

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 JUNE 28, 1996  
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COMMISSION FILE NUMBER           1-7182  
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MERRILL LYNCH & CO., INC.  
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(Exact name of registrant as specified in its charter)

DELAWARE

13-2740599  
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(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  
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(Address of principal executive offices)

(Zip Code)

(212) 449-1000  
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Registrant's telephone number, including area code

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

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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  
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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.

168,660,915 shares of Common Stock\*  
(as of the close of business on August 2, 1996)

\* Does not include 2,529,387 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

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

(In Millions, Except Per Share Amounts)	FOR THE THREE MONTHS ENDED		PERCENT (1)
	JUNE 28, 1996	JUNE 30, 1995	
<b>REVENUES</b>			
Commissions . . . . .	\$ 970	\$ 765	27%
Interest and dividends . . . . .	3,040	3,295	(8)
Principal transactions . . . . .	908	615	48
Investment banking . . . . .	580	335	73
Asset management and portfolio service fees . . . . .	553	464	19
Other . . . . .	139	111	26
Total Revenues . . . . .	6,190	5,585	11
Interest Expense . . . . .	2,810	3,036	(7)
Net Revenues . . . . .	3,380	2,549	33
<b>NON-INTEREST EXPENSES</b>			
Compensation and benefits . . . . .	1,741	1,309	33
Communications and equipment rental . . . . .	137	117	17
Occupancy . . . . .	113	110	3
Depreciation and amortization . . . . .	98	88	11
Professional fees . . . . .	140	105	33
Advertising and market development . . . . .	124	96	30
Brokerage, clearing, and exchange fees . . . . .	101	94	8
Other . . . . .	228	166	37
Total Non-Interest Expenses . . . . .	2,682	2,085	29
EARNINGS BEFORE INCOME TAXES . . . . .	698	464	50
Income tax expense . . . . .	265	181	46
NET EARNINGS . . . . .	\$ 433	\$ 283	53
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS . . . . .			
	\$ 422	\$ 271	
EARNINGS PER COMMON SHARE:			
Primary . . . . .	\$ 2.19	\$ 1.40	
Fully diluted . . . . .	\$ 2.19	\$ 1.39	
DIVIDEND PAID PER COMMON SHARE . . . . .			
	\$ .30	\$ .26	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE:			
Primary . . . . .	192.9	193.3	
Fully diluted . . . . .	192.9	195.2	

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

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

&lt;TABLE&gt;

&lt;CAPTION&gt;

(In Millions, Except Per Share Amounts)	FOR THE SIX MONTHS ENDED		PERCENT (1) INCREASE (DECREASE)
	JUNE 28, 1996	JUNE 30, 1995	
<S>	<C>	<C>	<C>
<b>REVENUES</b>			
Commissions . . . . .	\$ 1,959	\$ 1,450	35%
Interest and dividends . . . . .	6,050	6,325	(4)
Principal transactions . . . . .	1,891	1,289	47
Investment banking . . . . .	958	584	64
Asset management and portfolio service fees . . . . .	1,090	913	19
Other . . . . .	261	228	15
Total Revenues . . . . .	12,209	10,789	13
Interest Expense . . . . .	5,568	5,819	(4)
Net Revenues . . . . .	6,641	4,970	34
<b>NON-INTEREST EXPENSES</b>			
Compensation and benefits . . . . .	3,432	2,579	33
Communications and equipment rental . . . . .	268	229	17
Occupancy . . . . .	229	219	4
Depreciation and amortization . . . . .	196	175	12
Professional fees . . . . .	270	204	32
Advertising and market development . . . . .	239	182	31
Brokerage, clearing, and exchange fees . . . . .	207	178	17
Other . . . . .	431	361	20
Total Non-Interest Expenses . . . . .	5,272	4,127	28
EARNINGS BEFORE INCOME TAXES . . . . .	1,369	843	62
Income tax expense . . . . .	526	333	58
NET EARNINGS . . . . .	\$ 843	\$ 510	65
<b>NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS</b>			
STOCKHOLDERS . . . . .	\$ 820	\$ 486	
<b>EARNINGS PER COMMON SHARE:</b>			
Primary . . . . .	\$ 4.22	\$ 2.48	
Fully diluted . . . . .	\$ 4.21	\$ 2.46	
<b>DIVIDENDS PAID PER COMMON SHARE</b>			
PER COMMON SHARE . . . . .	\$ .56	\$ .49	
<b>AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE:</b>			
Primary . . . . .	194.3	196.2	
Fully diluted . . . . .	194.6	197.5	

&lt;/TABLE&gt;

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

See Notes to Consolidated Financial Statements

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

(Dollars in Millions, Except Per Share Amounts)	JUNE 28,	DEC. 29,
ASSETS	1996	1995
-----	-----	-----
CASH AND CASH EQUIVALENTS . . . . .	\$ 2,751	\$ 3,091
	-----	-----
CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS . . . . .	5,011	5,412
	-----	-----
MARKETABLE INVESTMENT SECURITIES . . . . .	2,146	2,365
	-----	-----
TRADING ASSETS, AT FAIR VALUE		
Corporate debt and preferred stock . . . . .	20,138	17,581
Contractual agreements . . . . .	10,981	11,833
Equities and convertible debentures . . . . .	14,011	10,843
Non-U.S. governments and agencies . . . . .	9,255	6,744
U.S. Government and agencies . . . . .	8,247	6,672
Mortgages, mortgage-backed, and asset-backed . . . . .	3,740	3,749
Money markets . . . . .	1,666	1,680
Municipals . . . . .	1,094	1,001
	-----	-----
Total . . . . .	69,132	60,103
	-----	-----
RESALE AGREEMENTS . . . . .	52,322	44,257
	-----	-----
SECURITIES BORROWED . . . . .	23,985	20,645
	-----	-----
RECEIVABLES		
Customers (net of allowance for doubtful accounts of \$49 in 1996 and \$37 in 1995) . . . . .	17,405	14,783
Brokers and dealers . . . . .	14,972	9,267
Interest and other . . . . .	4,710	4,741
	-----	-----
Total . . . . .	37,087	28,791
	-----	-----
INVESTMENTS OF INSURANCE SUBSIDIARIES . . . . .	5,365	5,619
LOANS, NOTES, AND MORTGAGES (NET OF ALLOWANCE FOR LOAN LOSSES OF \$141 IN 1996 AND \$131 IN 1995) . . . . .	2,705	2,172
OTHER INVESTMENTS . . . . .	1,128	961
PROPERTY, LEASEHOLD IMPROVEMENTS, AND EQUIPMENT (NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION OF \$2,331 IN 1996 AND \$2,239 IN 1995) . . . . .	1,582	1,605
OTHER ASSETS . . . . .	1,961	1,836
	-----	-----
TOTAL ASSETS . . . . .	\$205,175	\$176,857
	=====	=====

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

(Dollars in Millions, Except Per Share Amounts)	JUNE 28,	DEC. 29,
LIABILITIES AND STOCKHOLDERS' EQUITY	1996	1995
-----	-----	-----
<b>LIABILITIES</b>		
REPURCHASE AGREEMENTS . . . . .	\$ 62,865	\$ 56,817
	-----	-----
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS . . . . .	32,702	29,546
	-----	-----
<b>TRADING LIABILITIES, AT FAIR VALUE . . . . .</b>		
Contractual agreements . . . . .	9,115	10,907
U.S. Government and agencies . . . . .	12,673	9,089
Equities and convertible debentures . . . . .	8,247	6,642
Non-U.S. governments and agencies . . . . .	6,718	4,418
Corporate debt and preferred stock . . . . .	2,143	2,199
Municipals . . . . .	58	95
	-----	-----
Total . . . . .	38,954	33,350
	-----	-----
CUSTOMERS . . . . .	10,112	11,391
INSURANCE . . . . .	5,107	5,391
BROKERS AND DEALERS . . . . .	14,852	6,366
OTHER LIABILITIES AND ACCRUED INTEREST . . . . .	11,429	10,515
LONG-TERM BORROWINGS . . . . .	22,640	17,340
	-----	-----
TOTAL LIABILITIES . . . . .	198,661	170,716
	-----	-----
<b>STOCKHOLDERS' EQUITY</b>		
PREFERRED STOCKHOLDERS' EQUITY . . . . .	619	619
	-----	-----
<b>COMMON STOCKHOLDERS' EQUITY</b>		
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 . . . . .	1,312	1,237
Foreign currency translation adjustment . . . . .	(4)	11
Net unrealized gains on investment securities available-for-sale (net of applicable income tax expense of \$4 in 1996 and \$13 in 1995) . . . . .	8	25
Retained earnings . . . . .	7,215	6,492
	-----	-----
Subtotal . . . . .	8,846	8,080
<b>Less:</b>		
Treasury stock, at cost:		
1996 - 64,876,357 shares;		
1995 - 60,929,278 shares . . . . .	2,502	2,241
Unallocated ESOP reversion shares, at cost:		

1996 - 2,529,387 shares;		
1995 - 4,012,519 shares . . . . .	40	63
Employee stock transactions . . . . .	409	254
	-----	-----
TOTAL COMMON STOCKHOLDERS' EQUITY . . . . .	5,895	5,522
	-----	-----
TOTAL STOCKHOLDERS' EQUITY . . . . .	6,514	6,141
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY . . . . .	\$205,175	\$176,857
	=====	=====
BOOK VALUE PER COMMON SHARE . . . . .	\$ 35.07	\$ 32.41
	=====	=====

See Notes to Consolidated Financial Statements

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

(In Millions)	FOR THE SIX MONTHS ENDED	
	JUNE 28, 1996	JUNE 30, 1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings . . . . .	\$ 843	\$ 510
Noncash items included in earnings:		
Depreciation and amortization . . . . .	196	175
Policyholder reserves . . . . .	138	152
Other . . . . .	307	294
(Increase) decrease in operating assets:		
Trading assets . . . . .	(8,999)	(3,982)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations.	401	(1,205)
Securities borrowed . . . . .	(3,340)	(759)
Customers . . . . .	(2,638)	595
Other . . . . .	(6,460)	(3,312)
Increase (decrease) in operating liabilities:		
Trading liabilities . . . . .	5,604	965
Customers . . . . .	(1,280)	(88)
Insurance . . . . .	(330)	(396)
Other . . . . .	9,326	5,830
	-----	-----
CASH USED FOR OPERATING ACTIVITIES . . . . .	(6,232)	(1,221)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities . . . . .	1,570	819
Sales of available-for-sale securities . . . . .	784	680
Purchases of available-for-sale securities . . . . .	(2,160)	(1,579)
Maturities of held-to-maturity securities . . . . .	385	589
Purchases of held-to-maturity securities . . . . .	(244)	(635)
Other investments and other assets . . . . .	(340)	(88)
Property, leasehold improvements, and equipment . . . . .	(173)	(163)
	-----	-----
CASH USED FOR INVESTING ACTIVITIES . . . . .	(178)	(377)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Repurchase agreements, net of resale agreements . . . . .	(2,017)	(217)
Commercial paper and other short-term borrowings . . . . .	3,156	2,958

Issuance and resale of long-term borrowings . . . .	9,371	4,850
Settlement and repurchase of long-term borrowings .	(3,842)	(4,327)
Common stock transactions . . . . .	(479)	(538)
Dividends . . . . .	(119)	(112)
	-----	-----
Cash provided by financing activities . . . . .	6,070	2,614
	-----	-----
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS . .	(340)	1,016
Cash and cash equivalents, beginning of year . . . .	3,091	2,312
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD . . . . .	\$ 2,751	\$ 3,328
	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for:

Income taxes totaled \$633 in 1996 and \$136 in 1995.  
Interest totaled \$5,359 in 1996 and \$5,695 in 1995.

See Notes to Consolidated Financial Statements

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

JUNE 28, 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- and six-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"). Because of the nature of the Corporation's business, 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.

NEW ACCOUNTING PRONOUNCEMENTS

In October 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", which is effective for fiscal years beginning after December 15, 1995. The Corporation has decided not to adopt the cost recognition provisions of SFAS No. 123 but will disclose, as required, the pro-forma impact of these provisions in its 1996 year-end financial statements.

In June 1996, the FASB issued SFAS No. 125, "Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", which is effective for transactions occurring after December 31, 1996. The Corporation has not yet quantified the impact of adopting SFAS No. 125.

COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS

Commercial paper and other short-term borrowings at June 28, 1996 and December 29, 1995 are presented below:

	June 28, 1996	Dec. 29, 1995
Commercial paper	\$18,393	\$16,969
Demand and time deposits	7,824	8,182
Securities loaned	3,591	2,857
Bank loans and other	2,894	1,538
Total	\$32,702	\$29,546

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#### 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><CAPTION>

(Notional amounts in billions)

June 28, 1996	Interest Rate Risk(1) (2)	Currency Risk (3)	Equity Price Risk	Commodity Price Risk
<S>	<C>	<C>	<C>	<C>
Swap agreements	\$1,064	\$ 118	\$ 10	\$ 2
Futures contracts	133	1	4	24
Options purchased	86	49	27	3
Options written	96	47	26	3
Forward contracts	34	158	-	7

<CAPTION>

December 29, 1995

<S>	<C>	<C>	<C>	<C>
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:

(Notional amounts in billions)	June 28,	December 29,
-----	1996	1995
-----	-----	-----
Interest rate swap contracts(1)	\$33	\$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 June 28, 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 the net capital requirements of 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 June 28, 1996, MLPF&S's regulatory net capital of \$1,472 was 10% of aggregate debit items, and its regulatory net capital in excess of the minimum required was \$1,168.

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 June 28, 1996, MLGSI's liquid capital of \$749 was 275% of its total market and credit risk, and liquid capital in excess of the minimum required was \$422.

Merrill Lynch International ("MLI"), a United Kingdom registered broker-dealer and a subsidiary of the Corporation, is subject to the 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 June 28, 1996, MLI's financial resources were \$1,259 and exceeded the minimum requirement by \$224.

#### INTEREST AND DIVIDEND EXPENSE

Interest expense includes payments in lieu of dividends of \$1.4 and \$3.8 for the second quarters of 1996 and 1995, respectively. For the six-month periods ended June 28, 1996 and June 30, 1995, payments in lieu of dividends were \$3.0 and \$6.2, 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

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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 Corporation's audited consolidated financial statements contained in the 1995 10-K as well as "Legal Proceedings" in the 1995 10-K and the 1996 quarterly reports on Form 10-Q.

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INDEPENDENT ACCOUNTANTS' REPORT

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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 June 28, 1996, and the related condensed statements of consolidated earnings for the three- and six-month periods ended June 28, 1996 and June 30, 1995 and consolidated cash flows for the six-month periods ended June 28, 1996 and June 30, 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  
August 9, 1996

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS  
-----  
OF OPERATIONS  
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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 quarter to quarter, and from year to year.

Global financial markets continued to be buoyant throughout the 1996 first half, after strong performances in 1995. Issuer and investor demand and lower interest rates relative to a year ago led to higher industrywide revenues from underwriting, trading, commissions, and merger and acquisition services.

U.S. equity markets continued to rise to record price levels in the 1996 first half, although the rate of advance slowed in the second quarter. Individual investors deposited record amounts into mutual funds, fueling demand for new issues and driving many domestic stock indices, including the Dow Jones Industrial Average and the Nasdaq Composite Index, to record levels. Nasdaq average daily trading volumes also achieved a record high in the 1996 second quarter.

U.S. bond markets, which advanced strongly on steady declines in interest rates throughout 1995, became more volatile during the 1996 first half. Long-term interest rates remained low in the first two months of 1996, but inflationary fears fueled a marked increase in interest rates beginning in March 1996 that continued throughout the second quarter. The U.S. Treasury yield curve (the relationship between interest rates and maturities) steepened midway through the first half as long-term interest rates increased more than short-term rates. Nevertheless, the overall level of interest rates in the 1996 first half was lower than in the year-ago period.

Global equity markets rose on average approximately 6% during the 1996 first half, as measured by the Dow Jones World Stock Index, with most of the increase occurring during January through April of 1996. Many Asian and European equity markets advanced, but U.K. and Japanese markets ended the 1996 first half only marginally ahead of 1995 year-end levels in U.S. dollar terms. Interest rates in most global bond markets rose during the six-month period, but remained low relative to the first six months of 1995.

U.S. underwriting volume benefited from a substantial increase in new issue volumes due to higher equity prices and continued demand from both institutional and individual investors. Industrywide disclosed fees from U.S. public debt and equity underwriting reached a record \$2.9 billion during the 1996 second quarter, up 70% from the year-earlier period, according to Securities Data Co.

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Strategic services activities were strong throughout the 1996 first half. The value of global mergers and acquisitions completed industrywide exceeded \$495 billion in the 1996 period, up 26% from the 1995 first half, according to Securities Data Co. Companies continued to seek strategic alliances to increase earnings growth and expand into new markets or businesses. Factors contributing to the increased level of merger and acquisition activity included steady economic growth, relatively low inflation and interest rates, appreciated stock values, increased global competition, and continued deregulation in certain industries.

The robust financial markets that characterized 1995 continued throughout the first six months of 1996, as many financial services firms, including the Corporation, reported record earnings during the 1996 second quarter. Nevertheless, the 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.

#### SECOND QUARTER 1996 VERSUS SECOND QUARTER 1995

The discussion that follows emphasizes the comparison between the second quarters of 1996 and 1995 and presents additional information on the comparison between the six-month periods, when relevant.

Net earnings for the 1996 second quarter were a record \$433 million, up \$150 million (53%) from the \$283 million reported in last year's second quarter. Second quarter earnings per common share were \$2.19 primary and fully diluted, compared with \$1.40 primary and \$1.39 fully diluted in the 1995 second quarter. After deducting preferred stock dividends, net earnings applicable to common stockholders totaled \$422 million in the 1996 second quarter, up \$151 million (56%) from \$271 million in the prior year's quarter. Annualized return on average common stockholders' equity was 29.2% versus 21.0% in the year-ago period. The Corporation's pretax profit margin in the 1996 second quarter was 20.6% versus 18.2% in the year-ago period. The net profit margin increased to 12.8% in the 1996 second quarter, compared with 11.1% in the 1995 second quarter.

For the first six months of 1996, net earnings were \$843 million, up \$333 million (65%) from the \$510 million reported in the prior year period. Earnings per common share were \$4.22 primary and \$4.21 fully diluted, compared with \$2.48 primary and \$2.46 fully diluted in the corresponding 1995 period. After

deducting preferred stock dividends, net earnings applicable to common stockholders in the first half of 1996 totaled \$820 million, up \$334 million (69%) from \$486 million in the comparable 1995 period. Annualized return on average common stockholders' equity was 28.7% for the 1996 first half, compared with 18.8% for the year-ago period. The Corporation's pretax profit margin in the 1996 first half was 20.6% versus 17.0% in the 1995 first half. The net profit margin increased to 12.7% in the first six months of 1996, compared with 10.3% in the year-ago period.

Total revenues increased 11% from the 1995 second quarter to \$6.2 billion, with record revenues in investment banking and asset management and portfolio

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service fees. Net revenues (revenues after interest expense) increased 33% from the year-ago period to \$3.4 billion.

Commissions revenues are summarized as follows:

(In millions)	Three Months Ended			Six Months Ended		
	June 28, 1996	June 30, 1995	% Incr.	June 28, 1996	June 30, 1995	% Incr.
Listed and over-the-counter	\$517	\$415	25%	\$1,064	\$ 780	37%
Mutual funds	309	217	43	608	404	51
Other	144	133	8	287	266	7
Total	\$970	\$765	27	\$1,959	\$1,450	35

Commissions revenues from listed and over-the-counter securities increased because of higher trading volumes on most major U.S. and international exchanges. Mutual fund commissions revenues rose to a record level due primarily to strong sales of U.S. and offshore funds and higher distribution fees.

Significant components of interest and dividend revenues and interest expense for the three- and six-month periods ended June 28, 1996 and June 30, 1995 follow:

(In millions)	Three Months Ended		Six Months Ended	
	June 28, 1996	June 30, 1995	June 28, 1996	June 30, 1995
Interest and dividend revenues:				
Trading assets	\$ 986	\$1,071	\$1,945	\$2,010
Resale agreements	714	770	1,404	1,541
Securities borrowed	644	826	1,319	1,512
Margin lending	369	334	742	659
Other	327	294	640	603
Total	3,040	3,295	6,050	6,325
Interest expense:				
Borrowings	1,131	1,126	2,248	2,137
Repurchase agreements	854	1,015	1,702	1,971

Trading liabilities	580	626	1,132	1,201
Other	245	269	486	510
	-----	-----	-----	-----
Total	2,810	3,036	5,568	5,819
	-----	-----	-----	-----
Net interest and dividend profit	\$ 230	\$ 259	\$ 482	\$ 506
	=====	=====	=====	=====

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 \$23 million for the 1996 second quarter and approximately \$21 million for the 1995 second 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 declined 11% to \$230 million from the 1995 second quarter as a result of reduced levels of interest-earning assets.

Principal transactions revenues were up 48% from the 1995 second quarter to \$908 million. Increased client order flow and effective risk management in volatile markets led to broad-based increases in most product categories. Revenues from principal transactions in the 1996 second quarter were the second highest ever, 8% below the record \$982 million in the 1996 first quarter.

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 transaction 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	1995	1996	1995	1996	1995
----- Three Months -----	-----	-----	-----	-----	-----	-----
Equity and equity derivatives	\$ 290	\$ 228	\$ (31)	\$ (6)	\$ 259	\$ 222
Taxable fixed-income	243	130	63	71	306	201
Interest rate and currency swaps	249	195	(10)	(15)	239	180
Municipals	94	51	2	-	96	51
Foreign exchange and commodities	32	11	(4)	1	28	12
Total	\$ 908	\$ 615	\$ 20	\$ 51	\$ 928	\$ 666
	=====	=====	=====	=====	=====	=====
 Six Months -----						
Equity and equity derivatives	\$ 637	\$ 393	\$ (49)	\$ (31)	\$ 588	\$ 362
Taxable fixed-income	509	294	116	150	625	444
Interest rate and currency swaps	505	429	(12)	(32)	493	397
Municipals	168	141	4	(1)	172	140
Foreign exchange and commodities	72	32	(7)	(2)	65	30
Total	\$1,891	\$1,289	\$ 52	\$ 84	\$1,943	\$1,373
	=====	=====	=====	=====	=====	=====

Equities and equity derivatives trading revenues were \$290 million, up 27% from the 1995 second quarter due principally to higher trading revenues in non-U.S. and over-the-counter equities, partially offset by lower revenues from convertible securities. International equities trading revenues 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. Over-the-counter equity trading revenues rose due to increased client order flow. Convertible securities revenues decreased as a result of lower trading volume.

Taxable fixed-income trading revenues increased to \$243 million, up 88% from the 1995 second quarter, primarily due to higher revenues from mortgage-backed products, corporate bonds, and money market instruments. The increase in mortgage-backed securities trading revenues was attributable to improved liquidity and increased customer demand, compared with the year-ago period. Trading revenues from corporate bonds advanced due primarily to higher demand for U.S. and U.K. debt products. Trading revenues from money markets instruments benefited from increased floating rate note activity in European markets.

Interest rate and currency swap trading revenues increased 28% to \$249 million due to higher revenues from both U.S. dollar-denominated and non-U.S. dollar-denominated transactions. Municipal securities trading revenues were up 83% from last year's second quarter to \$94 million primarily due to increased investor demand for tax-exempt investments. Foreign exchange and commodities trading revenues, in the aggregate, rose to \$32 million, up 183%

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from the 1995 second quarter. Strong customer activity fueled by increased volatility in exchange rates led to higher foreign exchange trading revenues.

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

(In millions)	Three Months Ended			Six Months Ended		
	June 28, 1996	June 30, 1995	% Incr.	June 28, 1996	June 30, 1995	% Incr.
Underwriting	\$469	\$251	87%	\$762	\$413	85%
Strategic services	111	84	32	196	171	14
Total	\$580	\$335	73	\$958	\$584	64

Underwriting and strategic services revenues reached record levels, benefiting from strong levels of equity and debt underwriting and mergers and acquisitions activity industrywide. Common equity underwriting revenues, in particular, more than doubled compared to both the 1995 second quarter and the 1996 first quarter. Underwriting revenues from high-yield, mortgage- and asset-backed, and other debt products also rose. The Corporation retained its position as top underwriter of total debt and equity securities in the 1996 second quarter with market shares of 16.1% in the U.S. and 12.8% globally, compared with 15.3% in the U.S. and 12.2% globally in the 1995 second quarter, according to Securities Data Co. ("SDC"). SDC statistics are based on full credit to the book manager.

Strategic services revenues advanced to a record, benefiting from strong merger and acquisition activity and significant gains in market share. For transactions completed during the 1996 second quarter, the Corporation was the second-ranked advisor globally with a 21.1% market share, compared with the fifth-ranked advisor globally and a 10.6% market share in last year's second quarter, according to SDC. SDC data gives full credit to both target and acquiring companies' advisors. In addition, the Corporation was the leading advisor in announced U.S. and global mergers and acquisitions for the 1996 second quarter.

Increased transaction volumes as well as improved market shares for strategic services led to higher investment banking revenues for the 1996 six-month period. Revenues from equity, high-yield debt, and corporate bond and preferred stock underwritings were approximately double those of the 1995 first half.



The Corporation retained its position as top underwriter of total debt and equity securities, with U.S. and global year-to-date market shares of 16.1% and 12.4%, respectively, according to SDC. These market shares were comparable to those of the 1995 first half. Strategic services revenues benefited from increased fees from mergers and acquisitions. The Corporation was the third-ranked advisor globally on transactions completed during the 1996 first half with a 15.0% market share, compared to an 8.8% market share as fifth-ranked advisor in the 1995 first half, according to SDC.

The Corporation's asset management and portfolio service fees are summarized below:

(In millions)	Three Months Ended			Six Months Ended		
	June 28, 1996	June 30, 1995	% Incr.	June 28, 1996	June 30, 1995	% Incr.
Asset management fees	\$245	\$209	17%	\$ 483	\$410	18%
Portfolio service fees	147	113	31	288	220	31
Other fees	161	142	13	319	283	13
Total	\$553	\$464	19	\$1,090	\$913	19

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 \$756 billion at quarter-end, compared with \$643 billion at the end of the 1995 second quarter and \$732 billion at the end of the 1996 first quarter. Assets under management by Merrill Lynch Asset Management were \$207 billion at quarter-end, compared with \$180 billion a year ago and \$208 billion at the end of the 1996 first quarter.

Portfolio service fees also benefited from inflows of client assets. Increases in the number of accounts and asset levels led to higher fee revenues for both Merrill Lynch Consults(Registered Trademark), a personalized portfolio management service, and Asset Power(Registered Trademark), an asset-based fee product.

Other revenues were \$139 million, up 26% from \$111 million in the 1995 second quarter. The increase was primarily attributable to gains on sales from Real Estate Mortgage Investment Conduit ("REMIC") transactions.

Non-interest expenses were \$2.7 billion, up 29% from the 1995 second quarter. The largest expense category, compensation and benefits expense, increased 33% from the 1995 second quarter to \$1.7 billion due to higher incentive and production-related compensation as well as a 9% 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. Headcount increased by approximately 3,700 employees from the 1995 second quarter to approximately 47,000 at the end of the 1996 second quarter. Approximately half of the year-over-year increase resulted from the addition of employees through business acquisitions, including Smith New Court. Compensation and benefits expense as a percentage of net revenues was 51.5%, compared with 51.3% in the year-ago period.

Non-interest expenses, excluding compensation and benefits, increased 21% to \$941 million. Communications and equipment rental expense increased 17% from the 1995 second quarter to \$137 million due to higher levels of business

activity and increased computer-related maintenance costs. Occupancy costs were up 3% to \$113 million because of international growth, including the addition of Smith New Court facilities. Depreciation and amortization expense rose 11% from the 1995 second quarter to \$98 million due primarily to purchases of technology-related equipment over the past year.

Professional fees increased 33% to \$140 million primarily as a result of higher systems development costs related to upgrading technology and processing capabilities. Advertising and market development expense rose 30% to \$124 million. Increased international travel and higher production-related recognition programs and client promotion costs contributed to this advance. Brokerage, clearing, and exchange fees were up 8% to \$101 million, driven by higher trading volume, particularly in international equity markets. Other expenses totaled \$228 million, up 37% from the 1995 second quarter, primarily due to provisions related to various business activities and amortization of goodwill related to Smith New Court.

Income tax expense was \$265 million in the 1996 second quarter. The effective tax rate in the 1996 second quarter was approximately 37.9%, compared with 39.1% in the year-ago period. The decrease in the effective tax rate was primarily attributable to lower state taxes and expanded international business activities.

For the 1996 first half, non-interest expenses increased 28% to \$5.3 billion. The largest expense category, compensation and benefits, was up 33% to \$3.4 billion due to higher variable compensation related to increased profitability and business volume. Compensation and benefits expense as a percentage of net revenue was 51.7% in the 1996 first half versus 51.9% in the 1995 first half. Other non-interest expenses increased 19% from the 1995 first half due primarily to increased levels of global business activity, higher systems development costs, provisions related to various business activities, and amortization of goodwill.

#### 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 June 28, 1996 totaled \$6.0 billion and had 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 is typically funded with liabilities whose cash-flow characteristics closely match those of the assets. At June 28, 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 June 28, 1996, approximately 88% 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 \$18.4 billion at June 28, 1996 and \$17.0 billion at December 29, 1995, which represented 9% and 10% of total assets at second quarter-end 1996 and year-end 1995, respectively.

At June 28, 1996, total long-term debt was \$22.6 billion, compared with \$17.3 billion at year-end 1995. At July 31, 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. (1)	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

(1) Upgraded from AA- in July 1996.

During the first six months of 1996, the Corporation issued \$8.9 billion in long-term debt. During the same period, maturities and repurchases were \$3.5 billion. In addition, approximately \$450 million of the Corporation's long-term debt securities held in inventory by subsidiaries were sold and \$346 million were purchased. At June 28, 1996, \$17.2 billion of term debt had maturity dates beyond one year.

Approximately \$45.2 billion of the Corporation's indebtedness at June 28, 1996 was considered senior indebtedness as defined under various indentures.

The Corporation remains one of the most highly capitalized institutions whose business is primarily in the securities industry. The Corporation had an equity base of \$6.5 billion at June 28, 1996, including approximately \$5.9 billion in common equity, supplemented by \$619 million in preferred stock.

The Corporation reacquired 10.6 million shares of its common stock in the first six months of 1996, compared with 12.9 million shares in the corresponding 1995 period.

The Corporation's leverage ratios were as follows:

	LEVERAGE RATIO(1)	ADJUSTED LEVERAGE RATIO(2)
-----		
Period-end		
June 28, 1996	31.5x	19.8x
December 29, 1995	28.8x	18.2x
Average (3)		
Six months ended		
June 28, 1996	33.5x	20.2x
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 in 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 six months of 1996, average daily assets were \$203 billion, up 3% versus \$197 billion in the 1995 fourth quarter. Average daily liabilities rose 3% to \$197 billion from \$191 billion for the 1995 fourth quarter.

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

(In millions)	Increase in Average Assets	Percent Increase
-----	-----	-----
Resale agreements and securities borrowed	\$6,462	8%
	Increase in Average Liabilities	Percent Increase
	-----	-----
Repurchase agreements and securities loaned	\$3,075	4%
Long-term borrowings	\$2,950	17%

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 period, 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 half increase in average assets was funded through an increase in long-term borrowings, which included 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 June 28, 1996, long and short non-investment grade inventories accounted for 9.0% 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. The

Corporation may retain a residual portion of these syndicated loans. A \$90 million bridge loan outstanding on March 29, 1996 was repaid during the 1996 second quarter, and a \$100 million bridge loan commitment made after March 29, 1996 was canceled before June 28, 1996. Subsequent to June 28, 1996, the Corporation entered into a bridge loan commitment for \$135 million to a non-investment grade counterparty. The Corporation intends to syndicate the loan, if extended, and may retain a residual portion.

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 5.0%, 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 non-investment grade holdings and highly leveraged transactions follows:

(In millions)	JUNE 28, 1996	DECEMBER 29, 1995
-----		
Trading assets	\$8,452	\$5,489
Trading liabilities	1,282	353
Insurance subsidiaries' investments	269	234
Loans (net of allowance for loan losses) (1)	293	489
Equity investments (2)	161	211
Partnership interests	79	91
-----		
Additional commitments to invest in partnerships	\$ 80	\$ 79
Unutilized revolving lines of credit and other lending commitments	117	127
-----		

(1) Represented outstanding loans to 37 and 30 medium-sized companies at June 28, 1996 and December 29, 1995, respectively.

(2) Invested in 62 enterprises at both June 28, 1996 and December 29, 1995.

At June 28, 1996, the largest non-investment grade concentration consisted of various sovereign and corporate issues of a South American country totaling \$861 million, which primarily represented hedges of other financial instruments. No one industry sector accounted for more than 27% 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 June 28, 1996, the carrying value of these securities totaled \$140 million, of which 70% 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>

	2nd Qtr. 1995	3rd Qtr. 1995	4th Qtr. 1995	1st Qtr. 1996	2nd Qtr. 1996
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
PRIVATE CLIENT ACCOUNTS (IN BILLIONS):					
Assets in Worldwide					
Private Client Accounts	\$ 643	\$ 675	\$ 703	\$ 732	\$ 756
Assets in U.S. Private					
Client Accounts	\$ 608	\$ 639	\$ 665	\$ 692	\$ 714
Assets under Professional					
Management:					
Money Markets	\$ 76	\$ 80	\$ 82	\$ 89	\$ 84
Equities	42	44	47	51	53
Fixed Income	38	39	41	41	41
Private Portfolio	20	22	22	23	25
Insurance	4	4	4	4	4
	-----	-----	-----	-----	-----
Subtotal	180	189	196	208	207
ML Consults	16	17	17	18	19
Mutual Fund Advisor and					
Asset Power	4	5	6	7	7
	-----	-----	-----	-----	-----
Total	\$ 200	\$ 211	\$ 219	\$ 233	\$ 233
	=====	=====	=====	=====	=====

-----  
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>
UNDERWRITING (DOLLARS IN BILLIONS) (A):					
Global Debt and Equity:					
Volume	\$ 33	\$ 41	\$ 45	\$ 45	\$ 47
Market Share	12.2%	14.4%	15.3%	11.9%	12.8%
U.S. Debt and Equity:					
Volume	\$ 28	\$ 34	\$ 40	\$ 39	\$ 39
Market Share	15.3%	17.5%	20.6%	16.0%	16.1%

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<CAPTION>

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FULL-TIME EMPLOYEES:					
U.S.	38,200	38,900	39,250	39,400	39,900
International	5,100	6,500	6,750	7,000	7,100
	-----	-----	-----	-----	-----
TOTAL	43,300	45,400	46,000	46,400	47,000
	=====	=====	=====	=====	=====
Financial Consultants and Account Executives Worldwide	13,600	13,700	13,800	13,700	13,800
Support Personnel to Producer ratio (b)	1.41	1.38	1.43	1.46	1.47
INCOME STATEMENT:					
Net Earnings (in millions)	\$ 283	\$ 300	\$ 303	\$ 409	\$ 433
Annualized Return on Average Common Stockholders' Equity	21.0%	21.5%	21.1%	28.2%	29.2%
Earnings per Common Share:					
Primary	\$1.40	\$1.47	\$1.49	\$2.03	\$2.19
Fully Diluted	\$1.39	\$1.46	\$1.49	\$2.03	\$2.19
BALANCE SHEET (IN MILLIONS):					
Total Assets	\$174,853	\$185,473	\$176,857	\$195,884	\$205,175
Total Stockholders' Equity	\$ 5,883	\$ 6,077	\$ 6,141	\$ 6,364	\$ 6,514
SHARE INFORMATION (IN THOUSANDS):					
Weighted Average Shares					
Outstanding:					
Primary	193,267	196,395	195,148	196,225	192,933
Fully Diluted	195,159	197,157	195,148	196,225	192,933
Common Shares Outstanding (c)	175,460	175,501	171,388	173,040	168,924
Shares Repurchased	3,590	1,720	5,362	4,543	6,060

</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 4,809, 4,375, 4,013, 2,895 and 2,529 unallocated reversion shares held in the Employee Stock Ownership Plan at June 30, 1995, September 29, 1995, December 29, 1995, March 29, 1996, and June 28, 1996, respectively, which are not considered outstanding for accounting purposes.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Since the filing of the Corporation's 1995 Form 10-K and of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 29, 1996 (the "First Quarter 1996 10-Q"), the following events have taken place with respect to several of the actions reported therein. Capitalized terms used herein without definition have the meanings set forth in the 1995 10-K.

Orange County Litigation. In the DeLeon Action, the Superior Court for the State of California, Orange County, entered an order on May 10, 1996 staying the action pending final resolution of the Orange County Action.

In the Atascadero Federal Court Action and the Atascadero State Court Action, the two employees of the Corporation who were added as defendants in the amended complaints were dismissed as defendants without prejudice on May 15, 1996, and July 5, 1996, respectively.

Pittleman Action. The Supreme Court of the State of New York, New York County, dismissed this action on July 2, 1996.

GSLIC Litigation. On July 12, 1996, plaintiffs in the Receiver Action entered a stipulation of discontinuance with prejudice with respect to all claims asserted against all defendants, including the Merrill Lynch defendants.

NASDAQ Antitrust Litigation. On July 17, 1996 the Antitrust Division of the

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United State Department of Justice filed a civil antitrust complaint against firms that make markets in NASDAQ securities, including Merrill Lynch, Pierce, Fenner & Smith Incorporated. The complaint alleged that the firms violated Section 1 of the Sherman Act through a "common understanding" to follow a "quoting convention" that the complaint asserts had inflated the "inside spread" (the difference between the best quoted buying price and the best quoted selling price on NASDAQ) in certain NASDAQ stocks. This allegedly resulted in investors having to pay higher transaction costs for buying and selling stocks than they would have paid otherwise. At the same time the complaint was filed, a proposed settlement of the action was announced, pursuant to which the market maker defendants in the action have agreed not to engage in certain conduct. The proposed settlement, which is subject to court approval, provides, among other things, for the monitoring and tape recording by each of the market maker defendants of not less than 3.5 percent, or a maximum of 70 hours per week, of telephone conversations by its over-the-counter desk traders; the provision to the Department of Justice of any taped conversation that may violate the terms of the settlement; and for Department of Justice representatives to appear unannounced, during regular business hours, for the purpose of monitoring trader conversations as the conversations occur.

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

Item 4. Submission of Matters to a Vote of Security Holders.  
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On April 16, 1996, the Corporation held its Annual Meeting of Stockholders. Further details concerning matters submitted for vote of security holders can be found in the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 29, 1996.

Item 5. Other Information  
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Effective July 22, 1996, the Board of Directors of the Corporation amended the Corporation's By-Laws. The principal change was to require that advance written notice (in most cases, 50 days) be given to the Secretary of the Corporation by stockholders wishing to, at any stockholders' meeting, offer for stockholder vote a proposal otherwise appropriate for stockholder action. A copy of the Corporation's By-Laws, as amended, is filed as Exhibit 3(i) under item 6(a).

Item 6. Exhibits and Reports on Form 8-K  
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(a) Exhibits

- (3) Articles of Incorporation and By-Laws
  - (i) By-Laws of Merrill Lynch & Co., Inc., effective as of July 22, 1996
- (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.

- (11) Statement re: computation of per common 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 April 1, 1996 for the purpose of filing the form of Registrant's 6 1/2% Notes due April 1, 2001.
- (ii) Current Report dated April 15, 1995 for the purpose of filing the Preliminary Unaudited Earnings Summary of the Corporation for the three-month period ended March 29, 1996.
- (iii) Current Report dated May 1, 1996 for the purpose of filing the Preliminary Unaudited Consolidated Balance Sheet of the Corporation as of March 29, 1996.
- (iv) Current Report dated May 13, 1996 for the purpose of filing the form of Registrant's S&P 500 Market Index Target-Term Securities due May 10, 2001.
- (v) Current Report dated May 15, 1996 for the purpose of filing the form of Registrant's 7 3/8% Notes due May 15, 2006.
- (vi) Current Report dated May 28, 1996 for the purpose of filing the form of Registrant's 6% STRYPES due June 1, 1999 Payable with Shares of Common Stock of Cox Communications, Inc. (as amended by an 8-K/A dated June 7, 1996).

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: August 9, 1996    By: /s/ Joseph T. Willett  
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Joseph T. Willett  
Senior Vice President  
Chief Financial Officer

INDEX TO EXHIBITS

Exhibits

3(i)	By-Laws of Merrill Lynch & Co., effective as of July 22, 1996.
11	Statement re: Computation of per common share earnings.
12	Statement re: computation of ratios.
15	Letter re: unaudited interim financial information.
27	Financial Data Schedule.

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BY-LAWS

OF

MERRILL LYNCH & CO., INC.

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Effective July 22, 1996

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to

BY-LAWS

of

MERRILL LYNCH & CO., INC.

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BY-LAWS  
OF  
MERRILL LYNCH & CO., INC.

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ARTICLE I.  
OFFICES

Merrill Lynch & Co., Inc. (hereinafter called the "Corporation") may



establish or discontinue, from time to time, such offices and places of business within or without the State of Delaware as the Board of Directors may deem proper for the conduct of the Corporation's business.

## ARTICLE II.

### MEETINGS OF STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of the holders of shares of such classes or series of stock as are entitled to notice thereof and to vote thereat pursuant to the provisions of the Certificate of Incorporation (hereinafter called the "Annual Meeting of Stockholders") for the purpose of electing directors and transacting such other business as may come before it shall be held in each year at such time, on such day and at such place, within or without the State of Delaware, as shall be designated by the Board of Directors.

Section 2. Special Meetings. In addition to such meetings as are provided for by law or by the Certificate of Incorporation, special meetings of the holders of any class or series or of all classes or series of the Corporation's stock may be called at any time by the Board of Directors pursuant to a resolution adopted by the affirmative vote of a majority of the entire Board of Directors and may be held at such time, on such day and at such place, within or without the State of Delaware, as shall be designated by the Board of Directors.

#### Section 3. Notice of, and Business at, Meetings.

a. Notice. Except as otherwise provided by law, written notice of each meeting of stockholders shall be given either by delivering a notice personally or mailing a notice to each stockholder of record entitled to vote thereat. If mailed, the notice shall be directed to the stockholder in a postage-prepaid envelope at his address as it appears on the stock books of the Corporation unless, prior to the time of mailing, he shall have filed with the Secretary a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. Notice of each meeting of stockholders shall be in such form as is approved by the Board of Directors and shall state the purpose or purposes for which the meeting is

called, the date and time when and the place where it is to be held, and shall be delivered personally or mailed not more than sixty (60) days and not less than ten (10) days before the day of the meeting. Except as otherwise provided by law, the business which may be transacted at any special meeting of stockholders shall consist of and be limited to the purpose or purposes so stated in such notice. The Secretary or an Assistant Secretary or the Transfer Agent of the Corporation shall, after giving such notice, make an affidavit stating that notice has been given, which shall be filed with the minutes of such meeting.

b. Business. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Corporation who (i) is a stockholder of record on the date of the giving of the notice provided for in this Section 3(b) and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) complies with the notice procedures set forth in this Section 3(b).

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received by the Secretary of the Corporation not less than fifty (50) days prior to the date of the annual meeting of stockholders; provided, that in the event that less than 60 days' notice or prior public  
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disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 3(b), provided, however, that, once  
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business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 3(b) shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 4. Waiver of Notice. Whenever notice is required to be given under any provision of law or of the Certificate of Incorporation or the By-Laws, a waiver thereof in writing or by telegraph, cable or other form of recorded communication, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the person attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of stockholders need be specified in any waiver of notice unless so required by the Certificate of Incorporation.

Section 5. Organization. The Chairman of the Board shall act as chairman at all meetings of stockholders at which he is present, and as such chairman

shall call such meetings of stockholders to order and preside thereat. If the Chairman of the Board shall be absent from any meeting of stockholders, the duties otherwise provided in this Section 5 of Article II to be performed by him at such meeting shall be performed at such meeting by the officer prescribed by Section 6 of Article V. The Secretary of the Corporation shall act as secretary at all meetings of the stockholders, but in his absence the chairman of the meeting may appoint any person present to act as secretary of the meeting.

Section 6. Inspectors of Election. a. The Chairman of the Board shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Chairman of the Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

b. The inspectors shall: (1) ascertain the number of shares outstanding and the voting power of each; (2) determine the shares represented at a meeting and the validity of proxies and ballots; (3) count all votes and ballots; (4) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and (5) certify their determination of the number of

shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties.

Section 7. Stockholders Entitled to Vote. The Board of Directors may fix a date not more than sixty (60) days nor less than ten (10) days prior to the date of any meeting of stockholders, as a record date for the determination of the stockholders entitled to notice of and to vote at such meeting and any adjournment thereof, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid. No record date shall precede the date on which the Board of Directors establishes such record date. The Secretary shall prepare and make or cause to be prepared and made, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at such meeting, arranged in alphabetical order and showing the address of each such stockholder and the number of shares registered in the name of each such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place, specified in the notice of the meeting, within the city where the meeting is to be held, or, if not so specified, at the place where the meeting is to be held. Such list shall be produced and kept at the time and place of the meeting during the whole time thereof, and subject to the inspection of any stockholder who may be present.

Section 8. Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the shares of stock entitled to vote at the meeting present in person or by proxy without regard to class or series shall constitute a quorum at all meetings of the stockholders. In the absence of a quorum, the holders of a majority of such shares of stock present in person or by proxy may adjourn any meeting, from time to time, until a quorum shall be present. At any such adjourned meeting at

which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned, provided that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. Order of Business. The order of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

Section 10. Vote of Stockholders. Except as otherwise required by law or by the Certificate of Incorporation or by the By-Laws, all action by stockholders shall be taken at a stockholders' meeting. Every stockholder of record, as determined pursuant to Section 7 of this Article II, and who is entitled to vote, shall, except as otherwise expressly provided in the Certificate of Incorporation with respect to any class or series

of the Corporation's capital stock, be entitled at every meeting of the stockholders to one vote for every share of stock standing in his name on the books of the Corporation. Every stockholder entitled to vote may authorize another person or persons to act for him by proxy duly appointed by an instrument in writing, subscribed by such stockholder and executed not more than three (3) years prior to the meeting, unless the instrument provides for a longer period. The attendance at any meeting of stockholders of a stockholder who may theretofore have given a proxy shall not have the effect of revoking such proxy. Election of directors shall be by written ballot but, unless otherwise provided by law, no vote on any question upon which a vote of the stockholders may be taken need be by ballot unless the chairman of the meeting shall determine that it shall be by ballot or the holders of a majority of the shares of stock present in person or by proxy and entitled to participate in such vote shall so demand. In a vote by ballot each ballot shall state the number of shares voted and the name of the stockholder or proxy voting. Except as otherwise provided in Sections 14 and 15 of Article III or by the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Except as otherwise provided by law or by the Certificate of Incorporation, the affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject shall be the act of the stockholders.

Section 11. Shares Entitled to More or Less than One Vote. If any class or series of the Corporation's capital stock shall be entitled to more or less than one vote for any share, on any matter, every reference in the By-Laws to a majority or other proportion of stock shall refer to such majority or other proportion of the votes of such stock.

#### ARTICLE III.

##### BOARD OF DIRECTORS

Section 1. Election and Term. Except as otherwise provided by law or by the Certificate of Incorporation, and subject to the provisions of Sections 13, 14 and 15 of this Article III, directors shall be elected at the Annual Meeting of Stockholders to serve until the Annual Meeting of Stockholders in the third year following their election and until their successors are elected and qualify or until their earlier resignation or removal.

Section 2. Qualification. No one shall be a director who is not the

owner of shares of Common Stock of the Corporation. Acceptance of the office of director may be expressed orally or in writing.

Section 3. Number. The number of directors may be fixed from time to time by resolution of the Board of Directors but shall not be less than three (3) nor more than thirty (30).

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Section 4. General Powers. The business, properties and affairs of the Corporation shall be managed by, or under the direction of, the Board of Directors, which, without limiting the generality of the foregoing, shall have power to elect and appoint officers of the Corporation, to appoint and direct agents, to grant general or limited authority to officers, employees and agents of the Corporation to make, execute and deliver contracts and other instruments and documents in the name and on behalf of the Corporation and over its seal, without specific authority in each case, and, by resolution adopted by a majority of the whole Board of Directors, to appoint committees of the Board of Directors in addition to those appointed pursuant to Article IV hereof, the membership of which may consist of one or more directors, and which may advise the Board of Directors with respect to any matters relating to the conduct of the Corporation's business. The Board of Directors may designate one or more directors as alternate members of any committee, including those appointed pursuant to Article IV hereof, who may replace any absent or disqualified member at any meeting of the committee. In addition, the Board of Directors may exercise all the powers of the Corporation and do all lawful acts and things which are not reserved to the stockholders by law or by the Certificate of Incorporation.

Section 5. Place of Meetings. Meetings of the Board of Directors may be held at any place, within or without the State of Delaware, from time to time designated by the Board of Directors.

Section 6. Organization Meeting. A newly elected Board of Directors shall meet and organize, and also may transact any other business which might be transacted at a regular meeting thereof, as soon as practicable after each Annual Meeting of Stockholders, at the place at which such meeting of stockholders took place, without notice of such meeting, provided a majority of the whole Board of Directors is present. If such a majority is not present, such organization meeting may be held at any other time or place which may be specified in a notice given in the manner provided in Section 8 of this Article III for special meetings of the Board of Directors, or in a waiver of notice thereof.

Section 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times as may be determined by resolution of the Board of Directors and no notice shall be required for any regular meeting. Except as otherwise provided by law, any business may be transacted at any regular meeting of the Board of Directors.

Section 8. Special Meetings; Notice and Waiver of Notice. Special meetings of the Board of Directors shall be called by the Secretary on the request of the Chairman of the Board, the President or a Vice Chairman of the Board, or on the request in writing of any three other directors stating the purpose or purposes of such meeting. Notice of any special meeting shall be in form approved by the Chairman of the Board, the President or a Vice Chairman of

the Board, as the case may be. Notices of special meetings shall be mailed to each director, addressed to him at his residence or usual place of business, not later than two (2) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable or other form of recorded communication or be delivered personally or by telephone, not later than the

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day before such day of meeting. Notice of any meeting of the Board of Directors need not be given to any director if he shall sign a written waiver thereof either before or after the time stated therein, or if he shall attend a meeting, except when he attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in any notice or written waiver of notice unless so required by the Certificate of Incorporation or by the By-Laws. Unless limited by law, by the Certificate of Incorporation or by the By-Laws, any and all business may be transacted at any special meeting.

Section 9. Organization of Meetings. The Chairman of the Board shall preside at all meetings of the Board of Directors at which he is present. If the Chairman of the Board shall be absent from any meeting of the Board of Directors, the duties otherwise provided in this Section 9 of Article III to be performed by him at such meeting shall be performed at such meeting by the officer prescribed by Section 6 of Article V. If no such officer is present at such meeting, one of the directors present shall be chosen by the members of the Board of Directors present to preside at such meeting. The Secretary of the Corporation shall act as the secretary at all meetings of the Board of Directors, and in his absence a temporary secretary shall be appointed by the chairman of the meeting.

Section 10. Quorum and Manner of Acting. Except as otherwise provided by Section 6 of this Article III, at every meeting of the Board of Directors one-third (1/3) of the total number of directors constituting the whole Board of Directors shall constitute a quorum but in no event shall a quorum be constituted by less than two (2) directors. Except as otherwise provided by law or by the Certificate of Incorporation, or by Section 15 of this Article III, or by Section 1 or Section 8 of Article IV, or by Section 3 of Article V, or by Article IX, the act of a majority of the directors present at any such meeting, at which a quorum is present, shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn any meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned. Members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by a member of the Board of Directors in a meeting pursuant to this Section 10 of Article III shall constitute his presence in person at such meeting.

Section 11. Voting. On any question on which the Board of Directors shall vote, the names of those voting and their votes shall be entered in the minutes of the meeting if any member of the Board of Directors so requests at the time.

Section 12. Action without a Meeting. Except as otherwise provided by law or by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a

meeting, if prior to such action all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or the committee.

Section 13. Resignations. Any director may resign at any time upon written notice of resignation to the Corporation. Any resignation shall be effective immediately unless a date certain is specified for it to take effect, in which event it shall be effective upon such date, and acceptance of any resignation shall not be necessary to make it effective, irrespective of whether the resignation is tendered subject to such acceptance.

Section 14. Removal of Directors. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, (i) any director, or the entire Board of Directors, may be removed from office at any time, but only for cause, by the affirmative vote of the holders of record of outstanding shares representing at least 80% of the voting power of all the shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class, and (ii) any director may be removed from office at any time, but only for cause, by the affirmative vote of a majority of the entire Board of Directors.

Section 15. Vacancies. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, any vacancies in the Board of Directors for any reason, including by reason of any increase in the number of directors, shall, if occurring prior to the expiration of the term of office of the class in which such vacancy occurs, be filled only by the Board of Directors, acting by the affirmative vote of a majority of the remaining directors then in office, although less than a quorum, and any directors so elected shall hold office until the next election of the class for which such directors have been elected and until their successors are elected and qualify.

Section 16. Directors' Compensation. Any and all directors may receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

#### ARTICLE IV.

#### COMMITTEES

Section 1. Constitution and Powers. The Board of Directors may, by resolution adopted by affirmative vote of a majority of the whole Board of Directors, appoint one or more committees of the Board of Directors, which committees shall have such powers and duties as the Board of Directors shall properly determine. Unless otherwise provided by the Board of Directors, no such other committee of the Board of Directors shall be composed of fewer than two (2) directors.

Section 2. Place of Meetings. Meetings of any committee of the Board of Directors may be held at any place, within or without the State of Delaware, from time to time designated by the Board of Directors or such committee.

Section 3. Meetings; Notice and Waiver of Notice. Regular meetings of any committee of the Board of Directors shall be held at such times as may be determined by resolution either of the Board of Directors or of such committee and no notice shall be required for any regular meeting. Special meetings of any committee shall be called by the secretary thereof upon request of any two members thereof. Notice of any special meeting of any committee shall be in form approved by the Chairman of the Board, the President or a Vice Chairman of the Board, as the case may be. Notices of special meetings shall be mailed to each member, addressed to him at his residence or usual place of business, not later than two (2) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable or any other form of recorded communication, or be delivered personally or by telephone, not later than the day before such day of meeting. Neither the business to be transacted at, nor the purpose of, any special meeting of any committee, need be specified in any notice or written waiver of notice unless so required by the Certificate of Incorporation or the By-Laws. Notices of any such meeting need not be given to any member of any committee, however, if waived by him as provided in Section 8 of Article III, and the provisions of such Section 8 with respect to waiver of notice of meetings of the Board of Directors shall apply to meetings of any committee as well.

Section 4. Organization of Meetings. The most senior officer of the Corporation present, if any be members of the committee, and, if not, the director present who has served the longest as a director, except as otherwise expressly provided by the Board of Directors or the committee, shall preside at all meetings of any committee. The Secretary of the Corporation, except as otherwise expressly provided by the Board of Directors, shall act as secretary at all meetings of any committee and in his absence a temporary secretary shall be appointed by the chairman of the meeting.

Section 5. Quorum and Manner of Acting. One-third (1/3) of the members of any committee then in office shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present, shall be the act of such committee. In the absence of a quorum, a majority of the members of any committee present, or, if two or fewer members shall be present, any member of the committee present or the Secretary, may adjourn any meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned. The provisions of Section 10 of Article III with respect to participation in a meeting of a committee of the Board of Directors and the provisions of Section 12 of Article III with respect to action taken by a committee of the Board of Directors without a meeting shall apply to participation in meetings of and action taken by any committee.



Section 6. Voting. On any question on which any committee shall vote, the names of those voting and their votes shall be entered in the minutes of the meeting if any member of such committee so requests.

Section 7. Records. All committees shall keep minutes of their acts and proceedings, which shall be submitted at the next regular meeting of the Board of Directors unless sooner submitted at an organization or special meeting of the Board of Directors, and any action taken by the Board of Directors with respect thereto shall be entered in the minutes of the Board of Directors.

Section 8. Vacancies. Any vacancy among the appointed members or alternate members of any committee of the Board of Directors may be filled by affirmative vote of a majority of the whole Board of Directors.

Section 9. Members' Compensation. Members of all committees may receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any member of any committee from serving the Corporation in any other capacity and receiving compensation therefor.

Section 10. Emergency Management Committee. In the event that a quorum of the Board of Directors cannot readily be convened as a result of emergency conditions following a catastrophe or disaster, then all the powers and duties vested in the Board of Directors shall vest automatically in an Emergency Management Committee which shall consist of all readily available members of the Board of Directors and which Committee shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation. Two members shall constitute a quorum. Other provisions of these By-Laws notwithstanding, the Emergency Management Committee shall call a meeting of the Board of Directors as soon as circumstances permit, for the purpose of filling vacancies on the Board of Directors and its committees and to take such other action as may be appropriate; and if the Emergency Management Committee determines that less than a majority of the members of the Board of Directors are available for service, the Emergency Management Committee shall, as soon as practicable, issue a call for a special meeting of stockholders for the election of directors. The powers of the Emergency Management Committee shall terminate upon the convening of the meeting of the Board of Directors above prescribed at which a majority of the members thereof shall be present, or upon the convening of the above prescribed meeting of stockholders, whichever first shall occur.

ARTICLE V.

THE OFFICERS

Section 1. Officers - Qualifications. The elected officers of the Corporation shall be a Chairman of the Board, a President, a Secretary and a Treasurer and may also include one or more Vice Chairmen of the Board, one or more Executive Vice Presidents, one or more Senior Vice Presidents and one or more Vice Presidents. The elected officers shall be elected by the Board of Directors. The Chairman of the Board, the President and each Vice Chairman of the Board shall be selected from the directors. Assistant Secretaries, Assistant Treasurers and such other officers as may be deemed necessary or appropriate may be appointed by the Board of Directors or may be appointed pursuant to Section 6 of this Article V.

Section 2. Term of Office; Vacancies. So far as is practicable, all elected officers shall be elected at the organization meeting of the Board of Directors in each year, and except as otherwise provided in Sections 3 and 4, and subject to the provisions of Section 6, of this Article V, shall hold office until the organization meeting of the Board of Directors in the next subsequent year and until their respective successors are elected and qualify or until their earlier resignation or removal. All appointed officers shall hold office during the pleasure of the Board of Directors and the Chairman of the Board. If any vacancy shall occur in any office, the Board of Directors may elect or appoint a successor to fill such vacancy for the remainder of the term.

Section 3. Removal of Elected Officers. Any elected officer may be removed at any time, either for or without cause, by affirmative vote of a majority of the whole Board of Directors, at any regular meeting or at any special meeting called for the purpose and, in the case of any officer not more senior than a Senior Vice President, by affirmative vote of a majority of the whole committee of the Board of Directors so empowered at any regular meeting or at any special meeting called for the purpose.

Section 4. Resignations. Any officer may resign at any time, upon written notice of resignation to the Corporation. Any resignation shall be effective immediately unless a date certain is specified for it to take effect, in which event it shall be effective upon such date, and acceptance of any resignation shall not be necessary to make it effective, irrespective of whether the resignation is tendered subject to such acceptance.

Section 5. Officers Holding More Than One Office. Any officer may hold two or more offices the duties of which can be consistently performed by the same person.

Section 6. The Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Corporation. He shall direct, coordinate and control the Corporation's business and activities and its operating expenses and capital expenditures, and shall have general authority to exercise all the powers necessary for the chief executive officer of the Corporation, all in accordance with basic policies established by and subject to the control of the Board of Directors. He shall be

responsible for the employment or appointment of employees, agents and officers (except officers to be elected by the Board of Directors pursuant to Section 1 of this Article V) as may be required for the conduct of the business and the attainment of the objectives of the Corporation, and shall have authority to fix compensation as provided in Section 15 of this Article V. He shall have

authority to suspend or to remove any employee, agent or appointed officer of the Corporation and to suspend for cause any elected officer of the Corporation and, in the case of the suspension for cause of any such elected officer, to recommend to the Board of Directors what further action should be taken. He shall have general authority to execute bonds, deeds and contracts in the name and on behalf of the Corporation. As provided in Section 5 of Article II, he shall act as chairman at all meetings of the stockholders at which he is present, and, as provided in Section 9 of Article III, he shall preside at all meetings of the Board of Directors at which he is present. In the absence of the Chairman of the Board, his duties shall be performed and his authority may be exercised by the President, and, in the absence of the Chairman of the Board and the President, such duties shall be performed and such authority may be exercised by such officer as may have been designated by the most senior officer of the Corporation who has made any such designation, with the right reserved to the Board of Directors to make the designation or supersede any designation so made.

Section 7. The President. The President shall be the chief operating officer of the Corporation. He shall implement the general directives, plans and policies formulated by the Chairman of the Board pursuant to the By-Laws, in general shall have authority to exercise all powers delegated to him by the Chairman of the Board and shall establish operating and administrative plans and policies and direct and coordinate the Corporation's organizational components, within the scope of the authority delegated to him by the Board of Directors or the Chairman of the Board. He shall have general authority to execute bonds, deeds and contracts in the name and on behalf of the Corporation and responsibility for the employment or appointment of such employees, agents and officers (except officers to be elected by the Board of Directors pursuant to Section 1 of this Article V) as may be required to carry on the operations of the business and authority to fix compensation of such employees, agents and officers as provided in Section 15 of this Article V. He shall have authority to suspend or to remove any employee or agent of the Corporation (other than officers). As provided in Section 6 of this Article V, in the absence of the Chairman of the Board, the President shall perform all the duties and exercise the authority of the Chairman of the Board. In the absence of the President, his duties shall be performed and his authority may be exercised by the Chairman of the Board. In the absence of the President and the Chairman of the Board, the duties of the President shall be performed and his authority may be exercised by such officer as may have been designated by the most senior officer of the Corporation who has made any such designation, with the right reserved to the Board of Directors to make the designation or supersede any designation so made.

Section 8. The Vice Chairmen of the Board. The several Vice Chairmen of the Board, if any, shall perform such duties and may exercise such authority as may from

time to time be conferred upon them by the Board of Directors, the Chairman of the Board or the President.

Section 9. The Executive Vice Presidents. The several Executive Vice Presidents, if any, shall perform such duties and may exercise such authority as may from time to time be conferred upon them by the Board of Directors, the Chairman of the Board or the President.

Section 10. The Senior Vice Presidents. The several Senior Vice Presidents, if any, shall perform such duties and may exercise such authority as may from time to time be conferred upon them by the Board of Directors, the Chairman of the Board, the President, any Vice Chairman of the Board or any

Executive Vice President.

Section 11. The Vice Presidents. The several Vice Presidents, if any, shall perform such duties and may exercise such authority as may from time to time be conferred upon them by the Board of Directors, the Chairman of the Board, the President, any Vice Chairman of the Board or any Executive Vice President.

Section 12. The Secretary. The Secretary shall attend to the giving of notice of all meetings of stockholders and of the Board of Directors and committees thereof, and, as provided in Section 5 of Article II and Section 9 of Article III, shall keep minutes of all proceedings at meetings of the stockholders and of the Board of Directors at which he is present, as well as of all proceedings at all meetings of committees of the Board of Directors at which he has served as secretary, and where some other person has served as secretary thereto, the Secretary shall maintain custody of the minutes of such proceedings. As provided in Section 2 of Article VII, he shall have charge of the corporate seal and shall have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable. He shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, such person as shall be designated by the Chairman of the Board shall perform his duties.

Section 13. The Treasurer. The Treasurer shall have the care and custody of all the funds of the Corporation and shall deposit the same in such banks or other depositories as the Board of Directors or any officer or officers, or any officer and agent jointly, thereunto duly authorized by the Board of Directors, shall, from time to time, direct or approve. Except as otherwise provided by the Board of Directors or in the Corporation's plan of organization, he shall keep a full and accurate account of all moneys received and paid on account of the Corporation, shall render a statement of his accounts whenever the Board of Directors shall require, shall perform all other necessary acts and duties in connection with the administration of the financial affairs of the Corporation and shall generally perform all the duties usually appertaining to the office of the treasurer of a corporation. Whenever required by the Board of Directors he shall give bonds for the faithful discharge of his duties in such sums and with such

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sureties as the Board of Directors shall approve. In the absence of the Treasurer, such person as shall be designated by the Chairman of the Board shall perform his duties.

Section 14. Additional Duties and Authority. In addition to the foregoing specifically enumerated duties and authority, the several officers of the Corporation shall perform such other duties and may exercise such further authority as the Board of Directors may, from time to time, determine, or as may be assigned to them by any superior officer.

Section 15. Compensation. Except as fixed or controlled by the Board of Directors or otherwise, compensation of all officers and employees shall be fixed by the Chairman of the Board, or by the President within the limits approved by the Chairman of the Board, or by other officers of the Corporation exercising authority granted to them under the plan of organization of the Corporation.

ARTICLE VI.

## STOCK AND TRANSFERS OF STOCK

Section 1. Stock Certificates. The capital stock of the Corporation shall be represented by certificates signed by, or in the name of the Corporation by, the Chairman of the Board, the President or a Vice Chairman of the Board, and by the Secretary or an Assistant Secretary or by the Treasurer or an Assistant Treasurer, and sealed with the seal of the Corporation. If such stock certificate is countersigned by a Transfer Agent other than the Corporation or its employee or by a Registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile, engraved or printed. Such seal may be a facsimile, engraved or printed. In case any such officer, Transfer Agent or Registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, Transfer Agent or Registrar before such certificate is issued by the Corporation, it may nevertheless be issued by the Corporation with the same effect as if such officer, Transfer Agent or Registrar had not ceased to be such at the date of its issue. The certificates representing the capital stock of the Corporation shall be in such form as shall be approved by the Board of Directors.

Section 2. Transfers of Stock. Transfers of stock shall be made on the books of the Corporation by the person named in the certificate, or by an attorney lawfully constituted in writing, and upon surrender and cancellation of a certificate or certificates for a like number of shares of the same class or series of stock, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and with such proof of the authenticity of the signatures as the Corporation or its agents may reasonably require and with all required stock transfer tax stamps affixed thereto and canceled or accompanied by sufficient funds to pay such taxes.

Section 3. Lost Certificates. In case any certificate of stock shall be lost, stolen or destroyed, the Board of Directors, in its discretion, or any officer or officers thereunto duly authorized by the Board of Directors, may authorize the issue of a

substitute certificate in place of the certificate so lost, stolen or destroyed; provided, however, that, in each such case, the applicant for a substitute certificate shall furnish evidence to the Corporation, which it determines in its discretion is satisfactory, of the loss, theft or destruction of such certificate and of the ownership thereof, and also such security or indemnity as may be required by it.

Section 4. Determination of Holders of Record for Certain Purposes. In order to determine the stockholders or other holders of securities entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of capital stock or other securities or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, not more than sixty (60) days prior to the date of payment of such dividend or other distribution or allotment of such rights or the date when any such rights in respect of any change, conversion or exchange of stock or securities may be exercised, and in such case only holders of record on the date so fixed shall be entitled to receive payment of such dividend or other distribution or to receive such allotment of rights, or to exercise such rights, notwithstanding any transfer of any stock or other securities on the books of the Corporation after any such record date fixed as aforesaid. No record date shall precede the date on which the Board of Directors establishes such record date.

Section 1. Seal. The seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation and in the center of the circle the words "Corporate Seal, Delaware" and the figures "1973".

Section 2. Affixing and Attesting. The seal of the Corporation shall be in the custody of the Secretary, who shall have power to affix it to the proper corporate instruments and documents, and who shall attest it. In his absence, it may be affixed and attested by an Assistant Secretary, or by the Treasurer or an Assistant Treasurer or by any other person or persons as may be designated by the Board of Directors.

#### ARTICLE VIII.

##### MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Corporation shall end on the last Friday of December in each year and the succeeding fiscal year shall begin on the day next succeeding the last day of the preceding fiscal year.

Section 2. Signatures on Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officers or agents and in such manner as, from time to time, may be prescribed by resolution (whether general or special) of the Board of Directors, or may be prescribed

by any officer or officers, or any officer and agent jointly, thereunto duly authorized by the Board of Directors.

Section 3. References to Article and Section Numbers and to the By-Laws and the Certificate of Incorporation. Whenever in the By-Laws reference is made to an Article or Section number, such reference is to the number of an Article or Section of the By-Laws. Whenever in the By-Laws reference is made to the By-Laws, such reference is to these By-Laws of the Corporation, as amended, and whenever reference is made to the Certificate of Incorporation, such reference is to the Certificate of Incorporation of the Corporation, as amended, including all documents deemed by the General Corporation Law of the State of Delaware to constitute a part thereof.

#### ARTICLE IX.

##### AMENDMENTS

The By-Laws may be altered, amended or repealed at any Annual Meeting of Stockholders, or at any special meeting of holders of shares of stock entitled to vote thereon, provided that in the case of a special meeting notice of such proposed alteration, amendment or repeal be included in the notice of meeting, by a vote of the holders of a majority of the shares of stock present in person or by proxy at the meeting and entitled to vote thereon, or (except as otherwise expressly provided in any By-Law adopted by the stockholders) by the Board of Directors at any valid meeting by affirmative vote of a majority of the whole Board of Directors.

The undersigned, duly qualified Secretary of Merrill Lynch & Co., Inc., a Delaware corporation, hereby certifies the foregoing to be a true and complete copy of the By-Laws of the said Merrill Lynch & Co., Inc. in effect on this date.

-----  
Secretary

Dated:

<TABLE><CAPTION>

EXHIBIT 11

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES  
COMPUTATION OF PER COMMON SHARE EARNINGS  
(In Millions, Except Per Share Amounts)

	For the Three Months Ended		For the Six Months Ended	
	June 28, 1996	June 30, 1995	June 28, 1996	June 30, 1995
<S>	<C>	<C>	<C>	<C>
EARNINGS				
Net earnings . . . . .	\$ 433	\$ 283	\$ 843	\$ 510
Preferred stock dividends . . . . .	(11)	(12)	(23)	(24)
Net earnings applicable to common stockholders . . . . .	\$ 422	\$ 271	\$ 820	\$ 486
	=====	=====	=====	=====
PRIMARY WEIGHTED AVERAGE SHARES				
Common stock . . . . .	170.6	175.7	171.7	178.0
Assuming issuance of shares relating to employee incentive plans . . . . .	22.3	17.6	22.6	18.2
Total shares . . . . .	192.9	193.3	194.3	196.2
	=====	=====	=====	=====
Primary Earnings Per Share . . . . .	\$2.19	\$1.40	\$4.22	\$2.48
	=====	=====	=====	=====
FULLY DILUTED WEIGHTED AVERAGE SHARES				
Common stock . . . . .	170.6	175.7	171.7	178.0
Assuming issuance of shares relating to employee incentive plans . . . . .	22.3	19.5	22.9	19.5
Total shares . . . . .	192.9	195.2	194.6	197.5
	=====	=====	=====	=====
FULLY DILUTED EARNINGS PER SHARE . . . . .	\$2.19	\$1.39	\$4.21	\$2.46
	=====	=====	=====	=====

</TABLE>



<TABLE><CAPTION>

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		For the Six Months Ended	
	June 28, 1996	June 30, 1995	June 28, 1996	June 30, 1995
<S>	<C>	<C>	<C>	<C>
Total pretax earnings from continuing operations . . . . .	\$ 698	\$ 464	\$1,369	\$ 843
Add:				
Fixed Charges				
Interest . . . . .	2,808	3,032	5,565	5,813
Other (A) . . . . .	38	34	77	69
Total fixed charges . . . . .	2,846	3,066	5,642	5,882
Preferred stock dividend requirements . . . . .	19	19	37	39
Total combined fixed charges and preferred stock dividends . . . . .	2,865	3,085	5,679	5,921
Pretax earnings before fixed charges . . . . .	\$3,544	\$3,530	\$7,011	\$6,725
Pretax earnings before combined fixed charges and preferred stock dividends . . . . .	\$3,563	\$3,549	\$7,048	\$6,764
Ratio of earnings to fixed charges . . . . .	1.25	1.15	1.24	1.14
Ratio of earnings to combined fixed charges and preferred stock dividends . . . . .	1.24	1.15	1.24	1.14

</TABLE>

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

August 9, 1996

Merrill Lynch & Co. Inc.  
World Financial Center  
North Tower  
New York, N.Y. 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 June 28, 1996 and for the three and six-month periods ended June 28, 1996 and June 30, 1995 as indicated in our report dated August 9, 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 June 28, 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. 333-02275 (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 (Amended and Restated 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 (1996 Deferred Compensation Plan for a Select Group of Eligible Employees)  
Registration Statement No. 333-09779 (1997 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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<F1> Financial Investments Owned includes Commodity Contracts but excludes physical commodities and real estate owned totaling \$196.	

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