant pursuant to Article III, to receive an amount equal to the Fair Market Value of one share of Common Stock in cash.

(q) "RETIREMENT" shall mean the cessation of employment by the Company (1) after reaching age 55 and having completed at least 5 years of service; (2) after reaching age 50 and having completed at least 10 years of service; (3) after reaching age 45 and having completed at least 15 years of service; or (4) having completed at least 20 years of service (in each case including approved leaves of absence of one year or less); provided that any person who at the time of such cessation of employment is an officer of ML & Co., as defined in Rule 16a-1 under the Securities Exchange Act of 1934 must qualify under subclause (1) hereof to be eligible for "Retirement".

(r) "RIGHTS" means the Rights to Purchase Units of Junior Preferred Stock issued pursuant to the Rights Agreement.

(s) "RIGHTS AGREEMENT" means the Rights Agreement dated as of December 16, 1987 between ML & Co. and Manufacturers Hanover Trust Company, Rights Agent, as amended from time to time.

(t) "STOCK APPRECIATION RIGHT" shall mean a right, granted to a Participant pursuant to Article V, to receive, in cash or shares of Common Stock, an amount equal

to the increase in Fair Market Value, over a specified period of time, of a specified number of shares of Common Stock.

(u) "STOCK OPTION" shall mean a right, granted to a Participant pursuant to Article IV, to purchase, before a specified date and at a specified price, a specified number of shares of Common Stock. Stock Options may be "INCENTIVE STOCK OPTIONS," which meet the definition of such in Section 422A of the Code, or "NONQUALIFIED STOCK OPTIONS," which do not meet such definition.

(v) "VESTING PERIOD" shall mean, in relation to Restricted Shares or Restricted Units, any period of not less than 12 months beginning with the first day of the month in which the grant of the applicable Restricted Shares or Restricted Units is effective, during which such Restricted Shares or Restricted Units may be forfeited if the Participant terminates employment.

SECTION 1.3 ADMINISTRATION.

(a) The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to: (i) subject to Section 1.5 hereof, select Participants after receiving the recommendations of the management of the Company; (ii) determine the number of Performance Shares, Performance Units, Restricted Shares, Restricted Units, Stock Appreciation Rights, or Other ML & Co. Securities subject to each grant; (iii) determine the number of shares of Common Stock subject to each Stock Option grant; (iv) determine the time or times when grants are to be made or are to be effective; (v) determine the terms and conditions subject to which grants may be made; (vi) extend the term of any

Stock Option; (vii) provide at the time of grant that all or any portion of any Stock Option shall be canceled upon the Participant's exercise of any Stock Appreciation Rights; (viii) prescribe the form or forms of the instruments evidencing any grants made hereunder, provided that such forms are consistent with the Plan; (ix) adopt, amend, and rescind such rules and regulations as, in its opinion, may be advisable for the administration of the Plan; (x) construe and interpret the Plan and all rules, regulations, and instruments utilized thereunder; and (xi) make all determinations deemed advisable or necessary for the administration of the Plan. All determinations by the Committee shall be final and binding.

(b) The Committee shall act in accordance with the procedures established for a Committee under ML & Co.'s Certificate of Incorporation and By-Laws or under any resolution of the Board.

SECTION 1.4 SHARES AND UNITS SUBJECT TO THE PLAN.

The total number of shares of Common Stock that may be distributed under the Plan shall be 80,000,000 (whether granted as Restricted Shares or reserved for distribution upon grant of Performance Shares, Stock Options, Stock Appreciation Rights (to the extent they may be paid out in Common Stock), or Other ML & Co.

Securities), subject to adjustment as provided in Article VII hereof. Shares of Common Stock distributed under the Plan may be treasury shares or authorized but unissued shares. The total number of units payable in cash under the Plan, including Performance Units, Restricted Units, and Stock Appreciation Rights (to the extent they are paid out in cash) shall be 80,000,000. To the extent that awards of Other ML & Co. Securities are convertible into Common Stock or are otherwise equity securities (or convertible into equity securities) of ML & Co., they shall be subject to the limitation expressed above on the number of shares of Common Stock that can be awarded under the Plan; otherwise, they shall be treated as if they were awards of units payable in cash under the Plan and subject to the foregoing limitation thereon. Any shares of Common Stock that have been granted as Restricted Shares or that have been reserved for distribution in payment for Performance Shares but are later forfeited or for any other reason are not payable under the Plan may again be made the subject of grants under the Plan. If any Stock Option, Stock Appreciation Right, or Other ML & Co. Security granted under the Plan expires or terminates, or any Stock Appreciation Right is paid out in cash, the underlying shares of Common Stock may again be made the subject of grants under the Plan. Units payable in cash that are later forfeited or for any reason are not payable under the Plan may again be the subject of grants under the Plan.

SECTION 1.5 ELIGIBILITY AND PARTICIPATION.

Participation in the Plan shall be limited to officers (who may also be members of the Board of Directors) and other salaried, key employees of the Company.

ARTICLE II - PROVISIONS APPLICABLE TO PERFORMANCE SHARES AND PERFORMANCE UNITS.

SECTION 2.1 PERFORMANCE PERIODS AND RESTRICTED PERIODS.

The Committee shall establish Performance Periods applicable to Performance Shares and Performance Units and may establish Restricted Periods applicable to Performance Shares, at its discretion. Each such Performance Period shall commence with the beginning of a fiscal year in which the Performance Shares and Performance Units are granted and have a duration of not less than one nor more than ten consecutive fiscal years. Each such Restricted Period shall commence with the end of the Performance Period established for such Performance Shares and shall end on such date as may be determined by the Committee at the time of grant. There shall be no limitation on the number of Performance Periods or Restricted Periods established by the Committee, and more than one Performance Period may encompass the same fiscal year.

SECTION 2.2 PERFORMANCE OBJECTIVES.

At any time before or during a Performance Period, the Committee shall establish one or more performance objectives for such Performance Period, provided that such performance objectives shall be established prior to the grant of any Performance Shares or Performance Units with respect to such Period. Performance objectives shall be based on one or more measures such as return on stockholders' equity, earnings, or any other standard deemed relevant by the Committee, measured internally or relative to other organizations and before or after extraordinary items, as may be determined by the Committee; provided, however, that any such measure shall include all accruals for grants made under the Plan and for all other employee benefit plans of the Company. The Committee may, in its discretion, establish performance objectives for the Company as a whole or for only that part of the Company in which a given Participant is involved, or a combination thereof. In establishing the performance objective or objectives for a Performance Period, the Committee shall determine both a minimum performance level, below which no Performance Shares or Performance Units shall be payable, and a full performance level, at or above which 100% of the Performance Shares or Performance Units shall be payable. In addition, the Committee may, in its discretion, establish intermediate levels at which given proportions of the Performance Shares or Performance Units shall be payable. Such performance objectives shall not thereafter be changed except as set forth in Sections 2.5 and 2.6 and Article VII hereof.

SECTION 2.3 GRANTS OF PERFORMANCE SHARES AND PERFORMANCE UNITS.

The Committee may select employees to become Participants subject to the provisions of Section 1.5 hereof and grant Performance Shares or Performance Units to such Participants at any time prior to or during the first fiscal year of a Performance Period. Grants shall be deemed to have been made as of the beginning of the first fiscal year of the Performance Period. Before making grants, the Committee must receive the recommendations of the management of the Company, which will take into account such factors as level of responsibility, current and past performance, and performance potential. Subject to the provisions of Section 2.7 hereof, a grant of Performance Shares or Performance Units shall be effective for the entire applicable Performance Period and may not be revoked. Each grant to a Participant shall be evidenced by a written instrument stating the number of Performance Shares or Performance Units granted, the Performance Period, the performance objective or objectives, the proportion of payments for performance between the minimum and full performance levels, if any, the Restricted Periods and restrictions applicable to shares of Common Stock receivable in payment for Performance Shares, and any other terms, conditions, and rights with respect to such grant. At the time of any grant of Performance Shares, there shall be reserved out of the number of shares of Common Stock authorized for distribution under the Plan a number of shares equal to the number of Performance Shares so granted.

SECTION 2.4 RIGHTS AND BENEFITS DURING PERFORMANCE PERIOD.

The Committee may provide that, during a Performance Period, a Participant shall be paid cash amounts, with respect to each Performance Share or Performance

Unit held by such Participant, in the same manner, at the same time, and in the same amount paid, as a dividend on a share of Common Stock.

SECTION 2.5 ADJUSTMENT WITH RESPECT TO PERFORMANCE SHARES AND PERFORMANCE UNITS.

Any other provision of the Plan to the contrary notwithstanding, the Committee may at any time adjust performance objectives (up or down) and minimum or full performance levels (and any intermediate levels and proportion of payments related thereto), adjust the way performance objectives are measured, or shorten any Performance Period or Restricted Period, if it determines that conditions, including but not limited to, changes in the economy, changes in competitive conditions, changes in laws or governmental regulations, changes in generally accepted accounting principles, changes in the Company's accounting policies, acquisitions or dispositions, or the occurrence of other unusual, unforeseen, or extraordinary events, so warrant.

SECTION 2.6 PAYMENT OF PERFORMANCE SHARES AND PERFORMANCE UNITS.

Within 90 days after the end of any Performance Period, the Company shall determine the extent to which performance objectives established by the Committee pursuant to Section 2.2 hereof for such Performance Period have been met during such Performance Period and the resultant extent to which Performance Shares or Performance Units granted for such Performance Period are payable. Payment for Performance Shares and Performance Units shall be as follows:

(a) Performance Shares:

(i) If a Restricted Period has been established in relation to the Performance Shares:

(A) At the end of the applicable Performance Period, one or more certificates representing the number of shares of Common Stock equal to the number of Performance Shares payable shall be registered in the name of the Participant but shall be held by the Company for the account of the employee. Such shares will be nonforfeitable but restricted as to transferability during the applicable Restricted Period. During the Restricted Period, the Participant shall have all rights of a holder as to such shares of Common Stock, including the right to receive dividends, to exercise Rights, and to vote such Common Stock and any securities issued upon exercise of Rights, subject to the following restrictions: (1) the Participant shall not be entitled to delivery of certificates representing such shares of Common Stock and any other such securities until the expiration of the Restricted Period; and (2) none of such shares of Common Stock or Rights may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period. Any shares of Common Stock or other securities or property received with respect to such shares shall be subject to the same restrictions as such shares; provided, however, that the Company

shall not be required to register any fractional shares of Common Stock payable to any Participant, but will pay the value of such fractional shares, measured as set forth in Section 2.6(b) below, to the Participant.

(B) At the end of the applicable Restricted Period, all restrictions applicable to the shares of Common Stock, and other securities or property received with respect to such shares, held by the Company for the accounts of recipients of Performance Shares granted in relation to such Restricted Period shall lapse, and one or more stock certificates for such shares of Common Stock and securities, free of the restrictions, shall be delivered to the Participant, or such shares and securities shall be credited to a brokerage account if the Participant so directs.

(ii) If a Restricted Period has not been established in relation to the Performance Shares, at the end of the applicable Performance Period, one or more stock certificates representing the number of shares of Common Stock equal to the number of Performance Shares payable, free of restrictions, shall be registered in the name of the Participant and delivered to the Participant, or such shares shall be credited to a brokerage account if the Participant so directs.

(b) Performance Units: At the end of the applicable Performance Period, a Participant shall be paid a cash amount equal to the number of Performance Units payable, times the mean of the Fair Market Value of Common Stock during the second calendar month following the end of the Performance Period, unless some other date or period is established by the Committee at the time of grant.

SECTION 2.7 TERMINATION OF EMPLOYMENT.

(a) Prior to the end of a Performance Period:

(i) Death: If a Participant ceases to be an employee of the Company prior to the end of a Performance Period by reason of death, any outstanding Performance Shares or Performance Units with respect to such Participant shall become payable and be paid to such Participant's beneficiary or estate, as the case may be, as soon as practicable in the manner set forth in Sections 2.6(a)(ii) and 2.6(b) hereof, respectively. In determining the extent to which performance objectives established for such Performance Period have been met and the resultant extent to which Performance Shares or Performance Units are payable, the Performance Period shall be deemed to end as of the end of the fiscal year in which the Participant's death occurred.

(ii) Disability or Retirement: The Disability or Retirement of a Participant shall not constitute a termination of employment for purposes of this Article II, and such Participant shall not forfeit any Performance Shares or Performance Units held by him, provided that following Disability or Retirement such Participant does not engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company during the remainder of

the applicable Performance Period. A Participant who does engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company shall be deemed to have terminated employment.

(iii) Other Terminations: If a Participant ceases to be an employee prior to the end of a Performance Period for any reason other than death, the Participant shall immediately forfeit all Performance Shares and Performance Units previously granted under the Plan and all right to receive any payment for such Performance Shares and Performance Units. The Committee may, however, direct payment in accordance with the provisions of Section 2.6 hereof for a number of Performance Shares or Performance Units, as it may determine, granted under the Plan to a Participant whose employment has so terminated (but not exceeding the number of Performance Shares or Performance Units that could have been payable had the Participant remained an employee) if it finds that the circumstances in the particular case so warrant. For purposes of the preceding sentence, the Performance Period over which performance objectives shall be measured shall be deemed to end as of the end of the fiscal year in which termination occurred.

(b) After the end of a Performance Period but prior to the end of a Restricted Period:

(i) Death, Disability, or Retirement: If a Participant ceases to be an employee of the Company by reason of death or in the case of the Disability or Retirement of a Participant, the Restricted Period shall be deemed to have ended and shares held by the Company shall be paid as soon as practicable in the manner set forth in Section 2.6(a)(i)(B).

(ii) Other Terminations: Terminations of employment for any reason other than death after the end of a Performance Period but prior to the end of a Restricted Period shall not have any effect on the Restricted Period, unless the Committee, in its sole discretion, finds that the circumstances so warrant and determines that the Restricted Period shall end on an earlier date as determined by the Committee and that shares held by the Company shall be paid as soon as practicable following such earlier date in the manner set forth in Section 2.6(a)(i)(B).

(c) Except as otherwise provided in this Section 2.7, termination of employment after the end of a Performance Period but before the payment of Performance Shares or Performance Units relating to such Performance Period shall not affect the amount, if any, to be paid pursuant to Section 2.6 hereof. Approved leaves of absence of one year or less shall not be deemed to be terminations of employment under this Section 2.7. Leaves of absence of more than one year will be deemed to be terminations of employment under this Section 2.7, unless the Committee determines otherwise.

SECTION 2.8 DEFERRAL OF PAYMENT.

The Committee may, in its sole discretion, offer a Participant the right, by execution of a written agreement, to defer the receipt of all or any portion of the payment, if any, for Performance Shares or Performance Units. If such an election to defer is made, the Common Stock receivable in payment for Performance Shares shall be deferred as stock units equal in number to and exchangeable, at the end of the deferral period, for the number of shares of Common Stock that would have been paid to the Participant. Such stock units shall represent only a contractual right and shall not give the Participant any interest, right, or title to any Common Stock during the deferral period. The cash receivable in payment for Performance Units or fractional shares receivable for Performance Shares shall be deferred as cash units. Deferred stock units and cash units may be credited annually with the appreciation factor contained in the deferred compensation agreement, which may include dividend equivalents. All other terms and conditions of deferred payments shall be as contained in the written agreement.

ARTICLE III - PROVISIONS APPLICABLE TO RESTRICTED SHARES AND RESTRICTED UNITS.

SECTION 3.1 VESTING PERIODS AND RESTRICTED PERIODS.

The Committee shall establish one or more Vesting Periods applicable to Restricted Shares and Restricted Units and one or more Restricted Periods applicable to Restricted Shares, at its discretion. Each such Vesting Period shall have a duration of not less than 12 months, measured from the first day of the month in which the grant of the applicable Restricted Shares or Restricted Units is effective. Each such Restricted Period shall have a duration of 12 or more consecutive months, measured from the first day of the month in which the grant of the applicable Restricted Shares is effective, but in no event shall any Restricted Period applicable to a Restricted Share be of shorter duration than the Vesting Period applicable to such Restricted Share.

SECTION 3.2 GRANTS OF RESTRICTED SHARES AND RESTRICTED UNITS.

The Committee may select employees to become Participants (subject to the provisions of Section 1.5 hereof) and grant Restricted Shares or Restricted Units to such Participants at any time. Before making grants, the Committee must receive the recommendations of the management of the Company, which will take into account such factors as level of responsibility, current and past performance, and performance potential.

Subject to the provisions of Section 3.7 hereof, a grant of Restricted Shares or Restricted Units shall be effective for the entire applicable Vesting and Restricted Periods and may not be revoked. Each grant to a Participant shall be evidenced by a written instrument stating the number of Restricted Shares granted, the Vesting Period, the Restricted Period, the restrictions applicable to such Restricted Shares, the nature

and terms of payment of consideration, if any, and the consequences of forfeiture that will apply to such Restricted Shares, and any other terms, conditions, and rights with respect to such grant. Each grant to a Participant of Restricted Units shall be evidenced by a written instrument stating the number of Restricted Units granted, the Vesting Period, and all other terms, conditions and rights with respect to such grant.

SECTION 3.3 RIGHTS AND RESTRICTIONS GOVERNING RESTRICTED SHARES.

At the time of grant of Restricted Shares, subject to the receipt by the Company of any applicable consideration for such Restricted Shares, one or more certificates representing the appropriate number of shares of Common Stock granted to a Participant shall be registered either in his name or for his benefit either individually or collectively with others, but shall be held by the Company for the account of the Participant. The Participant shall have all rights of a holder as to such shares of Common Stock, including the right to receive dividends, to exercise Rights, and to vote such Common Stock and any securities issued upon exercise of Rights, subject to the following restrictions: (a) the Participant shall not be entitled to delivery of certificates representing such shares of Common Stock and any other such securities until the expiration of the Restricted Period; (b) none of the Restricted Shares may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period; and (c) all of the Restricted Shares shall be forfeited and all rights of the Participant to such Restricted Shares shall terminate without further obligation on the part of the Company unless the Participant remains in the continuous employment of the Company for the entire Vesting Period in relation to which such Restricted Shares were granted, except as otherwise allowed by Section 3.7 hereof. Any shares of Common Stock or other securities or property received with respect to such shares shall be subject to the same restrictions as such Restricted Shares.

SECTION 3.4 RIGHTS GOVERNING RESTRICTED UNITS.

During the Vesting Period for Restricted Units, a Participant shall be paid, with respect to each Restricted Unit to which such Vesting Period is applicable, cash amounts in the same manner, at the same time, and in the same amount paid, as a dividend on a share of Common Stock.

SECTION 3.5 ADJUSTMENT WITH RESPECT TO RESTRICTED SHARES AND RESTRICTED UNITS.

Any other provision of the Plan to the contrary notwithstanding, the Committee may at any time shorten any Vesting Period or Restricted Period, if it determines that conditions, including but not limited to, changes in the economy, changes in competitive conditions, changes in laws or governmental regulations, changes in generally accepted accounting principles, changes in the Company's accounting

policies, acquisitions or dispositions, or the occurrence of other unusual, unforeseen, or extraordinary events, so warrant.

SECTION 3.6 PAYMENT OF RESTRICTED SHARES AND RESTRICTED UNITS.

(a) Restricted Shares: At the end of the Restricted Period, all restrictions contained in the Restricted Share Agreement and in the Plan shall lapse as to Restricted Shares granted in relation to such Restricted Period, and one or more stock certificates for the appropriate number of shares of Common Stock, free of restrictions, shall be delivered to the Participant or such shares shall be credited to a brokerage account if the Participant so directs.

(b) Restricted Units: At the end of the Vesting Period applicable to Restricted Units granted to a Participant, a cash amount equivalent in value to the Fair Market Value of one share of Common Stock on the last day of the Vesting Period, or during such period as is established by the Committee at the time of grant, shall be paid, with respect to each such Restricted Unit, to the Participant, or his beneficiary or estate, as the case may be.

SECTION 3.7 TERMINATION OF EMPLOYMENT.

(a) Prior to the end of a Vesting Period:

(i) Death: If a Participant ceases to be an employee of the Company prior to the end of a Vesting Period by reason of death, all Restricted Shares and Restricted Units granted to such Participant are immediately payable as set forth in Section 3.6.

(ii) Disability or Retirement: The Disability or Retirement of a

Participant shall not constitute a termination of employment for purposes of this Article III and such Participant shall not forfeit any Restricted Shares or Restricted Units held by him, provided that, during the remainder of the applicable Vesting Period, such Participant does not engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company. A Participant who does engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company shall be deemed to have terminated employment.

(iii) Other Terminations: If a Participant ceases to be an employee prior to the end of a Vesting Period for any reason other than death, the Participant shall immediately forfeit all Restricted Shares and Restricted Units previously granted with respect to such Vesting Period in accordance with the provisions of Section 3.2 hereof, unless the Committee, in its sole discretion, finds that the circumstances in the particular case so warrant and allows a Participant whose employment has so

terminated to retain any or all of the Restricted Shares or Restricted Units granted to such Participant.

(b) After the end of a Vesting Period but prior to the end of a Restricted Period:

(i) Death, Disability, or Retirement: If a Participant ceases to be an employee of the Company by reason of death, or in the case of the Disability or Retirement of a Participant, prior to the end of a Restricted Period, all Restricted Shares granted to such Participant are immediately payable in the manner set forth in Section 3.6.

(ii) Other Terminations: Terminations of employment for any reason other than death after the end of a Vesting Period but prior to the end of a Restricted Period shall not have any effect on the Restricted Period, unless the Committee, in its sole discretion, finds that the circumstances so warrant and determines that the Restricted Period shall end on an earlier date as determined by the Committee and that shares held by the Company shall be paid as soon as practicable following such earlier date in the manner set forth in Section 3.6.

(c) Approved leaves of absence of one year or less shall not be deemed to be terminations of employment under this Section 3.7. Leaves of absence of more than one year will be deemed to be terminations of employment under this Section 3.7, unless the Committee determines otherwise.

SECTION 3.8 EXTENSION OF VESTING; DEFERRAL OF PAYMENT.

The Committee may, in its sole discretion, offer any Participant the right, by execution of a written agreement with ML & Co. containing such terms and conditions as the Committee shall in its sole discretion provide for, to extend the Vesting Period applicable to all or any portion of such Participant's Restricted Shares or Restricted Units, to convert all or any portion of such Participant's Restricted Shares into Restricted Units or to defer the receipt of all or any portion of the payment, if any, for such Participant's Restricted Units (including any Restricted Shares converted into Restricted Units). In the event that any Vesting Period with respect to Restricted Shares is extended pursuant to this Section 3.8, the Restricted Period with respect to such Restricted Shares shall be extended to the same date. The provisions of any written agreement with a Participant pursuant to this Section 3.8 may provide for the payment or crediting of interest, an appreciation factor or index or dividend equivalents, as appropriate.

ARTICLE IV - PROVISIONS APPLICABLE TO STOCK OPTIONS.

SECTION 4.1 GRANTS OF STOCK OPTIONS.

The Committee may select employees to become Participants (subject to Section 1.5 hereof) and grant Stock Options to such Participants at any time; provided, however, that Incentive Stock Options shall be granted within 10 years of the earlier of the date the Plan is adopted by the Board or approved by the stockholders. Before making grants, the Committee must receive the recommendations of the management of the Company, which will take into account such factors as level of responsibility, current and past performance, and performance potential. Subject to the provisions of the Plan, the Committee shall also determine the number of shares of Common Stock to be covered by each Stock Option. The Committee shall have the authority, in its discretion, to grant "Incentive Stock Options" or "Nonqualified Stock Options," or to grant both types of Stock Options. Furthermore, the Committee may grant a Stock Appreciation Right in connection with a Stock Option, as provided in Article V.

SECTION 4.2 OPTION DOCUMENTATION.

Each Stock Option granted under the Plan shall be evidenced by written documentation containing such terms and conditions as the Committee may deem appropriate and are not inconsistent with the provisions of the Plan.

Section 4.3 EXERCISE PRICE.

The Committee shall establish the exercise price at the time any Stock Option is granted at such amount as the Committee shall determine, except that such exercise price shall not be less than 50% of the Fair Market Value of the underlying shares of Common Stock on the day a Stock Option is granted and that, with respect to an Incentive Stock Option, such exercise price shall not be less than 100% of the Fair Market Value of the underlying shares of Common Stock on the day such Incentive Stock Option is granted. The exercise price will be subject to adjustment in accordance with the provisions of Article VII of the Plan.

SECTION 4.4 EXERCISE OF STOCK OPTIONS.

(a) Exercisability: Stock Options shall become exercisable at such times and in such installments as the Committee may provide at the time of grant. The Committee may, however, in its sole discretion accelerate the time at which a Stock Option or installment may be exercised. A Stock Option may be exercised at any time from the time first set by the Committee until the close of business on the expiration date of the Stock Option. Notwithstanding the foregoing, in no event may a Participant, or a Participant's transferee pursuant to Section 4.4(d), exercise a Stock Option during the 12-month period following a hardship withdrawal by the Participant of Elective

401(k) Deferrals as defined under the Merrill Lynch & Co., Inc. 401(k) Savings & Investment Plan.

(b) Option Period: For each Stock Option granted, the Committee shall specify the period during which the Stock Option may be exercised, provided that no Stock Option shall be exercisable after the expiration of 10 years from the date of grant of such Stock Option.

(c) Exercise in the Event of Termination of Employment:

(i) Death: If a Participant ceases to be an employee of the Company by reason of death prior to the exercise or expiration of Stock Options granted to him and outstanding on the date of death, such Stock Options may be exercised to the full extent not yet exercised, regardless of whether or not then fully exercisable under the terms of the grant or under the terms of Section 4.4(a) hereof, by his estate or beneficiaries, as the case may be, if such Stock Options are outstanding in his name, or by his transferee pursuant to Section 4.4(d) or such transferee's estate or beneficiaries, if such Stock Options are outstanding in the name of such transferee, at any time and from time to time, but in no event after the expiration date of such Stock Option.

(ii) Disability or Retirement: The Disability or Retirement of a Participant shall not constitute a termination of employment for purposes of this Article IV, provided that following Disability or Retirement such

Participant does not engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company. A Participant who does engage in or assist any business that the Committee, in its sole discretion, determines to be competition with business engaged in by the Company shall be deemed to have terminated employment. In the case of Incentive Stock Options, Disability shall be as defined in Code Section 22(e)(3).

(iii) Other Terminations: If a Participant ceases to be an employee prior to the exercise or expiration of a Stock Option for any reason other than death, all outstanding Stock Options granted to such Participant, whether outstanding in his name or in the name of another person as a result of a transfer in accordance with Section 4.4(d), shall expire on the date of such termination of employment, unless the Committee, in its sole discretion, finds that the circumstances in the particular case so warrant and determines that the Participant, his transferee pursuant to Section 4.4(d) or such transferee's estate or

beneficiaries, may exercise any such outstanding Stock Option (to the extent that any such outstanding Stock Option could have been exercised at the date of such termination of employment) at any time and from time to time within up to 5 years after such termination of employment but in no event after the expiration date of such Stock Option (the "Extended Period"). If a Participant dies during the Extended Period and prior to the exercise or expiration of a Stock Option, his estate or beneficiaries, as the case may be, if such Stock Option is outstanding in his name, or his transferee pursuant to Section 4.4(d) or such transferee's estate or beneficiaries, if such Stock Option is outstanding in the name of such transferee, may exercise such Stock Option (to the extent such Stock Option could have been exercised at the date of termination of employment) at any time and from time to time, but in no event after the end of the Extended Period.

(d) Limitations on Transferability: Stock Options are not transferable by a Participant except by will or the laws of descent and distribution and are exercisable during his lifetime only by him; provided, however, that the Committee shall have the authority, in its discretion, to grant (or to sanction by way of amendment of an existing grant) Stock Options which may be transferred by the Participant during his lifetime to any member of his immediate family or to a trust established for the exclusive benefit of one or more members of his immediate family, in which case the written documentation containing the terms and conditions of such Stock Options shall so state. A transfer of a Stock Option pursuant to this subparagraph may only be effected by the Corporation at the written request of a Participant and shall become effective only when recorded in the Corporation's record of outstanding Stock Options. In the event a Stock Option is transferred as contemplated in this subparagraph, such Stock Option may not be subsequently transferred by the transferee except by will or the laws of descent and distribution. In the event a Stock Option is transferred as contemplated in this subparagraph, such Stock Option shall continue to be governed by and subject to the terms and limitations of the Plan and the relevant grant, and the transferee shall be entitled to the same rights as the Participant under Articles VII, VIII and X hereof, as if no transfer had taken place. As used in this subparagraph, "immediate family" shall mean, with respect to any person, any child, stepchild or grandchild, and shall include relationships arising from legal adoption.

SECTION 4.5 PAYMENT OF PURCHASE PRICE AND TAX LIABILITY UPON EXERCISE; DELIVERY OF SHARES.

(a) Payment of Purchase Price: The purchase price of the shares as to which a Stock Option is exercised shall be paid to the Company at the time of exercise (i) in cash, (ii) by delivering freely transferable shares of Common Stock already owned by the person exercising the Stock Option having a total Fair Market Value on the day prior to the date of exercise equal to the purchase price, (iii) a combination of cash and shares of Common Stock equal in value to the exercise price, or (iv) by such other means as the Committee, in its sole discretion, may determine.

(b) Payment of Taxes: Upon exercise, a Participant may elect to satisfy any federal, state or local taxes required by law to be withheld that arise as a result of the exercise of a Stock Option by directing the Company to withhold from the shares of Common Stock otherwise deliverable upon the exercise of such Stock Option, such number of shares as shall have a total Fair Market Value, on the day prior to the date of exercise, at least equal to the amount of tax to be withheld; provided that, with respect to any officer of ML & Co., as defined in Rule 16a-1 under the Securities Exchange Act of 1934, the Committee shall have the right to disapprove such election.

(c) Delivery of Shares: Upon receipt by the Company of the purchase price, stock certificate(s) for the shares of Common Stock as to which a Stock Option is exercised (net of any shares withheld pursuant to Section 4.5(b) above) shall be delivered to the person in whose name the Stock Option is outstanding or such person's estate or beneficiaries, as the case may be, or such shares shall be credited to a brokerage account or otherwise delivered, in such manner as such person or such person's estate or beneficiaries, as the case may be, may direct.

SECTION 4.6 LIMITATION ON FAIR MARKET VALUE OF SHARES OF COMMON STOCK RECEIVED UPON EXERCISE OF INCENTIVE STOCK OPTIONS.

The aggregate Fair Market Value (determined at the time an Incentive Stock Option is granted) of the shares of Common Stock with respect to which an Incentive Stock Option is exercisable for the first time by a Participant during any calendar year (under all plans of the Company) shall not exceed $100,000 or such other limit as may be established from time to time under the Code.

ARTICLE V - PROVISIONS APPLICABLE TO STOCK APPRECIATION RIGHTS.

SECTION 5.1 GRANTS OF STOCK APPRECIATION RIGHTS.

The Committee may select employees to become Participants (subject to the provisions of Section 1.5 hereof) and grant Stock Appreciation Rights to such Participants at any time. Before making grants, the Committee must receive the recommendations of the management of the Company, which will take into account such factors as level of responsibility, current and past performance, and performance potential. The Committee shall have the authority to grant Stock Appreciation Rights in connection with a Stock Option or independently. The Committee may grant Stock Appreciation Rights in connection with a Stock Option, either at the time of grant or by amendment, in which case each such right shall be subject to the same terms and conditions as the related Stock Option and shall be exercisable only at such times and to such extent as the related Stock Option is exercisable. A Stock Appreciation Right granted in connection with a Stock Option shall entitle the holder to surrender to the Company the related Stock Option unexercised, or any portion thereof, and receive from the Company in exchange therefor an amount equal to the excess of the Fair Market Value of one share of the Common Stock on the day preceding the surrender of such Stock Option over the Stock Option exercise price times the number of shares underlying the Stock Option, or portion thereof, that is surrendered. A Stock Appreciation Right granted independently of a Stock Option shall entitle the holder to receive upon exercise an amount equal to the excess of the Fair Market Value of one share of Common Stock on the day preceding the exercise of the Stock Appreciation Right over the Fair Market Value of one share of Common Stock on the date such Stock Appreciation Right was granted, or such other price determined by the Committee at the time of grant, which shall in no event be less than 50% of the Fair Market Value of one share of Common Stock on the date such Stock Appreciation

Right was granted. Stock Appreciation Rights are not transferable by a Participant except by will or the laws of descent and distribution and are exercisable during his lifetime only by him.

SECTION 5.2 STOCK APPRECIATION RIGHTS GRANTED IN CONNECTION WITH INCENTIVE STOCK OPTIONS.

(a) Stock Appreciation Rights granted in connection with Incentive Stock Options must expire no later than the last date the underlying Incentive Stock Option can be exercised.

(b) Such Stock Appreciation Rights may be granted for no more than 100% of the difference between the exercise price of the underlying Incentive Stock Option and the Fair Market Value of the Common Stock subject to the underlying Incentive Stock Option at the time the Stock Appreciation Right is exercised.

(c) Such Stock Appreciation Rights are transferable only to the extent and at the same time and under the same conditions as the underlying Incentive Stock Options.

(d) Such Stock Appreciation Rights may be exercised only when the underlying Incentive Stock Options may be exercised.

(e) Such Stock Appreciation Rights may be exercised only when the Fair Market Value of the shares of Common Stock subject to the Incentive Stock Options exceeds the exercise price of the Incentive Stock Options.

SECTION 5.3 PAYMENT UPON EXERCISE OF STOCK APPRECIATION RIGHTS.

The Company's obligation to any Participant exercising a Stock Appreciation Right may be paid in cash or shares of Common Stock, or partly in cash and partly in shares, at the sole discretion of the Committee.

SECTION 5.4 TERMINATION OF EMPLOYMENT.

(a) Death: If a Participant ceases to be an employee of the Company prior to the exercise or expiration of a Stock Appreciation Right outstanding in his name on the date of death, such Stock Appreciation Right may be exercised to the full extent not yet exercised, regardless of whether or not then fully exercisable under the terms of the grant, by his estate or beneficiaries, as the case may be, at any time and from time to time within 12 months after the date of death but in no event after the expiration date of such Stock Appreciation Right.

(b) Disability: The Disability of a Participant shall not constitute a termination of employment for purposes of this Article IV, provided that following the Disability such Participant does not engage in or assist any business that the Committee, in its sole

discretion, determines to be in competition with business engaged in by the Company. A Participant who does engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company shall be deemed to have terminated employment.

(c) Retirement: The Retirement of a Participant shall not constitute a termination of employment for purposes of this Article IV, provided that following Retirement such Participant does not engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company, and such Participant may exercise any Stock Appreciation Right outstanding in his name at any time and from time to time within 5 years after the date his Retirement commenced but in no event after the expiration date of such Stock Appreciation Right. A Participant who does engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company shall be deemed to have terminated employment.

(d) Other Terminations: If a Participant ceases to be an employee prior to the exercise or expiration of a Stock Appreciation Right for any reason other than death, all outstanding Stock Appreciation Rights granted to such Participant shall expire on the date of such termination of employment, unless the Committee, in its sole discretion, determines that he may exercise any such outstanding Stock Appreciation Right (to the extent that he was entitled to do so at the date of such termination of such employment) at any time and from time to time within up to 5 years after such termination of employment but in no event after the expiration date of such Stock Appreciation Right.

ARTICLE VI - PROVISIONS APPLICABLE TO OTHER ML & CO. SECURITIES.

SECTION 6.1 GRANTS OF OTHER ML & CO. SECURITIES.

Subject to the provisions of the Plan and any necessary action by the Board of Directors, the Committee may select employees to become Participants (subject to the provisions of Section 1.5 hereof) and grant to Participants Other ML & Co. Securities or the right or option to purchase Other ML & Co. Securities on such terms and conditions as the Committee shall determine, including, without limitation, the period such rights or options may be exercised, the nature and terms of payment of consideration for such Other ML & Co. Securities, whether such Other ML & Co. Securities shall be subject to any or all of the provisions of Article III of the Plan applicable to Restricted Shares and/or Restricted Units, the consequences of termination of employment, and the terms and conditions, if any, upon which such Other ML & Co. Securities may or must be repurchased by the Company. Before making grants, the Committee must receive the recommendations of the management of the Company, which will take into account such factors as level of responsibility, current and past performance, and performance potential. Each such Other ML & Co. Security shall be issued at a price that will not exceed the Fair Market Value thereof on the date the corresponding right or option is granted. Other ML & Co. Securities may bear interest or pay dividends from such date

and at a rate or rates or pursuant to a formula or formulas fixed by the Committee or any necessary action of the Board. Any applicable conversion or exchange rate with respect to Other ML & Co. Securities shall be fixed by, or pursuant to a formula determined by, the Committee or any necessary action of the Board at each date of grant and may be predicated upon the attainment of financial or other performance goals.

SECTION 6.2 TERMS AND CONDITIONS OF CONVERSION OR EXCHANGE.

Each Other ML & Co. Security may be convertible or exchangeable on such date and within such period of time as the Committee, or the Board if necessary, determines at the time of grant. Other ML & Co. Securities may be convertible into or exchangeable for (i) shares of Preferred Stock of ML & Co. or (ii) other securities of ML & Co. or any present or future subsidiary of ML & Co., whether or not convertible into shares of Common Stock, as the Committee, or the Board if necessary, determines at the time of grant (or at any time prior to the conversion or exchange date).

ARTICLE VII - CHANGES IN CAPITALIZATION.

Any other provision of the Plan to the contrary notwithstanding, if any change shall occur in or affect shares of Common Stock or Performance Units, Restricted Units, Stock Options, Stock Appreciation Rights, or Other ML & Co. Securities on account of a merger, consolidation, reorganization, stock dividend, stock split or combination, reclassification, recapitalization, or distribution to holders of shares of Common Stock (other than cash dividends) including, without limitation, a merger or other reorganization event in which the shares of Common Stock cease to exist, or, if in the opinion of the Committee, after consultation with the Company's independent public accountants, changes in the Company's accounting policies, acquisitions, divestitures, distributions, or other unusual or extraordinary items have disproportionately and materially affected the value of shares of Common Stock or Performance Units, Restricted Units, Stock Options, Stock Appreciation Rights, or Other ML & Co. Securities, the Committee shall make such adjustments, if any, that it may deem necessary or equitable in (a) the maximum number of shares of Common Stock available for distribution under the Plan; (b) the number of shares subject to or reserved for issuance under outstanding Performance Share, Restricted Share, and Stock Option grants; (c) the performance objectives for the Performance Periods not yet completed, including the minimum, intermediate, and full performance levels and portion of payments related thereto; and (d) any other terms or provisions of any outstanding grants of Performance Shares, Performance Units, Restricted Shares, Restricted Units, Stock Options, Stock Appreciation Rights, or Other ML & Co. Securities, in order to preserve the full benefits of such grants for the Participants, taking into account inflation, interest rates, and any other factors that the Committee, in its sole discretion, considers relevant. In the event of a change in the presently authorized shares of Common Stock that is limited to a change in the designation thereof or a change of authorized shares with par value into the same number of shares with a different par value or into the same number of shares without par value, the shares resulting from any such change shall be deemed to be shares of Common Stock within the meaning of the Plan. In the event of any other change affecting the shares of Common Stock, Performance Units, Restricted Units, Stock Options, Stock Appreciation Rights, or Other ML & Co. Securities, such adjustment shall be made as may be deemed equitable by the Committee to give proper effect to such event.

ARTICLE VIII - PAYMENTS UPON TERMINATION OF EMPLOYMENT AFTER A CHANGE IN CONTROL.

SECTION 8.1 VALUE OF PAYMENTS UPON TERMINATION AFTER A CHANGE IN CONTROL.

Any other provision of the Plan to the contrary notwithstanding and notwithstanding any election to the contrary previously made by the Participant, in the event a Change in Control shall occur and thereafter the Company shall terminate the Participant's employment without Cause or the Participant shall terminate his employment with the Company for Good Reason, the Participant shall be paid the value of his Performance Shares, Performance Units, Restricted Shares, Restricted Units, Stock Options, Stock Appreciation Rights, and Other ML & Co. Securities in a lump sum in cash, promptly after termination of his employment but, without limiting the foregoing, in no event later than 30 days thereafter. Payments shall be calculated as set forth below:

(a) Performance Shares and Performance Units.

Any payment for Performance Shares and Performance Units pursuant to this Section 8.1(a) shall be calculated by applying performance objectives for any outstanding Performance Shares and Performance Units as if the applicable Performance Period and any applicable Restricted Period had ended on the first day of the month in which the Participant's employment is terminated. The amount of any payment to a Participant pursuant to this Section 8.1(a) shall be reduced by the amount of any payment previously made to the Participant with respect to the Performance Shares and Performance Units, exclusive of ordinary dividend payments, resulting by operation of law from the Change in Control, including, without limitation, payments resulting from a merger pursuant to state law. The value of the Performance Shares and Performance Units payable pursuant to this Section 8.1(a) shall be the amount equal to the number of Performance Shares and Performance Units payable in accordance with the preceding sentence multiplied by the Fair Market Value of a share of Common Stock on the day the Participant's employment is terminated or, if higher, the highest Fair Market Value of a share of the Common Stock on any day during the 90-day period ending on the date of the Change in Control (the "Pre-CIC Value").

(b) Restricted Shares and Restricted Units.

Any payment under this Section 8.1(b) shall be calculated as if all the relevant Vesting and Restricted Periods had been fully completed immediately prior to the date

on which the Participant's employment is terminated. The amount of any payment to a Participant pursuant to this Section 8.1(b) shall be reduced by the amount of any payment previously made to the Participant with respect to the Restricted Shares and Restricted Units, exclusive of ordinary dividend payments, resulting by operation of law from the Change in Control, including, without limitation, payments resulting from a merger pursuant to state law. The value of the Participant's Restricted Shares and Restricted Units payable pursuant to this Section 8.1(b) shall be the amount equal to the number of the Restricted Shares and Restricted Units outstanding in a Participant's name multiplied by the Fair Market Value of a share of Common Stock on the day the Participant's employment is terminated or, if higher, the Pre-CIC Value.

(c) Stock Options and Stock Appreciation Rights.

Any payment for Stock Options and Stock Appreciation Rights pursuant to this Section 8.1(c) shall be calculated as if all such Stock Options and Stock Appreciation Rights, regardless of whether or not then fully exercisable under the terms of the grant, became exercisable immediately prior to the date on which the Participant's employment is terminated. The amount of any payment to a Participant pursuant to this Section 8.1(c) shall be reduced by the amount of any payment previously made to a Participant with respect to the Stock Options and Stock Appreciation Rights, exclusive of any ordinary dividend payments, resulting by operation of law from the Change in Control, including, without limitation, payments resulting from a merger pursuant to state law. The value of the Participant's Stock Options and Stock Appreciation Rights payable pursuant to this Section 8.1(c) shall be

(i) in the case of a Stock Option, for each underlying share of Common Stock, the excess of the Fair Market Value of a share of Common Stock on the day the Participant's employment is terminated, or, if higher, the Pre-CIC Value, over the per share exercise price for such Stock Option;

(ii) in the case of a Stock Appreciation Right granted in tandem with a Stock Option, the Fair Market Value of a share of Common Stock on the day the Participant's employment is terminated, or, if higher, the Pre-CIC Value, over the Stock Option exercise price; and

(iii) in the case of a Stock Appreciation Right granted independently of a Stock Option, the Fair Market Value of a share of Common Stock on the day the Participant's employment is terminated, or, if higher, the Pre-CIC Value, over the Fair Market Value of one share of Common Stock on the date such Stock Appreciation Right was granted, or such other price determined by the Committee at the time of grant.

(d) Other ML & Co. Securities.

Any payment for Other ML & Co. Securities under this Section 8.1(d) shall be calculated as if any relevant Vesting or Restricted Periods or other applicable conditions dependent on the passage of time and relating to the exercisability of any right or option to purchase Other ML & Co. Securities, or relating to the full and unconditional ownership of such Other ML & Co. Securities themselves, had been met on the first day of the month in which the Participant's employment is terminated. The amount of any payment to a Participant pursuant to this Section 8.1(d) shall be reduced by the amount of any payment previously made to the Participant with respect to the Other ML & Co. Securities, exclusive of ordinary dividend payments, resulting by operation of law from the Change in Control, including, without limitation, payments resulting from a merger pursuant to state law. The value of the Participant's Other ML & Co. Securities payable pursuant to this Section 8.1(d) shall be

(i) in the case of an option or right to purchase such Other ML & Co. Security, for each underlying Other ML & Co. Security, the excess of the Fair Market Value of such Other ML & Co. Security on the day the Participant's employment is terminated, or, if higher, the Pre-CIC Value, over the exercise price of such option or right; and

(ii) in the case of the Other ML & Co. Security itself (where there is no outstanding option or right relating to such Other ML & Co. Security), the Fair Market Value of the Other ML & Co. Security on the day the Participant's employment is terminated, or, if higher, the Pre-CIC Value.

SECTION 8.2 A CHANGE IN CONTROL.

A "CHANGE IN CONTROL" shall mean a change in control of ML & Co. of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, a Change in Control shall be deemed to have occurred if:

(a) any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, or any syndicate or group deemed to be a person under Section 14(d)(2) of the Exchange Act, other than the Company's employee stock ownership plan, is or becomes the "beneficial owner" (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act), directly or indirectly, of securities of ML & Co. representing 30% or more of the combined voting power of ML & Co.'s then outstanding securities entitled to vote in the election of directors of ML & Co.;

(b) during any period of two consecutive years (not including any period prior to the Effective Date of this Plan) individuals who at the beginning of such period

constituted the Board of Directors and any new directors, whose election by the Board of Directors or nomination for election by the stockholders of ML & Co. was approved by a vote of at least three quarters of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

(c) all or substantially all of the assets of ML & Co. are liquidated or distributed.

SECTION 8.3 EFFECT OF AGREEMENT RESULTING IN CHANGE IN CONTROL.

If ML & Co. executes an agreement, the consummation of which would result in the occurrence of a Change in Control as described in Section 8.2, then, with respect to a termination of employment without Cause or for Good Reason occurring after the execution of such agreement (and, if such agreement expires or is terminated prior to consummation, prior to such expiration or termination of such agreement), a Change in Control shall be deemed to have occurred as of the date of the execution of such agreement.

SECTION 8.4 TERMINATION FOR CAUSE.

Termination of the Participant's employment by the Company for "CAUSE" shall mean termination upon:

(a) the willful and continued failure by the Participant substantially to perform his duties with the Company (other than any such failure resulting from the Participant's incapacity due to physical or mental illness or from the Participant's Retirement or any such actual or anticipated failure resulting from termination by the Participant for Good Reason) after a written demand for substantial performance is delivered to him by the Board of Directors, which demand specifically identifies the manner in which the Board of Directors believes that he has not substantially performed his duties; or

(b) the willful engaging by the Participant in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise.

No act or failure to act by the Participant shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his action or omission was in the best interest of the Company.

Notwithstanding the foregoing, the Participant shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to the Participant and an opportunity for him, together with counsel, to be heard before the Board of Directors), finding that, in the

good faith opinion of the Board of Directors, the Participant was guilty of conduct set forth above in clause (a) or (b) of the first sentence of this Section 8.4 and specifying the particulars thereof in detail.

SECTION 8.5 GOOD REASON.

"GOOD REASON" shall mean the Participant's termination of his employment with the Company if, without the Participant's written consent, any of the following circumstances shall occur:

(a) Inconsistent Duties. A meaningful and detrimental alteration in the Participant's position or in the nature or status of his responsibilities (including those as a director of ML & Co., if any) from those in effect immediately prior to the Change in Control;

(b) Reduced Salary or Bonus Opportunity. A reduction by the Company in the Participant's annual base salary as in effect immediately prior to the Change in Control; a failure by the Company to increase the Participant's salary at a rate commensurate with that of other key executives of the Company; or a reduction in the Participant's annual cash bonus below the greater of (i) the annual cash bonus that he received, or to which he was entitled, immediately prior to the Change in Control, or (ii) the average annual cash bonus paid to the Participant by the Company for the three years preceding the year in which the Change in Control occurs;

(c) Relocation. The relocation of the office of the Company where the Participant is employed at the time of the Change in Control (the "CIC Location") to a location that in his good faith assessment is an area not generally considered conducive to maintaining the executive offices of a company such as ML & Co. because of hazardous or undesirable conditions including without limitation a high crime rate or inadequate facilities, or to a location that is more than twenty-five (25) miles away from the CIC Location or the Company's requiring the Participant to be based more than twenty-five (25) miles away from the CIC Location (except for required travel on the Company's business to an extent substantially consistent with his customary business travel obligations in the ordinary course of business prior to the Change in Control);

(d) Compensation Plans. The failure by the Company to continue in effect any compensation plan in which the Participant participates, including but not limited to this Plan, the Company's retirement program, Employee Stock Purchase Plan, 1978 Incentive Equity Purchase Plan, Equity Capital Accumulation Plan, Canadian Capital Accumulation Plan, Management Capital Accumulation Plan, limited partnership offerings, cash incentive compensation or any other plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan in connection with the Change in Control, or the failure by the Company to continue the Participant's

participation therein on at least as favorable a basis, both in terms of the amount of benefits provided and the level of his participation relative to other Participants, as existed immediately prior to the Change in Control;

(e) Benefits and Perquisites. The failure of the Company to continue to provide the Participant with benefits at least as favorable as those enjoyed by the Participant under any of the Company's retirement, life insurance, medical, health and accident, disability, deferred compensation or savings plans in which the Participant was participating immediately prior to the Change in Control; the taking of any action by the Company that would directly or indirectly materially reduce any of such benefits or deprive the Participant of any material fringe benefit enjoyed by him immediately prior to the Change in Control, including, without limitation, the use of a car, secretary, office space, telephones, expense reimbursement, and club dues; or the failure by the Company to provide the Participant with the number of paid vacation days to which the Participant is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect immediately prior to the Change in Control;

(f) No Assumption by Successor. The failure of ML & Co. to obtain a satisfactory agreement from any successor to assume and agree to perform a Participant's employment agreement as contemplated thereunder or, if the business of the Company for which his services are principally performed is sold at any time after a Change in Control, the purchaser of such business shall fail to agree to provide the Participant with the same or a comparable position, duties, compensation, and benefits as provided to him by the Company immediately prior to the Change in Control.

SECTION 8.6 EFFECT ON PLAN PROVISIONS.

In the event of a Change in Control, no changes in the Plan, or in any documents evidencing grants of Performance Shares, Performance Units, Restricted Shares, Restricted Units, Stock Options, Stock Appreciation Rights, or Other ML & Co. Securities and no adjustments, determinations or other exercises of discretion by the Committee or the Board of Directors, that were made subsequent to the Change in Control and that would have the effect of diminishing a Participant's rights or his payments under the Plan or this Article shall be effective, including, but not limited to, any changes, determinations or other exercises of discretion made to or pursuant to the Plan. Once a Participant has received a payment pursuant to this Article VIII, shares of Common Stock that were reserved for issuance in connection with any Performance Shares, Restricted Shares, Stock Options, or Other ML & Co. Securities for which payment is made shall no longer be reserved and shares of Common Stock that are Restricted Shares or that are restricted and held by the Company pursuant to Section 2.6(a)(i), for which payment has been made, shall no longer be registered in the name of the Participant and shall again be available for grants under the Plan. If the Participant's employment is terminated without Cause or for Good Reason after a Change in Control, any election to defer payment for Performance Shares or

Performance Units pursuant to Section 2.8 hereof or Restricted Shares or Restricted Units pursuant to Section 3.8 hereof shall be null and void.

ARTICLE IX - MISCELLANEOUS.

SECTION 9.1 DESIGNATION OF BENEFICIARY.

A Participant, or the transferee of a Stock Option pursuant to Section 4.4(d), may designate, in a writing delivered to ML & Co. before his death, a person or persons to receive, in the event of his death, any rights to which he would be entitled under the Plan. A Participant or Stock Option transferee, may also designate an alternate beneficiary to receive payments if the primary beneficiary does not survive the Participant or Stock Option transferee. A Participant or Stock Option transferee may designate more than one person as his beneficiary or alternate beneficiary, in which case such persons would receive payments as joint tenants with a right of survivorship. A beneficiary designation may be changed or revoked by a Participant or Stock Option transferee at any time by filing a written statement of such change or revocation with the Company. If a Participant or Stock Option transferee fails to designate a beneficiary, then his estate shall be deemed to be his beneficiary.

SECTION 9.2 EMPLOYMENT RIGHTS.

Neither the Plan nor any action taken hereunder shall be construed as giving any employee of the Company the right to become a Participant, and a grant under the Plan shall not be construed as giving any Participant any right to be retained in the employ of the Company.

SECTION 9.3 NONTRANSFERABILITY.

Except as provided in Section 4.4(d), a Participant's rights under the Plan, including the right to any amounts or shares payable, may not be assigned, pledged, or otherwise transferred except, in the event of a Participant's death, to his designated beneficiary or, in the absence of such a designation, by will or the laws of descent and distribution.

SECTION 9.4 WITHHOLDING.

The Company shall have the right, before any payment is made or a certificate for any shares is delivered or any shares are credited to any brokerage account, to deduct or withhold from any payment under the Plan any Federal, state, local or other taxes, including transfer taxes, required by law to be withheld or to require the Participant or his beneficiary or estate, as the case may be, to pay any amount, or the balance of any amount, required to be withheld.

SECTION 9.5 RELATIONSHIP TO OTHER BENEFITS.

No payment under the Plan shall be taken into account in determining any benefits under any retirement, group insurance, or other employee benefit plan of the Company. The Plan shall not preclude the stockholders of ML & Co., the Board of Directors or any committee thereof, or the Company from authorizing or approving other employee benefit plans or forms of incentive compensation, nor shall it limit or prevent the continued operation of other incentive compensation plans or other employee benefit plans of the Company or the participation in any such plans by Participants in the Plan.

SECTION 9.6 NO TRUST OR FUND CREATED.

Neither the Plan nor any grant made hereunder shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to a grant under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

SECTION 9.7 EXPENSES.

The expenses of administering the Plan shall be borne by the Company.

SECTION 9.8 INDEMNIFICATION.

Service on the Committee shall constitute service as a member of the Board of Directors so that members of the Committee shall be entitled to indemnification and reimbursement as directors of ML & Co. pursuant to its Certificate of Incorporation, By-Laws, or resolutions of its Board of Directors or stockholders.

SECTION 9.9 TAX LITIGATION.

The Company shall have the right to contest, at its expense, any tax ruling or decision, administrative or judicial, on any issue that is related to the Plan and that the Company believes to be important to Participants in the Plan and to conduct any such contest or any litigation arising therefrom to a final decision.

ARTICLE X - AMENDMENT AND TERMINATION.

The Board of Directors or the Committee (but no other committee of the Board of Directors) may modify, amend or terminate the Plan at any time, except that, to the extent then required by applicable law, rule or regulation, approval of the holders of a majority of shares of Common Stock represented in person or by proxy at a meeting of the stockholders will be required to increase the maximum number of shares of

Common Stock available for distribution under the Plan (other than increases due to an adjustment in accordance with the Plan). No modification, amendment or termination of the Plan shall adversely affect the rights of a Participant under a grant previously made to him without the consent of such Participant.

ARTICLE XI - INTERPRETATION.

SECTION 11.1 GOVERNMENTAL AND OTHER REGULATIONS.

The Plan and any grant hereunder shall be subject to all applicable Federal and state laws, rules, and regulations and to such approvals by any regulatory or governmental agency that may, in the opinion of the counsel for the Company, be required.

SECTION 11.2 GOVERNING LAW.

THE PLAN SHALL BE CONSTRUED AND ITS PROVISIONS ENFORCED AND ADMINISTERED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND PERFORMED ENTIRELY IN SUCH STATE.

ARTICLE XII - EFFECTIVE DATE AND STOCKHOLDER APPROVAL.

The Plan shall not be effective unless or until approved by a majority of the votes cast at a duly held stockholders' meeting at which a quorum representing a majority of all outstanding voting stock is, either in person or by proxy present and voting on the Plan.

EXHIBIT 10(ii)

AS AMENDED THROUGH APRIL 16, 1996

MERRILL LYNCH & CO., INC.

EQUITY CAPITAL ACCUMULATION PLAN

1. PURPOSE.

The purposes of the Equity Capital Accumulation Plan (the "Plan") are: (a) to enhance the growth and profitability of Merrill Lynch & Co., Inc., a Delaware corporation ("ML & CO."), and its subsidiaries by providing the incentive of long-term rewards (which will be realized through continued employment and, in the case of Performance Shares, upon attainment of established performance objectives) to key employees who are capable of having a significant impact on the performance of ML & Co. and its subsidiaries; (b) to attract and retain employees of outstanding competence and ability; and (c) to further the identity of interests of such employees with those of stockholders of ML & Co.

2. DEFINITIONS.

For the purpose of the Plan, the following terms shall have the meanings indicated:

(a) "BOARD OF DIRECTORS" or "BOARD" shall mean the Board of Directors of ML & Co.

(b) "COMPANY" shall mean ML & Co. and shall include each of its present or future subsidiaries, which are defined to include any corporation, partnership, or other organization in which ML & Co. has a proprietary interest by reason of stock ownership or otherwise, but only if ML & Co. owns or controls, directly or indirectly, stock or other interests possessing not less than 50% of the total combined voting power of all classes of stock or other equity interests in such corporation, partnership, or organization.

(c) "COMMITTEE" shall mean the Management Development and Compensation Committee of the Board of Directors, or its functional successor, unless some other Board committee has been designated by the Board of Directors to administer the Plan. It shall consist of three or more members of the Board who are not officers or in the employ of the Company, who are not eligible, and for a period of one year prior to the commencement of their service on the Committee have not been eligible, to participate in the Plan and who are disinterested persons within the terms of Rule 16b-3 promulgated under the Securities Exchange Act of 1934. Committee members shall serve at the pleasure of the Board of Directors.

(d) "COMMON STOCK" shall mean the Common Stock, par value $1.33 1/3 per share, of ML & Co.

(e) "DISABILITY," unless otherwise provided herein, shall mean any physical or mental condition that, in the opinion of the Director of Human Resources of Merrill Lynch & Co., Inc. (or his functional successor), renders an employee incapable of engaging in any employment or occupation for which he is suited by reason of education or training, provided that, in the case of any officer of ML & Co., as defined in Rule 16a-1 under the Securities Exchange Act of 1934, such determination shall be made by the Committee following recommendation by the Director of Human Resources.

(f) "FAIR MARKET VALUE" of Common Stock on any given date(s) shall be: (a) if Common Stock is not listed for trading on a national securities exchange but is traded in the over-the-counter market, the mean of the highest and lowest bid prices for the Common Stock on the date(s) in question, or, if there are no such bid prices for the Common Stock on any such date(s), the mean of the highest and lowest bid prices on the first day prior thereto on which such prices appear; (b) if the Common Stock is listed for trading on one or more national securities exchanges, the mean of the high and low sales prices on the principal such exchange on the date(s) in question, or, if the Common Stock shall not have been traded on such principal exchange on any such date(s), the mean of the high and low sales prices on such principal exchange on the first day prior thereto on which the Common Stock was so traded; *provided, however*, if the Distribution Date (as defined in the Rights Agreement) shall have occurred and the Rights shall then be represented by separate certificates rather than by certificates representing the Common Stock, there shall be added to such value calculated in accordance with (a) or (b) above, as the case may be, (i) if the Rights are not listed for trading on a national securities exchange but are traded in the over-the-counter market, the mean of the highest and lowest bid prices of the Rights on the date(s) in question, or, if there are no such bid prices for the Rights on any such date(s), the mean of the highest and lowest bid prices on the first day prior thereto on which such prices appear or (ii) if the Rights are listed for trading on one or more national securities exchanges, the mean of the high and low sales prices of the Rights on the principal such exchange on the date(s) in question, or if the Rights shall not have been traded on such principal exchange on any such date(s), the mean of the high and low sales prices on such principal exchange on the first day prior thereto on which the Rights were so traded; or (c) such other amount as may be determined by the Committee by any fair and reasonable means.

(g) "JUNIOR PREFERRED STOCK" shall mean ML & Co.'s Series A Junior Preferred Stock, par value $1.00 per share.

(h) "PARTICIPANT" shall mean any employee who has met the eligibility requirements set forth in Section 5 hereof and to whom a grant has been made and is outstanding under the Plan.

(i) "PERFORMANCE PERIOD" shall mean, in relation to Performance Shares, any period, for which performance objectives have been established, of not less than three nor more than five consecutive ML & Co. fiscal years, commencing with the first day of the fiscal year in which such Performance Shares were granted.

(j) "PERFORMANCE SHARE" shall mean a unit granted to a Participant deemed to be equivalent in value to the Fair Market Value of one share of Common Stock.

(k) "RESTRICTED PERIOD" shall mean any period of not less than 12 nor more than 60 consecutive months, commencing with the first day of the month in which Restricted Shares are granted, during which restrictions on such Restricted Shares are in effect.

(l) "RESTRICTED SHARE" shall mean a share of Common Stock and one Right granted to a Participant subject to the restrictions set forth in Section 7 hereof.

(m) "RETIREMENT" shall mean the cessation of employment by the Company (1) after reaching age 55 and having completed at least 5 years of service; (2) after reaching age 50 and having completed at least 10 years of service; (3) after reaching age 45 and having completed at least 15 years of service; or (4) having completed at least 20 years of service (in each case including approved leaves of absence of one year or less); provided that any person who at the time of such cessation of employment is an officer of ML & Co., as defined in Rule 16a-1 under the Securities Exchange Act of 1934 will not be eligible for "Retirement" hereunder unless they have reached the age of 55 and have completed 10 years of service, including approved leaves of absence of one year or less.

(n) "RIGHTS" means the Rights to Purchase Units of Series A Junior Preferred Stock issued pursuant to the Rights Agreement.

(o) "RIGHTS AGREEMENT" means the Rights Agreement dated as of December 16, 1987 between ML & Co. and Manufacturers Hanover Trust Company, Rights Agent.

3. ADMINISTRATION.

(a) The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to: (i) subject to Section 5 hereof, select Participants after receiving the recommendations of the management of the Company; (ii) determine the number of Performance Shares or Restricted Shares subject to each grant; (iii) determine the time or times when grants are to be made; (iv) determine the terms and conditions subject to which grants may be

made; (v) prescribe the form or forms of the instruments evidencing any grants made hereunder, provided that such forms are consistent with the Plan; (vi) adopt, amend, and rescind such rules and regulations as, in its opinion, may be advisable for the administration of the Plan; (vii) construe and interpret the Plan, the rules and regulations, and the instruments utilized under the Plan; and (viii) make all determinations deemed advisable or necessary for the administration of the Plan. All determinations by the Committee shall be final and binding.

(b) The Committee shall hold meetings at such times and places as it may determine. The Committee may request advice or assistance or employ such other persons as are necessary for proper administration of the Plan. A quorum of the Committee shall consist of a majority of its members, and the Committee may act by vote of a majority of its members at a meeting at which a quorum is present or without a meeting by a written consent to the action taken signed by all members of the Committee. The Board of Directors may from time to time appoint members to the Committee in substitution of members previously appointed and fill any vacancies, however caused, in the Committee.

4. SHARES SUBJECT TO THE PLAN.

The total number of shares of Common Stock which may be issued under the Plan shall be 26,200,000 (whether granted as Restricted Shares or reserved for issuance upon grant of Performance Shares), subject to adjustment as provided in Section 8 hereof. Any Performance Shares or Restricted Shares that have been granted but are later forfeited or for any other reason are not payable under the Plan may again be made the subject of grants under the Plan. Shares of Common Stock issued under the Plan may be treasury shares or authorized but unissued shares.

5. ELIGIBILITY AND PARTICIPATION.

Participation in the Plan shall be limited to officers (who may also be members of the Board of Directors) or other full-time, salaried, key employees of the Company who, in the opinion of the Committee, after receiving the recommendations of the management of the Company, exercise such functions or discharge such responsibilities that they merit consideration as employees selected to receive grants and become Participants under the Plan. Performance Shares shall be granted only to those employees recognized by the Committee as members of the executive management group. Restricted Shares shall be granted only to those employees recognized by the Committee as members of general management or as professional employees and to other employees who, in the opinion of the Committee (based on the recommendations of the management of the Company), have made or are in a position to make a contribution to the Company that warrants such a grant.

6. PROVISIONS APPLICABLE TO PERFORMANCE SHARES.

(a) PERFORMANCE PERIODS. The Committee shall establish Performance Periods at its discretion. Each such Performance Period shall commence with the beginning of a fiscal year and have a duration of not less than three nor more than five consecutive fiscal years. There shall be no limitation on the number of Performance Periods established by the Committee, and more than one Performance Period may encompass the same fiscal year, but no more than one Performance Period for any Performance Shares granted to any one Participant can commence in the same fiscal year.

(b) PERFORMANCE OBJECTIVES. At any time before or during a Performance Period, the Committee shall establish one or more performance objectives for such Performance Period, provided that such performance objectives shall be established prior to the grant of any Performance Shares with respect to such Period. Performance objectives shall be based on one or more measures such as return on stockholders' equity, growth in earnings per share, or any other standard deemed relevant by the Committee, measured internally or relative to other organizations and before or after extraordinary items, as may be determined by the Committee; provided, however, that any such measure shall include all accruals for grants made under the Plan and for all other employee benefit plans of the Company. The Committee may, in its discretion, establish performance objectives for the Company as a whole or for only that part of the Company in which a given Participant is involved, or a combination thereof. In establishing the performance objective or objectives for a Performance Period, the Committee shall determine both a minimum performance level, below which no Performance Shares shall be payable, and a full performance level, at or above which 100% of the Performance Shares shall be payable. In addition, the Committee may, in its discretion, establish intermediate levels at which given proportions of the Performance Shares shall be payable. Such performance objectives shall not thereafter be changed except as set forth in Sections 6(d), 6(e), and 8 hereof.

(c) GRANTS OF PERFORMANCE SHARES. The Committee may select employees to become Participants (subject to the provisions of Section 5 hereof) and grant Performance Shares to Participants at any time prior to or during the first fiscal year of a Performance Period. Grants shall be deemed to have been made as of the beginning of the first fiscal year of the Performance Period. Before making grants, the Committee must receive the recommendations of the management of the Company, which will take into account such factors as level of responsibility, current and past performance, and performance potential. Subject to the provisions of Section 6(e) hereof, a grant of Performance Shares shall be effective for the entire applicable Performance Period and may not be revoked. Each grant to a Participant shall be evidenced by a written instrument stating the number of Performance Shares granted, the Performance Period, the performance objective or objectives, the proportion of payments for performance between the minimum and full performance levels, if any, and any other terms,

conditions, and rights with respect to such grant. At the time of any grant of Performance Shares, there shall be reserved for issuance the number of whole shares of Common Stock authorized for issuance under this Plan equal to at least one-half of the Performance Shares so granted.

(d) ADJUSTMENT OF PERFORMANCE OBJECTIVES. Any other provision of the Plan to the contrary notwithstanding, at any time during a Performance Period, the Committee may adjust (up or down) the performance objectives and minimum or full performance levels (and any intermediate levels and proportion of payments related thereto) for such Period or may adjust the way such performance objectives are measured if it determines that conditions, including but not limited to changes in the economy, changes in laws or governmental regulations, changes in generally accepted accounting principles, changes in the Company's accounting policies, acquisitions or dispositions, or the occurrence of other unusual, unforeseen or extraordinary events, so warrant. Notwithstanding any provision of this Section 6(d) to the contrary, the performance objectives shall be determined without taking into account any Units of Junior Preferred Stock that may be outstanding at the time of such calculation.

(e) TERMINATION OF EMPLOYMENT.

(i) If a Participant ceases to be an employee of the Company prior to the end of any Performance Period by reason of death, any outstanding Performance Shares with respect to such Participant shall become payable and be paid to such Participant's beneficiary or estate, as the case may be, in accordance with the provisions of Section 6(f) hereof. In computing Performance Shares payable, if any, to such Participant's beneficiary or estate, as the case may be, the Performance Period shall be deemed to end as of the end of the fiscal year in which the Participant's death occurred. The Disability or Retirement of a Participant shall not constitute a termination of employment for purposes of the Plan and such Participant shall not forfeit any Performance Shares held by him, provided that the Participant does not engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company during the remainder of the applicable Performance Period. A Participant who does engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company shall be deemed to have terminated employment.

(ii) If a Participant ceases to be an employee prior to the end of a Performance Period for any reason other than death, the Participant immediately forfeits all Performance Shares granted under the Plan and all right to receive any payment for such Performance Shares, except that the Committee may, within six months after such termination, direct payment in accordance with the provisions of Section 6(f) hereof for a number of

Performance Shares, as it may determine, granted under the Plan to a Participant whose employment has so terminated (but not exceeding the number of Performance Shares that could have been payable had the

Participant remained an employee) if it finds that the circumstances in the particular case so warrant; for purposes of this provision, the Performance Period shall be deemed to end as of the end of the fiscal year in which termination occurred. Termination of employment after the end of a Performance Period but before the payment of Performance Shares relating to such Performance Period shall not affect the amount, if any, to be paid pursuant to Section 6(f) hereof. Approved leaves of absence of one year or less shall not be deemed to be terminations under this Section. Leaves of absence of more than one year will be deemed to be terminations under this Section unless the Committee determines otherwise.

(f) PAYMENT OF PERFORMANCE SHARES. Within 90 days after the end or deemed end of any Performance Period, the Company shall determine the extent to which performance objectives established by the Committee pursuant to Section 6(b) hereof for such Performance Period have been met during such Performance Period and the resultant extent to which Performance Shares granted for such Performance Period are payable. Payment to a Participant or his beneficiary or estate, as the case may be, for any Performance Shares which have been granted to such Participant and which are determined to be payable shall be made, as soon as practicable after the end of the Performance Period and the determination of both the extent to which performance objectives have been met and the value of the Performance Shares payable, as follows: (i) a certificate for the number of shares of Common Stock equal to one-half the number of Performance Shares payable shall be delivered to the Participant or his beneficiary or estate, as the case may be, or such shares shall be credited to a brokerage account if the Participant or his beneficiary or estate, as the case may be, so directs, and (ii) cash equal to one-half of the value of Performance Shares payable, valued at the mean of the Fair Market Value of Common Stock during the calendar month of February next following the end or deemed end of the Performance Period, shall be paid to the Participant or his beneficiary or estate, as the case may be; <u>provided, however</u>, that the Company shall not be required to deliver any fractional shares of Common Stock to any Participant under (i) above, but will pay the value of such fractional shares, measured as set forth in (ii) above, to the Participant or his beneficiary or estate, as the case may be.

(g) DEFERRAL OF PAYMENT. If the Committee, in its sole discretion, offers a Participant the right to defer, then, within 90 days after any grant of Performance Shares but in any event before the end of the fiscal year in which the grant is made, any Participant may elect, by execution of a written agreement, to defer all or any portion of the payment, if any, for such Performance Shares. If such an election is made, the stock portion of any payment for Performance Shares shall be deferred as stock units equal in number to and convertible, at the end of the deferral period, into the number of shares of Common Stock which would have been paid to the Participant. Such stock units represent only a contractual right and do not give the Participant any interest, right, or title to any Common Stock during the deferral period. During the period of deferral of stock units, the Company shall, for each stock unit, periodically credit a cash amount to the Participant's account. Such cash amount shall be paid in

the same manner and at the same time, and be measured by the amount paid, as a dividend a share of Common Stock, plus, if any shares of Junior Preferred Stock shall then be outstanding, the amount, if any, paid on one one-hundredth of a share of Junior Preferred Stock. A Participant's right to receive such cash amount is a contractual right only. Any such cash amounts shall be deferred as cash in the manner set forth for the deferral of th cash portion of any payment for Performance Shares. The cash portion of any payment for Performance Shares shall be deferred as cash units and credited annually with the appreciation factor contained in the Deferred Compensation Program of the Company for the year of grant. All other terms and conditions of deferred payments shall be the same as those contained in such Deferred Compensation Program.

7. <u>PROVISIONS APPLICABLE TO RESTRICTED SHARES.</u>

(a) RESTRICTED PERIOD. The Committee shall establish one or more Restricted Periods at its discretion, provided no Restricted Period shall have a duration of less than 12 nor more than 60 consecutive months, measured from the first day of the month in which Restricted Shares are granted with respect to such Restricted Period, provided that, for any officer of ML & Co., as defined in Rule 16a-1 under the Securities Exchange Act of 1934, such Restricted Period may not be less than 36 months.

(b) GRANTS OF RESTRICTED SHARES. The Committee may select employees to become Participants (subject to the provisions of Section 5 hereof) and grant Restricted Shares to Participants at any time. Before making grants, the Committee must receive the recommendations of the management of the Company, which will take into account such factors as level of responsibility, current and past performance, and performance potential. Subject to the provisions of Section 7(d) hereof, a grant of Restricted Shares shall be effective for the entire applicable Restricted Period and may not be revoked. Each grant to a Participant shall be evidenced by a written instrument stating the number of Restricted Shares granted, the Restricted Period, the restrictions applicable to such Restricted Shares, and any other terms, conditions, and rights with respect to such grant.

(c) RESTRICTIONS. At the time of grant of Restricted Shares, one or more certificates representing the appropriate number of shares of Common Stock and the appropriate number of Rights granted to a Participant shall be registered either in his name or for his benefit either individually or collectively with others, but shall be held by the Company for the account of the Participant. The Participant shall have all rights of a holder as to such shares of Common Stock and Rights, including the right to receive dividends, the right to exercise the Rights for Junior Preferred Stock and the right to vote such Common Stock and Junior Preferred Stock, subject to the following restrictions: (i) subject to Section 7(d) hereof, the Participant shall not be entitled to delivery of the stock or Rights certificates until the expiration of the Restricted Period; (ii) none of the Restricted Shares may be sold, transferred, assigned, pledged, or

otherwise encumbered or disposed of during the Restricted Period; and (iii) all of the Restricted Shares shall be forfeited and all rights of the Participant to such Restricted Shares shall terminate without further obligation on the part of the Company unless the Participant remains in the continuous employment of the Company for the entire Restricted Period in relation to which such Restricted Shares were granted, except as allowed by Section 7(d) hereof. Any shares of Common Stock, Rights, or Junior Preferred Stock or other securities or property received as a result of a stock distribution to holders of Restricted Shares or as a stock dividend on Restricted Shares shall be subject to the same restrictions as such Restricted Shares.

(d) TERMINATION OF EMPLOYMENT. If a Participant ceases to be an employee of the Company prior to the end of a Restricted Period by reason of death, all restrictions contained in the Restricted Share Agreement(s) and in the Plan shall lapse as to all Restricted Shares granted to such Participant, and a certificate for such shares shall be delivered or such shares shall be credited as set forth in Section 7(e) hereof. The Disability or Retirement of a Participant shall not constitute a termination of employment for purposes of the Plan and such Participant shall not forfeit any Restricted Shares held by him, provided that following Disability or Retirement such Participant does not engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company during the remainder of the applicable Restricted Period. A Participant who does engage in or assist any business that the Committee, in its sole discretion, determines to be in competition with business engaged in by the Company shall be deemed to have terminated employment. If a Participant ceases to be an employee prior to the end of a Restricted Period for any reason other than death, the Participant shall immediately forfeit all Restricted Shares previously granted in accordance with the provisions of Section 7(c) hereof, except that the Committee may, if it finds that the circumstances in the particular case so warrant, allow a Participant whose employment has so terminated to retain any or all of the Restricted Shares granted to such Participant, and all restrictions contained in the Restricted Share Agreement and in the Plan shall lapse as to such Restricted Shares, and a certificate for such shares shall be delivered or such shares shall be credited as set forth in Section 7(e) hereof. Approved leaves of absence of one year or less shall not be deemed terminations or interruptions in continuous service under this Section. Leaves of absence of more than one year will be deemed to be terminations under this Section unless the Committee determines otherwise.

(e) PAYMENT OF RESTRICTED SHARES. At the end of the Restricted Period or at such earlier time as provided for in Section 7(d) hereof, all restrictions contained in the Restricted Share Agreement and in the Plan shall lapse as to Restricted Shares granted in relation to such Restricted Period, and a stock certificate for the appropriate number of shares of Common Stock, free of the restrictions, shall be delivered to the Participant or his beneficiary or estate, as the case may be, or such shares shall be credited to a brokerage account if the Participant or his beneficiary or estate, as the case may be, so directs.

(f) SHORTENING OF RESTRICTED PERIOD. Any other provision of the Plan to the contrary notwithstanding, the Committee may at any time shorten any Restricted Period to no less than 12 months if it determines that conditions, including but not limited to, changes in the economy, changes in competitive conditions, changes in laws or governmental regulations, changes in generally accepted accounting principles, changes in the Company's accounting policies, acquisitions or dispositions, or the occurrence of other unusual, unforeseen, or extraordinary events, so warrant, provided that, for any officer of ML & Co., as defined in Rule 16a-1 under the Securities Exchange Act of 1934, such Restricted Period may not be less than 36 months.

8. CHANGES IN CAPITALIZATION.

Any other provision of the Plan to the contrary notwithstanding, if any change shall occur in or affect Common Stock on account of a merger, consolidation, reorganization, stock dividend, stock split or combination, reclassification, recapitalization, or distribution to holders of Common Stock (other than cash dividends) including, without limitation, a merger or other reorganization event in which the Common Stock ceases to exist, or, if in the opinion of the Committee, after consultation with the Company's independent public accountants, changes in the Company's accounting policies, acquisitions, divestitures, distributions, or other unusual or extraordinary items have disproportionately and materially affected the value of Common Stock, the Committee shall make such adjustments, if any, that it may deem necessary or equitable in (a) the maximum number of shares of Common Stock available for issuance under the Plan; (b) the number of shares subject to or reserved for issuance under outstanding Performance and Restricted Share grants; and (c) the performance objectives for the Performance Periods not yet completed, including the minimum, intermediate, and full performance levels and portion of payments related thereto. In the event of a change in the presently authorized Common Stock which is limited to a change in the designation thereof or a change of authorized shares with par value into the same number of shares with a different par value or into the same number of shares without par value, the shares resulting from any such change shall be deemed to be Common Stock within the meaning of the Plan. In the event of any other change affecting the Common Stock, such adjustment shall be made as may be deemed equitable by the Committee to give proper effect to such event.

9. PAYMENTS UPON TERMINATION OF EMPLOYMENT AFTER A CHANGE IN CONTROL.

(a) Any other provision of the Plan to the contrary notwithstanding and notwithstanding any election to the contrary previously made by the Participant, in the event a Change in Control shall occur and thereafter the Company shall terminate the Participant's employment without Cause or the Participant shall terminate his employment with the Company for Good Reason, the Participant shall be paid the value of his Performance Shares in a lump sum in cash, as promptly as possible after termination of his employment; provided, however, that if the Participant, at least 30

days prior to such termination, has made an election in writing pursuant to this Section, payment may be made in the number of annual installments (not to exceed 5) specified in such election. For Performance Shares granted prior to January 1, 1988, any payment under this Section shall be calculated as if the maximum performance objectives for the Performance Period had been met in full and as if all the relevant Performance Periods had been fully completed on the first day of the month in which the Participant's employment is terminated; for Performance Shares granted on or after January 1, 1988, any payment under this Section shall be calculated by applying performance objectives for any outstanding Performance Shares as if the applicable Performance Period had ended on the first day of the month in which the Participant's employment is terminated. The value of the Performance Shares payable pursuant to this Section shall be the amount equal to the number of Performance Shares payable in accordance with the preceding sentence multiplied by the Fair Market Value of a share of the Common Stock on the day the Participant's employment is terminated or, if higher, the highest Fair Market Value of a share of the Common Stock on any day during the 90-day period ending on the date of the Change in Control (the "Pre-CIC Value").

(b) Any other provision of the Plan to the contrary notwithstanding and notwithstanding any election to the contrary previously made by the Participant, in the event a Change in Control shall occur and thereafter the Company shall terminate the Participant's employment without Cause or the Participant shall terminate his employment with the Company for Good Reason, the Participant shall be paid the value of all of his Restricted Shares in a lump sum in cash as promptly as possible after termination of his employment; *provided, however*, that if the Participant, at least 30 days prior to such termination, has made an election in writing pursuant to this Section, payment may be made in the number of annual installments (not to exceed 5) specified in such election. Any payment under this Section shall be calculated as if all the relevant Restricted Periods had been fully completed on the first day of the month in which the Participant's employment is terminated. The amount of any payment to a Participant pursuant to this Section shall be reduced by the amount of any payment previously made to the Participant with respect to the Restricted Shares, exclusive of ordinary dividend payments, resulting by operation of law from the Change in Control, including, without limitation, payments resulting from a merger pursuant to state law. The value of the Participant's Restricted Shares payable pursuant to this Section shall be the amount equal to the number of the Restricted Shares outstanding in a Participant's name multiplied by the Fair Market Value of the Common Stock on the day the Participant's employment is terminated or, if higher, the Pre-CIC Value.

(c) A "CHANGE IN CONTROL" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), whether or not the Company is then subject to such reporting requirement; *provided, however*, that, without limitation, a Change in Control shall be deemed to have occurred if:

(i) any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, or any syndicate or group deemed to be a person under Section 14(d)(2) of the Exchange Act, is or becomes the "beneficial owner" (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act), directly or indirectly, of securities of ML & Co. representing 30% or more of the combined voting power of ML & Co.'s then outstanding securities entitled to vote in the election of directors of ML & Co.; or

(ii) during any period of two consecutive years individuals who at the beginning of such period constituted the Board of Directors and any new directors, whose election by the Board of Directors or nomination for election by the stockholders of ML & Co. was approved by a vote of at least three quarters of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(d) If ML & Co. executes an agreement, the consummation of which would result in the occurrence of a Change in Control as described in paragraph (c), then, with respect to a termination of employment without Cause or for Good Reason occurring after the execution of such agreement (and, if such agreement expires or is terminated prior to consummation, prior to such expiration or termination of such agreement), a Change in Control shall be deemed to have occurred as of the date of the execution of such agreement.

(e) Termination of the Participant's employment by the Company for "CAUSE" shall mean termination upon:

(i) the willful and continued failure by the Participant substantially to perform his duties with the Company (other than any such actual or anticipated failure resulting from termination by the Participant for Good Reason) after a written demand for substantial performance is delivered to him by the Board of Directors, which demand specifically identifies the manner in which the Board of Directors believes that he has not substantially performed his duties; or

(ii) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. No act or failure to act by the Participant shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his action or omission was in the best interest of the Company.

Notwithstanding the foregoing, the Participant shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board of Directors at a meeting of the Board

called and held for such purpose (after reasonable notice to the Participant and an opportunity for him, together with counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, the Participant was guilty of conduct set forth above in clause (i) or (ii) of the first sentence of this Subsection and specifying the particulars thereof in detail.

(f) " GOOD REASON" shall mean the Participant's termination of his employment with the Company if, without the Participant's written consent, any of the following circumstances shall occur:

(i) the assignment to the Participant of any duties inconsistent with his position, duties, responsibilities and status with the Company as in effect immediately prior to a Change in Control, a change in his reporting responsibilities, titles or offices as in effect immediately prior to the Change in Control, or any removal of the Participant from or any failure to reelect him to any of such positions;

(ii) a reduction by the Company of the Participant's base salary as in effect just prior to the Change in Control;

(iii) the relocation of the office of the Company where the Participant was employed at the time of the Change in Control (the "CIC LOCATION") to a location more than fifty miles away from the CIC Location, or the Company's requiring the Participant to be based more than fifty miles away from the CIC Location (except for required travel on the Company's business to an extent substantially consistent with the Participant's business travel obligations just prior to the Change in Control);

(iv) the failure of the Company to continue in effect any benefit or compensation plan, including but not limited to this Plan or the Company's retirement program, the Payroll-Based Stock Ownership Plan for Employees of Merrill Lynch & Co., Inc. and Affiliates, the Company's Employee Stock Purchase Plan, 1978 Incentive Equity Purchase Plan, Career Compensation Plan, Canadian Capital Accumulation Plan, Management Capital Accumulation Plan, limited partnership offerings, cash incentive compensation or deferred compensation programs, in which the Participant is participating at the time of

the Change in Control or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan in connection with the Change in Control, or the failure by the Company to continue participation of the Participant therein on at least as favorable a basis, in terms of both the amount of benefits provided and the level of his participation relative to other Participants, as existed at the time of the Change in Control; or

(v) the failure of the Company to continue to provide the Participant with benefits at least as favorable as those enjoyed by the Participant under any of the Company's retirement, life insurance, medical, health and accident, disability, deferred compensation or savings plans in which the Participant was participating at the time of the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Participant of any material fringe benefit enjoyed by him at the time of the Change in Control, or the failure by the Company to provide the Participant with the number of paid vacation days to which the Participant is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control.

(g) In the event of a Change in Control, no changes in the Plan, or in any documents evidencing grants of Performance Shares or Restricted Shares, and no adjustments, determinations or other exercises of discretion by the Committee or the Board of Directors, that were made subsequent to the Change in Control and that would have the effect of diminishing a Participant's rights or his payments under the Plan or this Section shall be effective, including, but not limited to, any changes, determinations or other exercises of discretion made to or pursuant to Sections 2(f), 3, 6, 7, 8 or 19 of the Plan. Once a Participant has received a payment pursuant to this Section, shares of Common Stock that were reserved for issuance in connection with any Performance Shares for which payment is made shall no longer be reserved and shares of Common Stock that are Restricted Shares for which payment has been made shall no longer be registered in the name of the Participant and shall again be available for grants under the Plan. If the Participant's employment is terminated without Cause or for Good Reason after a Change in Control, any election to defer payment for Performance Shares pursuant to Section 6(g) hereof shall be null and void.

10. DESIGNATION OF BENEFICIARY.

A Participant may designate, in writing delivered to ML & Co. before his death, a person or persons to receive, in the event of his death, any rights to which he would be entitled under the Plan. A Participant may also designate an alternate beneficiary to receive payments if the primary beneficiary does not survive the Participant. A Participant may designate more than one person as his beneficiary or alternate beneficiary, in which case such persons would receive payments as joint tenants with a right of survivorship. A beneficiary designation may be changed or revoked by a Participant at any time by filing a written statement of such change or revocation with the Company. If a Participant fails to designate a beneficiary, then his estate shall be deemed to be his beneficiary.

11. EMPLOYMENT RIGHTS.

Neither the Plan nor any action taken hereunder shall be construed as giving any employee of the Company the right to become a Participant, and a grant under the Plan shall not be construed as giving any Participant any right to be retained in the employ of the Company.

12. NONTRANSFERABILITY.

A Participant's rights under the Plan, including the right to any amounts or shares payable, may not be assigned, pledged, or otherwise transferred except, in the event of a Participant's death, to his designated beneficiary or, in the absence of such a designation, by will or the laws of descent and distribution.

13. WITHHOLDING.

The Company shall have the right, before any payment is made or a certificate for any shares is delivered or any shares are credited to any brokerage account, to deduct or withhold from any payment under the Plan any Federal, state, or local taxes, including transfer taxes, required by law to be withheld or to require the Participant or his beneficiary or estate, as the case may be, to pay any amount, or the balance of any amount, required to be withheld.

14. RELATIONSHIP TO OTHER BENEFITS.

No payment under the Plan shall be taken into account in determining any benefits under any retirement, group insurance, or other employee benefit plan of the Company. The Plan shall not preclude the stockholders of ML & Co., the Board of Directors or any committee thereof, or the Company from authorizing or approving other employee benefit plans or forms of incentive compensation, nor shall it limit or prevent the continued operation of other incentive compensation plans or other employee benefit plans of the Company or the participation in any such plans by Participants in the Plan.

15. NO TRUST OR FUND CREATED.

Neither the Plan nor any grant made hereunder shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to a grant under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

16. EXPENSES.

The expenses of administering the Plan shall be borne by the Company.

17. INDEMNIFICATION.

Service on the Committee shall constitute service as a member of the Board of Directors so that members of the Committee shall be entitled to indemnification and

reimbursement as directors of ML & Co. pursuant to its Certificate of Incorporation, By-Laws, or resolutions of its Board of Directors or stockholders.

18. TAX LITIGATION.

The Company shall have the right to contest, at its expense, any tax ruling or decision, administrative or judicial, on any issue that is related to the Plan and that the Company believes to be important to Participants in the Plan and to conduct any such contest or any litigation arising therefrom to a final decision.

19. AMENDMENT AND TERMINATION.

The Board of Directors or the Committee (but no other committee of the Board of Directors) may modify, amend, or terminate the Plan at any time except that the maximum number of shares of Common Stock available for issuance under the Plan may not be increased (other than increases due to adjustments in accordance with the Plan) without approval of the holders of a majority of shares of Common Stock represented in person or by proxy at a meeting of the stockholders. No modification, amendment, or termination of the Plan shall adversely affect the rights of a Participant under a grant previously made to him without the consent of such Participant.

20. GOVERNMENTAL AND OTHER REGULATIONS.

The Plan and any grant hereunder shall be subject to all applicable Federal and state laws, rules, and regulations and to such approvals by any regulatory or governmental agency which may, in the opinion of the counsel for the Company, be required.

21. GOVERNING LAW.

The Plan shall be construed and its provisions enforced and administered in accordance with the laws of the State of New York.

22. EFFECTIVE DATE.

The Plan shall not be effective unless or until approved by the vote of the holders of a majority of the shares of Common Stock represented in person or by proxy at a meeting of the stockholders to which it is presented.

EXHIBIT 11

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE

(In Millions, Except Per Share Amounts)

	For the Three Months Ended	
	March 29, 1996	March 31, 1995
EARNINGS		
Net earnings	$ 409	$ 228
Preferred stock dividends	(11)	(13)
Net earnings applicable to common stockholders	$ 398	$ 215
PRIMARY WEIGHTED AVERAGE SHARES		
Common stock	172.8	180.4
Assuming issuance of shares relating to employee incentive plans	23.4	18.8
Total shares	196.2	199.2
PRIMARY EARNINGS PER SHARE	$ 2.03	$ 1.08
FULLY DILUTED WEIGHTED AVERAGE SHARES		
Common stock	172.8	180.4
Assuming issuance of shares relating to employee incentive plans	23.4	18.8
Total shares	196.2	199.2
FULLY DILUTED EARNINGS PER SHARE	$ 2.03	$ 1.08

NOTE: In accordance with Accounting Principles Board Opinion No. 15, the modified treasury stock method was used to calculate per common share earnings.

EXHIBIT 12

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND
COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Dollars in Millions)

	For the Three Months Ended	
	March 29, 1996	March 31, 1995
Pretax earnings from continuing operations	$ 671	$ 380
Add:		
Fixed charges		
Interest	2,756	2,781
Other(A)	39	35
Total fixed charges	2,795	2,816
Preferred stock dividend requirements	19	20
Total combined fixed charges and preferred stock dividends	2,814	2,836
Pretax earnings before fixed charges	$3,466	$3,196
Pretax earnings before combined fixed charges and preferred stock dividends	$3,485	$3,216
Ratio of earnings to fixed charges	1.24	1.13
Ratio of earnings to combined fixed charges and preferred stock dividends	1.24	1.13

(A) Other fixed charges consist of the interest factor in rentals, amortization of debt expense, and preferred stock dividend requirements of majority-owned subsidiaries.

Exhibit 15

May 10, 1996

Merrill Lynch & Co., Inc.
World Financial Center
North Tower
New York, NY 10281

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim consolidated financial information of Merrill Lynch & Co., Inc. and subsidiaries as of March 29, 1996 and for the three-month periods ended March 29, 1996 and March 31, 1995 as indicated in our report dated May 10, 1996; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 29, 1996, is incorporated by reference in the following documents, as amended:

Filed on Form S-8:

Registration Statement No. 33-41942 (1986 Employee Stock Purchase Plan)

Registration Statement No. 33-17908 (Incentive Equity Purchase Plan)

Registration Statement No. 33-33336 (Long Term Incentive Compensation Plan)

Registration Statement No. 33-51831 (Long Term Incentive Compensation Plan)

Registration Statement No. 33-51829 (401(k) Savings and Investment Plan)

Registration Statement No. 33-54154 (Non-Employee Directors' Equity Plan)

Registration Statement No. 33-54572 (401(k) Savings and Investment Plan (Puerto Rico))

Registration Statement No. 33-56427 (1994 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-55155 (1995 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-60989 (1995 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-00863 (401(k) Savings & Incentive Plan)

Filed on Form S-3:

Debt Securities

Registration Statement No. 33-54218

Registration Statement No. 2-78338

Registration Statement No. 2-89519

Registration Statement No. 2-83477

Registration Statement No. 33-03602

Registration Statement No. 33-17965

Registration Statement No. 33-27512

Registration Statement No. 33-35456

Registration Statement No. 33-42041

Registration Statement No. 33-45327

Registration Statement No. 33-49947

Registration Statement No. 33-51489

Registration Statement No. 33-52647

Registration Statement No. 33-60413

Registration Statement No. 33-61559

Registration Statement No. 33-65135

Medium Term Notes

Registration Statement No. 2-96315

Registration Statement No. 33-03079

Registration Statement No. 33-05125

Registration Statement No. 33-09910

Registration Statement No. 33-16165

Registration Statement No. 33-19820

Registration Statement No. 33-23605

Registration Statement No. 33-27549

Registration Statement No. 33-38879

Other Securities

Registration Statement No. 33-19975 (Remarketed Preferred Stock, Series C)

Registration Statement No. 33-33335 (Common Stock)

Registration Statement No. 33-45777 (Common Stock)

Registration Statement No. 33-55363 (Preferred Stock)

We are also aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP
New York, New York

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