

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 28, 1997

COMMISSION FILE NUMBER 1-7182

MERRILL LYNCH & CO., INC.

(Exact name of registrant as specified in its charter)

DELAWARE

13-2740599

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

WORLD FINANCIAL CENTER, NORTH TOWER,
NEW YORK, NEW YORK

10281-1332

(Address of principal executive offices)

(Zip Code)

(212) 449-1000

Registrant's telephone number, including area code

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

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

YES X NO
--- ---

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

165,174,312 shares of Common Stock*
(as of the close of business on May 2, 1997)

* Does not include 467,575 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)

<TABLE>
<CAPTION>

<S>

PERCENT(1)
(In Millions, Except Per Share Amounts)
INCREASE

FOR THE THREE MONTHS ENDED

<C>	<C>	<C>
MARCH 28,	MARCH 29,	
1997	1996	

REVENUES			
Commissions.....	\$ 1,115	\$ 989	
13%			
Interest and dividends.....	3,848	3,010	
28			
Principal transactions.....	1,063	982	
8			
Investment banking.....	608	378	
61			
Asset management and portfolio service fees.....	646	538	
20			
Other.....	171	122	
40			
	-----	-----	

Total Revenues.....	7,451	6,019	
24			
Interest Expense.....	3,610	2,758	
31			
	-----	-----	

Net Revenues.....	3,841	3,261	
18			
	-----	-----	

NON-INTEREST EXPENSES			
Compensation and benefits.....	1,988	1,691	
18			
Communications and equipment rental.....	158	131	
21			
Occupancy.....	120	116	
4			
Depreciation and amortization.....	105	98	
7			
Professional fees.....	198	130	
52			
Advertising and market development.....	144	114	
26			
Brokerage, clearing, and exchange fees.....	118	106	
11			
Other.....	244	204	
20			
	-----	-----	

Total Non-Interest Expenses.....	3,075	2,590	
19			
	-----	-----	

EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY			
SUBSIDIARIES.....	766	671	
14			
Income tax expense.....	291	261	
11			
Dividends on Preferred Securities Issued by Subsidiaries.....	10	---	n/
m			
	-----	-----	

NET EARNINGS.....	\$ 465	\$ 410	
14%			
	-----	-----	

NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS.....	\$ 455	\$ 398	
	-----	-----	

EARNINGS PER COMMON SHARE:			
Primary.....	\$ 2.34	\$ 2.03	
	-----	-----	
Fully diluted.....	\$ 2.34	\$ 2.03	
	-----	-----	
DIVIDEND PAID PER COMMON SHARE.....	\$.30	\$.26	
	-----	-----	

AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE:			
Primary.....	194.5	196.2	
	-----	-----	
Fully diluted.....	194.5	196.2	
	-----	-----	

</TABLE>

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

See Notes to Consolidated Financial Statements

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

<TABLE> <CAPTION> (Dollars in Millions, Except Per Share Amounts)		
ASSETS	MARCH 28, 1997	DEC. 27, 1996

<S>	<C>	<C>
CASH AND CASH EQUIVALENTS.....	\$ 4,154	\$ 3,375

CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS.....	7,483	5,628

MARKETABLE INVESTMENT SECURITIES.....	2,488	2,180

TRADING ASSETS, AT FAIR VALUE		
Corporate debt and preferred stock.....	30,123	24,270
Contractual agreements.....	15,009	13,465
Equities and convertible debentures.....	17,572	13,153
U.S. Government and agencies.....	10,374	9,304
Non-U.S. governments and agencies.....	10,401	7,758
Mortgages, mortgage-backed, and asset-backed.....	6,663	5,189
Money markets.....	1,633	1,209
Municipals.....	1,254	1,176

Total.....	93,029	75,524

RESALE AGREEMENTS.....	61,149	58,402

SECURITIES BORROWED.....	30,717	24,692

RECEIVABLES		
Customers (net of allowance for doubtful accounts of \$41 in 1997 and \$39 in 1996).....	20,766	18,309
Brokers and dealers.....	8,139	6,205
Interest and other.....	5,840	5,280

Total.....	34,745	29,794

INVESTMENTS OF INSURANCE SUBSIDIARIES.....	5,035	5,107

LOANS, NOTES, AND MORTGAGES (NET OF ALLOWANCE FOR LOAN LOSSES OF \$117 IN 1997 AND 1996).....	3,639	3,334

OTHER INVESTMENTS.....	1,315	1,125

PROPERTY, LEASEHOLD IMPROVEMENTS, AND EQUIPMENT (NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION OF \$2,609 IN 1997 AND \$2,523 IN 1996).....	1,706	1,670

OTHER ASSETS.....	2,143	2,185

TOTAL ASSETS.....	\$ 247,603	\$ 213,016

</TABLE>		

See Notes to Consolidated Financial Statements

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

<TABLE> <CAPTION> (Dollars in Millions, Except Per Share Amounts)		
LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY	MARCH 28, 1997	DEC. 27, 1996

<S>	<C>	<C>
LIABILITIES		
REPURCHASE AGREEMENTS.....	\$ 70,886	\$ 62,669

COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS.....	49,824	39,333
	-----	-----
TRADING LIABILITIES, AT FAIR VALUE		
U.S. Government and agencies.....	14,586	13,965
Contractual agreements.....	11,348	11,221
Equities and convertible debentures.....	14,011	8,332
Non-U.S. governments and agencies.....	8,088	7,135
Corporate debt and preferred stock.....	2,652	2,762
Municipals.....	98	130
	-----	-----
Total.....	50,783	43,545
	-----	-----
CUSTOMERS.....	13,456	11,758
INSURANCE.....	4,919	5,010
BROKERS AND DEALERS.....	5,554	3,407
OTHER LIABILITIES AND ACCRUED INTEREST.....	14,942	13,973
LONG-TERM BORROWINGS.....	29,687	26,102
	-----	-----
TOTAL LIABILITIES.....	240,051	205,797
	-----	-----
PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	627	327
	-----	-----
STOCKHOLDERS' EQUITY		
PREFERRED STOCKHOLDERS' EQUITY.....	425	619
	-----	-----
COMMON STOCKHOLDERS' EQUITY		
Common stock, par value \$1.33 1/3 per share; authorized: 500,000,000 shares; issued: 1997 and 1996--236,330,162 shares.....	315	315
Paid-in capital.....	1,381	1,304
Foreign currency translation adjustment.....	8	10
Net unrealized gains on investment securities available-for-sale (net of applicable income tax expense of \$7 in 1997 and \$5 in 1996).....	13	9
Retained earnings.....	8,272	7,868
	-----	-----
Subtotal.....	9,989	9,506
Less:		
Treasury stock, at cost:		
1997--70,401,920 shares;		
1996--70,705,598 shares.....	2,956	2,895
Unallocated ESOP reversion shares, at cost:		
1997--467,575 shares;		
1996--1,538,778 shares.....	7	24
Employee stock transactions.....	526	314
	-----	-----
TOTAL COMMON STOCKHOLDERS' EQUITY.....	6,500	6,273
	-----	-----
TOTAL STOCKHOLDERS' EQUITY.....	6,925	6,892
	-----	-----
TOTAL LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY.....	\$247,603	\$213,016
	-----	-----
BOOK VALUE PER COMMON SHARE.....	\$ 39.42	\$ 38.38
	-----	-----

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

<TABLE>
<CAPTION>

(In Millions)	FOR THE THREE MONTHS ENDED	
	MARCH 28, 1997	MARCH 29, 1996
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings.....	\$ 465	\$ 410
Noncash items included in earnings:		
Depreciation and amortization.....	105	98

Policyholder reserves.....	62	70
Other.....	290	200
(Increase) decrease in operating assets:		
Trading assets.....	(17,504)	(1,951)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations.....	(1,855)	313
Securities borrowed.....	(6,025)	(4,169)
Customers.....	(2,459)	(212)
Sales of trading investment securities.....	344	--
Purchases of trading investment securities.....	(329)	--
Other.....	(3,389)	(5,033)
Increase (decrease) in operating liabilities:		
Trading liabilities.....	7,237	4,353
Customers.....	1,698	(792)
Insurance.....	(118)	(175)
Other.....	3,030	6,559
	-----	-----
CASH USED FOR OPERATING ACTIVITIES.....	(18,448)	(329)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities.....	756	710
Sales of available-for-sale securities.....	605	558
Purchases of available-for-sale securities.....	(1,778)	(1,151)
Maturities of held-to-maturity securities.....	231	187
Purchases of held-to-maturity securities.....	(175)	(62)
Other investments and other assets.....	(134)	(376)
Property, leasehold improvements, and equipment.....	(141)	(95)
	-----	-----
CASH USED FOR INVESTING ACTIVITIES.....	(636)	(229)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Repurchase agreements, net of resale agreements.....	5,470	(3,783)
Commercial paper and other short-term borrowings.....	10,491	1,123
Issuance and resale of long-term borrowings.....	5,757	4,572
Settlement and repurchase of long-term borrowings.....	(1,606)	(1,558)
Issuance of subsidiaries' preferred securities.....	300	--
Redemption of Remarketed Preferred Stock.....	(194)	--
Common stock transactions.....	(294)	(198)
Dividends.....	(61)	(56)
	-----	-----
CASH PROVIDED BY FINANCING ACTIVITIES.....	19,863	100
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	779	(458)
Cash and cash equivalents, beginning of year.....	3,375	3,091
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 4,154	\$ 2,633
	-----	-----
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Income taxes totaled \$19 in 1997 and \$25 in 1996.		
Interest totaled \$3,256 in 1997 and \$2,656 in 1996.		

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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MERRILL LYNCH & CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MARCH 28, 1997

(DOLLARS IN MILLIONS)

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Merrill Lynch & Co., Inc. (the "Company") and subsidiaries (collectively, "Merrill Lynch"). All material intercompany balances have been eliminated. The December 27, 1996 consolidated balance sheet was derived from the audited financial statements. The interim consolidated financial statements for the three-month periods are unaudited; however, in the opinion of the management of Merrill Lynch, 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 Merrill Lynch's Annual Report on Form 10-K for the year ended December 27, 1996. The nature of Merrill Lynch's

business is such that the results of any interim period are not necessarily indicative of results for a full year. Prior period financial statements have been reclassified, where appropriate, to conform to the 1997 presentation.

ACCOUNTING CHANGE

In June 1996, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 125 provides guidance for determining whether a transfer of financial assets is treated as a sale or a financing. Additionally, if a transfer qualifies as a financing transaction, the statement contains provisions that may require the recognition of collateral received or provided, in addition to the financing balance.

In December 1996, the FASB issued SFAS No. 127, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125", which defers for one year the effective date of the collateral provisions for all transactions and the sale provisions for repurchase agreements, securities lending, and similar transactions. These provisions will be applied prospectively to transactions entered into after December 31, 1997; accordingly, the expected impact of adopting such provisions on Merrill Lynch's results of operations cannot be determined.

Merrill Lynch adopted the provisions of SFAS No. 125 not deferred by SFAS No. 127 for all transactions entered into subsequent to December 31, 1996. This resulted in a net increase in Trading Assets and Repurchase Agreements of approximately \$3 billion at the end of the 1997 first quarter.

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NEW ACCOUNTING PRONOUNCEMENT

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share", which is effective for financial statements ending after December 15, 1997. SFAS No. 128 simplifies the guidance for computing earnings per share ("EPS") and replaces the presentation of primary and fully diluted EPS with basic and diluted EPS.

Basic EPS excludes dilution related to incremental shares and is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes incremental shares.

Presented below is basic and diluted EPS under SFAS No. 128 compared with primary and fully diluted EPS for the first quarters of 1997 and 1996:

<TABLE>
<CAPTION>

<S>	THREE MONTHS ENDED	
	<C> MARCH 28, 1997	<C> MARCH 29, 1996
Pro Forma SFAS No. 128:		
Basic.....	\$ 2.75	\$ 2.30
Diluted.....	2.33	2.02
As Currently Reported:		
Primary.....	\$ 2.34	\$ 2.03
Fully diluted.....	2.34	2.03

</TABLE>

COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS

Commercial paper and other short-term borrowings at March 28, 1997 and December 27, 1996 are presented below:

<TABLE>
<CAPTION>

<S>	MARCH 28, 1997	DEC. 27, 1996
	<C>	<C>
Commercial paper.....	\$ 28,546	\$ 23,558
Demand and time deposits.....	9,229	9,311
Securities loaned.....	5,223	2,751
Bank loans and other.....	6,826	3,713
Total.....	\$ 49,824	\$ 39,333

</TABLE>

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

Merrill Lynch 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.

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The notional or contractual 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 notional or contractual amounts of derivatives used for trading purposes by type of risk follow:

<TABLE> <CAPTION> (In billions)		INTEREST RATE	CURRENCY	EQUITY PRICE	COMMODITY
PRICE		RISK (1) (2)	RISK (3)	RISK	RISK
MARCH 28, 1997					
- - - - -		- - - - -	- - - - -	- - - - -	- - - - -
<S>	<C>		<C>	<C>	<C>
Swap agreements.....	\$ 1,284	\$ 144	\$ 13	\$	
3					
Forward contracts.....	37	200	--		
18					
Futures contracts.....	115	1	9		
3					
Options purchased.....	92	70	30		
3					
Options written.....	124	67	43		
4					
December 27, 1996					
- - - - -					
Swap agreements.....	\$ 1,212	\$ 140	\$ 13	\$	
3					
Forward contracts.....	24	147	1		
17					
Futures contracts.....	126	2	7		
5					
Options purchased.....	85	76	21		
3					
Options written.....	118	72	31		
3					
</TABLE>					

- (1) Certain derivatives subject to interest rate risk are also exposed to the credit spread 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 that bear interest rate as well as principal prepayment risk.
- (3) Included in the currency risk category are certain contracts that are also subject to interest rate risk.

The notional or contractual amounts of derivatives used to hedge exposure related to borrowings or other non-trading activities follow:

<TABLE> <CAPTION> (In billions)		MARCH 28, 1997	DECEMBER 27, 1996
		- - - - -	- - - - -
<S>	<C>		<C>
Interest rate derivatives(1).....	\$ 41	\$ 36	
Currency derivatives(1).....	9	7	
Equity derivatives.....	2	2	
</TABLE>			

- (1) Includes swap contracts totaling \$1 billion notional that contain embedded options hedging callable debt at both dates.

Most of these derivatives are entered into with Merrill Lynch's derivative

dealer subsidiaries, which intermediate interest rate, currency, and equity risks with third parties in the normal course of their trading activities.

In the normal course of business, Merrill Lynch enters into underwriting commitments, when-issued transactions, and commitments to extend credit. Settlement of these commitments as of March 28, 1997 would not have a material effect on the consolidated financial condition of Merrill Lynch.

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PREFERRED SECURITIES ISSUED BY SUBSIDIARIES

On February 6, 1997, Merrill Lynch Preferred Capital Trust II (the "Trust"), a Merrill Lynch subsidiary, issued \$300 million of 8% Trust Originated Preferred Securities (Service Mark). The Trust holds preferred securities of a partnership, which is also a subsidiary of Merrill Lynch. The assets of the partnership consist primarily of debt securities of the Company and one of its subsidiaries. Merrill Lynch has guaranteed, on a subordinated basis, certain payments by the Trust and the partnership.

REMARKETED PREFERRED (Service Mark) STOCK, SERIES C ("RP STOCK")

Merrill Lynch redeemed all outstanding shares of RP Stock in the first quarter of 1997. The RP Stock was redeemed on the dividend reset date of each series, with all shares redeemed by March 4, 1997.

REGULATORY REQUIREMENTS

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer and a subsidiary of Merrill Lynch, is subject to net capital requirements of Rule 15c3-1 of the Securities Exchange Act of 1934. Under the alternative method permitted by this rule, the minimum required net capital, as defined, shall not be less than 2% of aggregate debit items arising from customer transactions. At March 28, 1997, MLPF&S's regulatory net capital of \$1,372 was 8% of aggregate debit items, and its regulatory net capital in excess of the minimum required was \$1,031.

Merrill Lynch Government Securities Inc. ("MLGSI"), a primary dealer in U.S. Government securities and a subsidiary of Merrill Lynch, is subject to the capital adequacy requirements of the Government Securities Act of 1986. This rule requires dealers to maintain liquid capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At March 28, 1997, MLGSI's liquid capital of \$868 was 194% of its total market and credit risk, and liquid capital in excess of the minimum required was \$363.

Merrill Lynch International ("MLI"), a registered U.K. broker-dealer and a subsidiary of Merrill Lynch, is subject to capital requirements of the Securities and Futures Authority ("SFA"). Financial resources, as defined, must exceed the total financial resources requirement of the SFA. At March 28, 1997, MLI's financial resources were \$2,144, and exceeded the minimum requirement by \$497.

Merrill Lynch Capital Markets PLC ("MLCM"), a U.K. subsidiary of Merrill Lynch and a dealer in over-the-counter equity derivatives, became subject to the capital requirements of the SFA on January 1, 1997. At March 28, 1997, MLCM's financial resources were \$1,509, and exceeded the minimum requirement by \$588. During the 1997 first quarter, MLI became Merrill Lynch's primary dealer for new equity derivatives business.

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INTEREST EXPENSE

Interest expense includes payments in lieu of dividends of \$2.1 and \$1.6 for the first quarters of 1997 and 1996, respectively.

LITIGATION MATTER

An action is pending in the United States District Court for the Central District of California by Orange County, California (the "County"), which filed a bankruptcy petition in the United States Bankruptcy Court for the Central District of California on December 6, 1994, against the Company and certain of its subsidiaries in connection with Merrill Lynch's business activities with the Orange County Treasurer-Tax Collector. In addition, other actions are pending against the Company and/or certain of its officers, directors, and employees and certain of its subsidiaries in federal and state courts in California and New York. These include class actions and stockholder derivative actions brought by persons alleging harm to themselves or to Merrill Lynch arising out of Merrill Lynch'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 Company's subsidiary, MLPF&S. See "Commitments and Contingencies" in the notes to Merrill Lynch's audited consolidated financial statements contained in the 1996 10-K as well as "Legal Proceedings" in the 1996 10-K and this Quarterly Report on Form 10-Q.

SUBSEQUENT EVENT

On April 15, 1997, Merrill Lynch's Board of Directors declared a two-for-one common stock split, to be effected in the form of a 100% stock dividend, payable on May 30, 1997 to stockholders of record on May 2, 1997. The par value of the common stock will remain at \$1.33 1/3 per share. Accordingly, an adjustment from paid-in capital to common stock will be required to preserve the par value of the post-split shares. Pro forma earnings per share, giving retroactive effect to the two-for-one common stock split, for the three-month periods ended March 28, 1997 and March 29, 1996 follow:

<TABLE>

<CAPTION>

<S>	THREE MONTHS ENDED	

	<C> MARCH 28, 1997	<C> MARCH 29, 1996
	-----	-----
Earnings per common share:		
Primary.....	\$ 1.17	\$ 1.01
Fully diluted.....	\$ 1.17	\$ 1.01
Weighted average shares (in thousands):		
Primary.....	389,067	392,450
Fully diuted.....	389,067	392,450

</TABLE>

Financial information contained elsewhere in these financial statements has not been adjusted to reflect the impact of the common stock split.

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INDEPENDENT ACCOUNTANTS' REPORT

- - - - -

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

We have reviewed the accompanying condensed consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries ("Merrill Lynch") as of March 28, 1997, and the related condensed statements of consolidated earnings and consolidated cash flows for the three-month periods ended March 28, 1997 and March 29, 1996. 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 as of December 27, 1996, 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 24, 1997, 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 27, 1996 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

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

May 9, 1997

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Merrill Lynch & Co., Inc. and its subsidiaries (collectively referred to as "Merrill Lynch") conduct their businesses in global financial markets that are influenced by many 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 high volatility increases risk, it may also increase order flow, which drives many of Merrill Lynch's businesses. Earnings also can be affected by 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. As a result, revenues and net earnings can vary significantly from quarter to quarter, and from year to year.

Global financial markets were generally strong during 1996, led by a stable U.S. economy and heightened investor and issuer activity. This trend continued into the first quarter of 1997; however, higher interest rates, weakness in technology stocks, and investor concern about inflation and future corporate earnings growth led to a slowdown toward the end of the quarter.

U.S. equity markets, which posted significant gains in 1996, advanced slightly in the 1997 first quarter with the Dow Jones Industrial Average ("DJIA") reaching a record in early March. Subsequently, U.S. equity values decreased as investors anticipated the Federal Reserve Board's decision to increase the overnight lending rate in an effort to stem inflation. As the first quarter ended, predictions that the Federal Reserve Board would raise rates again contributed to further declines in U.S. equity markets.

U.S. bond markets, which were volatile in 1996, trended upward in the first quarter of 1997. Long-term interest rates, which gradually increased throughout the quarter, rose above 7% in March when the Federal Reserve Board raised the overnight lending rate. Interest rates for the 1997 first quarter were generally higher relative to the year-ago period.

Overall, global equity markets, as measured by the Dow Jones World Index, remained relatively flat during the 1997 first quarter. With some notable exceptions, such as Japan, Hong Kong, Singapore, and Thailand, many major stock markets surpassed the 2% increase in the DJIA by large margins due to falling inflation, high corporate earnings growth, and low stock valuations. Nevertheless, the strength of the dollar versus non-U.S. currencies in the first quarter of 1997 lowered these returns in U.S. dollar terms.

Global underwriting volume in the 1997 first quarter was up from the 1996 first quarter, even as interest rates rose. The first quarter increase was fueled by debt issuances, but higher interest rates and concerns about sustainability of U.S. equity market price levels dampened underwriting volume in equities. In particular, initial public offerings fell nearly 30%, to \$5.9 billion, from \$8.6 billion in the first three months of 1996, according to Securities Data Co. ("SDC").

Strategic services activities remained strong during the 1997 first quarter, reflecting a continuation of the high level of mergers and acquisitions activity experienced in 1996. Driven by globalization and other competitive and economic factors, companies continued to seek strategic alliances to increase earnings growth and expand into new markets and businesses.

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The strong financial markets that characterized 1996 continued into the 1997 first quarter, but began to weaken toward the end of the quarter and into April. Due to the cyclical nature of the financial services industry, Merrill Lynch continually evaluates its businesses across market cycles for profitability and alignment with long-term strategic objectives. Merrill Lynch seeks to mitigate the effect of market downturns by expanding its global presence, developing and maintaining long-term client relationships, closely monitoring costs and risks, and continuing to diversify revenue sources.

RESULTS OF OPERATIONS

<TABLE>
<CAPTION>

INCREASE/ (DECREASE)

1Q97 VERSUS

(In millions, except per share amounts)
4Q96 1Q96

FOR THE THREE MONTHS ENDED

		MARCH 28, 1997	DEC. 27, 1996	MARCH 29, 1996	
---	----	-----	-----	-----	--
<S>		<C>	<C>	<C>	<C>

<C>					
Total revenues.....	\$	7,451	\$	6,601	\$ 6,019 13%
24%					
Net revenues.....		3,841		3,382	3,261 14
18					
Net earnings.....		465		445	410 5
14					
Net earnings applicable to common stockholders.....		455		433	398 5
14					
Earnings per common share:					
Primary.....		2.34		2.29	2.03 2
15					
Fully diluted.....		2.34		2.27	2.03 3
15					
Return on average common stockholders' equity.....		28.3%		28.5%	28.2% (1)
--					
</TABLE>					

Trading assets.....	\$ 1,226	\$ 958
Securities borrowed.....	832	676
Resale agreements.....	931	689
Margin lending.....	451	373
Other.....	408	314
	-----	-----
Subtotal.....	3,848	3,010
	-----	-----
Interest expense:		
Borrowings.....	1,515	1,117
Repurchase agreements.....	1,063	847
Trading liabilities.....	753	552
Other.....	279	242
	-----	-----
Subtotal.....	3,610	2,758
	-----	-----
Net interest and dividend profit.....	\$ 238	\$ 252
	-----	-----

</TABLE>

Merrill Lynch hedges certain of its long- and short-term payment obligations with interest rate and currency swaps. The effect of these hedges, which is included in "Borrowings" above, decreased interest expense by approximately \$6 and \$22 million for the 1997 and 1996 first quarters, respectively.

Net interest and dividend profit declined 6% from the 1996 first quarter. Interest and dividend revenues and expenses are a function of the level and mix of interest-earning assets and interest-bearing liabilities and the prevailing level, term structure, and volatility of interest rates.

Principal transactions revenues were up 8% from the 1996 first quarter to \$1.1 billion due to higher trading revenues from fixed-income products and interest rate and currency swaps, partially offset by declines in equity trading revenues.

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The table that follows provides information on aggregate trading revenues, including related net interest. Interest revenue and expense amounts 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.

<TABLE>
<CAPTION>

(In millions)	Principal Transactions Revenues	Net Interest Revenues (Expenses)	Net Trading Revenues
-----	-----	-----	-----
<S>	<C>	<C>	<C>
1997 First Quarter			

Equities and equity derivatives.....	\$ 316	\$ (31)	\$ 285
Taxable fixed-income.....	325	80	405
Interest rate and currency swaps.....	310	(37)	273
Municipals.....	82	5	87
Foreign exchange and commodities.....	30	(1)	29
	-----	-----	-----
Total.....	\$1,063	\$ 16	\$1,079
	-----	-----	-----
1996 First Quarter			

Equities and equity derivatives.....	\$ 347	\$ (29)	\$ 318
Taxable fixed-income.....	265	58	323
Interest rate and currency swaps.....	255	(9)	246
Municipals.....	75	1	76
Foreign exchange and commodities.....	40	(3)	37
	-----	-----	-----
Total.....	\$ 982	\$ 18	\$1,000
	-----	-----	-----

</TABLE>

Trading and related 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, Merrill Lynch aggregates net interest and principal transactions revenues. For financial reporting purposes, however, realized and unrealized gains and losses on trading positions, including hedges, are recorded in principal transactions revenues. The net interest carry (i.e., the spread representing interest earned less 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.

Equities and equity derivatives trading revenues were \$316 million, down 9% from the 1996 first quarter due to lower trading revenues from foreign equities and convertible securities, which were partially offset by higher trading revenues in equity derivatives. Weakness in the Japanese equity market contributed to lower trading revenues from foreign equities and convertible securities.

Taxable fixed-income trading revenues were \$325 million, up 22% from the 1996 first quarter. Higher trading revenues from corporate bonds and preferred stock and money market instruments were partially offset by lower revenues from U.S. Government and agencies securities. The increase in trading revenues from corporate bonds and preferred stock was attributable to improved liquidity in corporate debt markets resulting from growing investor concerns regarding price levels of U.S. equities. In addition, credit spreads narrowed as liquidity increased and views improved for certain sectors, particularly telecommunications. Trading revenues from money market instruments benefited in part from increased floating-rate note activity in European markets. Investor expectations of higher interest rates led to lower trading volume in U.S. Government and agencies securities.

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Interest rate and currency swap trading revenues increased 21% to \$310 million due to higher revenues from structured products, particularly derivatives related to currencies and emerging market securities, and higher customer demand for U.S. dollar-denominated transactions. Municipal securities trading revenues were up 11% from last year's first quarter to \$82 million primarily due to increased investor demand for tax-advantaged products. Foreign exchange and commodities trading revenues, in the aggregate, decreased to \$30 million, down 25% from the 1996 first quarter.

A summary of Merrill Lynch's investment banking revenues follows:

<TABLE>
<CAPTION>

(In millions) -----	Three Months Ended		Percent Increase
	March 28, 1997 -----	March 29, 1996 -----	
<S>	<C>	<C>	<C>
Underwriting revenues.....	\$451	\$294	54%
Strategic services revenues.....	157	84	86
Total.....	\$608	\$378	61
	-----	-----	

</TABLE>

Underwriting revenues advanced from the 1996 first quarter due to higher equity and debt underwriting volume for Merrill Lynch and increased fees from private placements and commercial loan syndications. Merrill Lynch's underwriting market share data per SDC for the first quarters of 1997 and 1996 follows:

<TABLE>
<CAPTION>

	Three Months Ended		Three Months Ended	
	March 28, 1997		March 29, 1996	
	Market Share -----	Rank ----	Market Share -----	Rank ----
<S>	<C>	<C>	<C>	<C>
U.S.				
Debt.....	15.3%	1	16.0%	1
Equity.....	19.3	1	11.6	2
Debt and Equity.....	16.1	1	16.0	1
GLOBAL				
Debt.....	12.3	1	11.6	1
Equity.....	19.8	1	9.6	2
Debt and Equity.....	13.2	1	11.8	1

</TABLE>

"SDC statistics are based on full credit to book manager."

Although industrywide volume was down for equity underwriting, Merrill

Lynch's U.S. and Global market shares increased significantly from a year ago, leading to higher fees in the first quarter of 1997 compared with the first quarter of 1996. Debt underwriting fees also rose from the first quarter of 1996 due to an increase in debt underwriting volume industrywide.

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Strategic services revenues advanced to a record \$157 million, benefiting from strong mergers and acquisitions activity and significant gains in market share from a year ago. Merrill Lynch's mergers and acquisitions market share information for the first quarters of 1997 and 1996 follows:

<TABLE>
<CAPTION>

	Three Months Ended March 28, 1997		Three Months Ended March 29, 1996	
	Market Share	Rank	Market Share	Rank
<S>	<C>	<C>	<C>	<C>
COMPLETED TRANSACTIONS				
U.S.....	20.3%	2	10.7%	7
Global.....	11.8	4	7.8	9
ANNOUNCED TRANSACTIONS				
U.S.....	41.3	1	15.5	4
Global.....	31.8	1	9.5	7

"SDC gives full credit to both target and acquiring companies' advisors based on transaction value."

Merrill Lynch's asset management and portfolio service fees are summarized below:

<TABLE>
<CAPTION>

	Three Months Ended		
	<C> March 28, 1997	<C> March 29, 1996	<C>
Percent (In millions) Increase			
Asset management fees.....	\$284	\$239	19%
Portfolio service fees.....	178	140	27
Account fees.....	104	97	8
Other fees.....	80	62	29
Total.....	\$646	\$538	20

</TABLE>

Asset management fees, which include primarily fees earned on mutual funds sponsored by Merrill Lynch, increased due to strong inflows of client assets and net asset appreciation. Total assets in worldwide client accounts reached a record \$868 billion at quarter-end, compared with \$731 billion at the end of the 1996 first quarter. Assets under management were \$247 billion at quarter-end, compared with \$208 billion a year ago. New money investments accounted for approximately 53% of the increase from a year ago in client assets and approximately 36% of the increase in assets under management. In addition to new money investments, the 1996 fourth quarter acquisition of Hotchkis and Wiley, a Los Angeles-based asset management company, added approximately \$10 billion of assets, principally in private portfolio funds.

Portfolio service fees also benefited from inflows of client assets. Increases in the number of accounts and asset levels led to higher revenues from asset-based fee products, primarily Merrill Lynch Consults (Registered Trademark) and Asset Power (Registered Trademark).

Account fees rose due to an increase in the number of customer and custodial accounts. Other fee-based revenues were up due primarily to increased revenues from mortgage servicing and transfer agency activities.

Other revenues were \$171 million, up 40% from \$122 million in the 1996 first quarter. The increase was due in part to gains on sales of several partnership investments.

17

Merrill Lynch's non-interest expenses are summarized below:

<TABLE>
<CAPTION>

	Three Months Ended		
	<C> March 28, 1997	<C> March 29, 1996	<C>
Percent (In millions) Increase			
-----	-----	-----	----
Compensation and benefits..... 18%	\$ 1,988	\$ 1,691	
Non-interest expenses, excluding compensation and benefits:			
Communications and equipment rental..... 21	158	131	
Occupancy..... 4	120	116	
Depreciation and amortization..... 7	105	98	
Professional fees..... 52	198	130	
Advertising and market development..... 26	144	114	
Brokerage, clearing, and exchange fees..... 11	118	106	
Other..... 20	244	204	
Total non-interest expenses, excluding compensation and benefits..... 21	1,087	899	
Total non-interest expenses..... 19	\$ 3,075	\$ 2,590	
Compensation and benefits as a percentage of net revenues.....	51.8%	51.8%	
Compensation and benefits as a percentage of pretax earnings before compensation and benefits.....	72.2%	71.6%	

</TABLE>

Non-interest expenses were up 19% from the 1996 first quarter. The largest expense category, compensation and benefits expense, rose 18% from the 1996 first quarter due to higher incentive and production-related compensation and increased salary costs. Incentive compensation was up due to improved profitability, while higher production-related compensation was attributable to increased business activity. The increase in salary costs was primarily due to the addition of approximately 4,900 employees since the 1996 first quarter, resulting in approximately 51,300 employees at the end of the 1997 first quarter. Hirings of technical and other support personnel as well as business acquisitions were responsible for approximately 69% of the increase. As a result, the ratio of support employees and sales assistants to producers increased from 1.46:1 in first quarter 1996 to 1.53:1 in first quarter 1997.

Facilities-related costs, which include communications and equipment rental, occupancy, and depreciation and amortization rose 11% to \$383 million as increased business volumes and continued emphasis on technology initiatives led to higher costs.

Professional fees were up 52%, partly due to higher management and systems consulting costs related to various strategic market studies and technology projects. Advertising and market development expense rose 26% as a result of increased international travel and higher client promotion costs. Brokerage, clearing, and exchange fees were up 11% due to increased trading volume, particularly in international equity markets. Other expenses rose 20% as a result of increases in provisions related to various business activities, office supplies and postage costs, and goodwill amortization.

Income tax expense was \$291 million in the 1997 first quarter. The effective tax rate in the 1997 first quarter was 38.0%, compared with 39.0% in the year-ago period.

LIQUIDITY AND LIABILITY MANAGEMENT

The primary objective of Merrill Lynch's funding policies is to assure liquidity at all times. Merrill Lynch's liquidity management strategy has three key components: (i) to maintain alternative funding sources such that all debt obligations maturing within one year can be funded when due without

issuing new unsecured debt or liquidating any business assets; (ii) to concentrate unsecured, general purpose borrowings at the parent company level; and (iii) to expand and diversify Merrill Lynch's funding programs.

Merrill Lynch's primary alternative funding sources to unsecured borrowings are repurchase agreements and secured bank loans, which require pledging unhypothecated marketable securities. Other funding sources include liquidating cash equivalents; securitizing loan assets; and drawing on committed, unsecured credit facilities ("Credit Facilities") provided by banks, which at March 28, 1997 totaled \$6.3 billion and were not drawn upon. Merrill Lynch regularly reviews the level and mix of its assets and liabilities to assess its ability to conduct core business activities without issuing new unsecured debt or drawing upon the Credit Facilities. The mix of assets and liabilities provides flexibility in managing liquidity since a significant portion of assets turn over frequently and are typically match-funded with liabilities having similar maturities and cash flow characteristics. At March 28, 1997, substantially all of Merrill Lynch's assets were considered readily marketable by management.

Merrill Lynch concentrates its unsecured, general purpose borrowings at the parent company level, except where tax regulations, time zone differences, or other business considerations make this impractical. The benefits of this strategy are reduced financing costs; simplicity, control, and wider name recognition by creditors of Merrill Lynch; and enhanced flexibility to meet fluctuating funding requirements across subsidiaries.

Finally, Merrill Lynch strives to expand and diversify its funding programs and investor and creditor base. Merrill Lynch benefits by distributing its debt through its own sales force to a large, diversified customer base. Additionally, Merrill Lynch maintains strict concentration standards for short-term borrowings, including limits for any single investor.

Commercial paper is the major source of short-term general purpose funding. Commercial paper outstanding totaled \$28.5 billion at March 28, 1997 and \$23.6 billion at December 27, 1996, which represented 12% and 11% of total assets at first quarter-end 1997 and year-end 1996, respectively.

Outstanding long-term debt at March 28, 1997, increased to \$29.7 billion, from \$26.1 billion at year-end 1996.

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At March 28, 1997, Merrill Lynch's senior long-term debt and preferred stock were rated by recognized credit rating agencies, as follows:

<TABLE>
<CAPTION>

Rating Agency	Senior Debt Rating	Preferred Stock Rating
- - - - -	- - - - -	- - - - -
<S>	<C>	<C>
Duff & Phelps Credit Rating Co.	AA	AA-
Fitch Investors Service, L.P.	AA	AA-
IBCA Inc.	AA-	Not Rated
Japan Bond Research Institute	AA	Not Rated
Moody's Investors Service, Inc.	Aa3	aa3
Standard & Poor's	AA-	A
Thomson BankWatch, Inc.	AA+	Not Rated
- - - - -	- - - - -	- - - - -

</TABLE>

During the first three months of 1997, Merrill Lynch issued \$5.4 billion in long-term debt. During the same period, maturities and repurchases were \$1.4 billion. In addition, approximately \$316 million of Merrill Lynch's long-term debt securities held by subsidiaries were sold and \$202 million were purchased. At March 28, 1997, \$22.4 billion of term debt had maturity dates beyond one year.

Approximately \$64.1 billion of Merrill Lynch's indebtedness at March 28, 1997 is considered senior indebtedness as defined in its subordinated indenture.

As part of Merrill Lynch's overall liquidity management strategy, 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. Insurance subsidiaries market primarily variable life insurance and variable annuity products. These products are not subject to the interest rate, asset/liability matching, and credit risks attributable to fixed-rate products, thereby reducing the risk profile and liquidity demands on the insurance subsidiaries. At March 28, 1997, approximately 88% of invested assets of insurance subsidiaries were considered liquid by management.

CAPITAL RESOURCES AND CAPITAL ADEQUACY

Merrill Lynch is one of the most highly capitalized U.S. institutions primarily involved in the global securities business, with \$6.5 billion in common equity and \$425 million in preferred stock at March 28, 1997. During the first quarter of 1997, the parent company redeemed all of its \$194 million Remarketed Preferred (Service Mark) Stock, Series C shares. In February 1997 a subsidiary of Merrill Lynch issued \$300 million of perpetual Trust Originated Preferred Securities (Service Mark). These subsidiary-issued preferred securities, in addition to \$327 million of preferred securities outstanding in other subsidiaries, further strengthen Merrill Lynch's equity capital base.

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Merrill Lynch's leverage ratios were as follows:

<TABLE>
<CAPTION>

	Leverage Ratio(1)	Adjusted Leverage Ratio(2)
	-----	-----
<S>	<C>	<C>
Period-end		
March 28, 1997.....	32.8x	20.6x
December 27, 1996.....	29.5x	18.0x
Average (3)		
Three months ended		
March 28, 1997.....	33.4x	19.9x
Year ended		
December 27, 1996.....	33.5x	19.9x

</TABLE>

- (1) Total assets to total stockholders' equity and preferred securities issued by subsidiaries.
- (2) Total assets less resale agreements and securities borrowed to total stockholders' equity and preferred securities issued by subsidiaries.
- (3) Based on month-end balances.

Overall capital needs are continually reviewed to ensure that Merrill Lynch's capital base can support the estimated risks of its businesses as well as the regulatory and legal capital requirements of its subsidiaries. Statistically-based product risk models are used to estimate potential losses arising from market and credit risks. These dynamic models incorporate changes in business risk into Merrill Lynch's equity requirements. Based upon these analyses and other criteria, management believes that Merrill Lynch's equity base is adequate.

Merrill Lynch operates in many regulated businesses that require various minimum levels of capital. (See "Regulatory Requirements" section in Notes to the Consolidated Financial Statements--Unaudited.) Merrill Lynch'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 generally required for paying dividends in excess of certain established levels, making affiliated investments, and entering into management and service agreements with affiliated companies.

AVERAGE ASSETS AND LIABILITIES

Merrill Lynch monitors changes in its balance sheet using average daily balances which are determined on a settlement date basis and reported for management information purposes. Financial statement balances are recorded on a trade date basis as required under generally accepted accounting principles. The following discussion compares changes in settlement date average daily balances.

For the first three months of 1997, average daily assets were \$251 billion, up 6% versus \$237 billion for the 1996 fourth quarter. Average daily liabilities rose 6% to \$244 billion from \$230 billion for the 1996 fourth quarter. The major components in the growth of average daily assets and liabilities for the 1997 first quarter are summarized as follows:

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<TABLE>
<CAPTION>

Increase in

	Average Assets	Percent Increase
	-----	-----
<S>	<C>	<C>
(In millions)		
Trading assets.....	\$ 7,646	9%
Resale agreements and securities borrowed.....	\$ 4,924	5

	Increase in Average Liabilities	Percent Increase
	-----	-----
<S>	<C>	<C>
Trading liabilities.....	\$ 6,623	14%
Long-term borrowings.....	\$ 3,283	13
Repurchase agreements and securities loaned.....	\$ 2,910	3

</TABLE>

Due to the adoption of SFAS No. 125 average Trading Assets and Repurchase Agreements balances increased by approximately \$1.5 billion. (See "Accounting Change" section in the Notes to the Consolidated Financial Statements (Unaudited) for more information on SFAS No. 125.) In addition, during the first quarter of 1997, trading assets and liabilities (which include on-balance-sheet hedges used to manage trading risks) rose as volume increased to meet higher customer demand. Repurchase agreements and securities loaned transactions and resale agreements and securities borrowed transactions rose to fund the increase in trading activity. In addition, these transactions increased as a result of expanded matched-book activity, primarily involving governments and agencies securities.

Assets are funded through diversified sources which include repurchase agreements, commercial paper and other unsecured short-term borrowings, long-term borrowings, and equity. In addition to the increase in repurchase agreements and securities loaned transactions, the growth in average assets was funded by higher long-term borrowings, particularly medium-term notes.

NON-INVESTMENT GRADE HOLDINGS AND HIGHLY LEVERAGED TRANSACTIONS

Non-investment grade holdings and highly leveraged transactions involve risks related to the creditworthiness of the issuers or counterparties and the liquidity of the market for such investments. Merrill Lynch recognizes these 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.

NON-INVESTMENT GRADE HOLDINGS

In the normal course of business, Merrill Lynch underwrites, trades, and holds non-investment grade cash instruments in connection with its investment banking, market-making, and derivative structuring activities. Non-investment grade trading inventories have continued to increase to satisfy growing client demand for higher-yielding investments, including emerging market and other non-U.S. securities. Non-investment grade securities have been defined as debt and preferred equity securities rated 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. Non-investment grade trading inventories are carried at fair value.

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Merrill Lynch's insurance subsidiaries also hold non-investment grade securities that are classified as available-for-sale and are carried at fair value.

A summary of positions with non-investment grade issuers (for cash instruments) or counterparties (for derivatives in a gain position) follows:

	March 28, 1997	Dec. 27, 1996
	-----	-----
<S>	<C>	<C>
(In millions)		
Trading assets:		
Cash instruments.....	\$ 8,874	\$ 7,585
Derivatives(1).....	2,070	2,470
Trading liabilities--cash instruments.....	1,465	905
Insurance subsidiaries' investments.....	211	206

</TABLE>

(1) Collateral of \$607 and \$848 was obtained at March 28, 1997 and December 27, 1996, respectively, to reduce risk related to these derivative balances.

Included in the preceding table are debt and equity securities and bank loans of companies in various stages of bankruptcy proceedings or in default. At March 28, 1997, the carrying value of such debt and equity securities totaled \$152 million, of which 56% resulted from Merrill Lynch's market-making activities in such securities. This compared with \$133 million at December 27, 1996, of which 58% related to market-making activities. In addition, Merrill Lynch held distressed bank loans totaling \$369 million and \$351 million at March 28, 1997 and year-end 1996, respectively.

Derivatives may also expose Merrill Lynch to credit risk related to the underlying security where a derivative contract can either synthesize ownership of the underlying security (e.g., long total return swap) or potentially force ownership of the underlying security (e.g., short put option). In addition, derivatives may subject Merrill Lynch to credit spread risk, since changes in credit quality of the underlying securities may affect the derivatives' fair values.

A summary of exposures related to derivatives with non-investment grade underlying securities follows:

<TABLE>

<CAPTION>

(In millions)	March 28, 1997	Dec. 27, 1996
<S>	<C>	<C>
Derivative fair values:		
Trading assets(1).....	\$ 42	\$ 63
Trading liabilities.....	71	64
Derivative notionals (off-balance-sheet) (2).....	2,543	2,895

</TABLE>

(1) Included in these amounts are \$17 and \$9 at March 28, 1997 and year-end 1996, respectively, that are also exposed to credit risk related to a non-investment grade counterparty, which are included in the preceding table.

(2) Calculated as notional subject to strike or reference price.

Merrill Lynch engages in hedging strategies to reduce its exposure associated with non-investment grade positions by purchasing an option to sell the related security or by entering into other offsetting derivative contracts. Merrill Lynch also uses non-investment grade trading inventories, principally non-U.S. governments and agencies securities, to hedge the exposure arising from structured derivative transactions.

A summary of cash instruments and derivatives used to hedge the credit risk of non-investment grade positions follows:

<TABLE>

<CAPTION>

(In millions)	March 28, 1997	Dec. 27, 1996
<S>	<C>	<C>
Trading assets--cash instruments.....	\$ 713	\$ 905
Derivative notionals (off-balance-sheet) (1).....	1,619	1,311

</TABLE>

(1) Calculated as notional subject to strike or reference price.

At March 28, 1997 the largest non-investment grade concentration consisted of various sovereign and corporate issues of a South American country totaling \$1.1 billion, which primarily represented hedges of other financial instruments.

HIGHLY LEVERAGED TRANSACTIONS

Merrill Lynch provides financing and advisory services to, and invests in, companies entering into leveraged transactions, which may include leveraged buyouts, recapitalizations, and mergers and acquisitions. Merrill Lynch provides extensions of credit to leveraged companies in the form of senior and subordinated debt, as well as bridge financing on a select basis. In addition, Merrill Lynch syndicates loans for non-investment grade companies

or in connection with highly leveraged transactions and may retain a residual portion of these loans.

Merrill Lynch holds direct equity investments in leveraged companies and interests in partnerships that invest in leveraged transactions. Merrill Lynch 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 basis. A summary of loans, investments, and commitments related to highly leveraged transactions follows:

<TABLE>

<CAPTION>

(In millions)	March 28, 1997	Dec. 27, 1996
<S>	<C>	<C>
Loans (net of allowance for loan losses)(1).....	\$317	\$340
Equity investments(2).....	110	113
Partnership interests.....	105	104
Bridge loan(3).....	75	31
Additional commitments to invest in partnerships.....	76	82
Unutilized revolving lines of credit and other lending commitments.....	148	301

</TABLE>

(1) Represented outstanding loans to 31 and 36 medium-sized companies at March 28, 1997 and year-end 1996, respectively.

(2) Invested in 47 and 48 enterprises at March 28, 1997 and year-end 1996, respectively.

(3) The bridge loans outstanding at first quarter 1997 and year-end 1996 were repaid subsequent to their respective period ends.

At March 28, 1997, no one industry sector accounted for more than 22% of total non-investment grade positions and highly leveraged transactions.

STATISTICAL DATA

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

<TABLE>

<CAPTION>

	1st Qtr. 1996	2nd Qtr. 1996	3rd Qtr. 1996	4th Qtr. 1996	1st Qtr. 1997
<S>	<C>	<C>	<C>	<C>	<C>
CLIENT ACCOUNTS					
(IN BILLIONS):					
Assets in U.S. Client Accounts.....	\$ 691	\$ 714	\$ 735	\$ 792	\$ 818
Assets in non-U.S.					
Client Accounts.....	40	42	44	47	50
Total Assets in Client Accounts.....	\$ 731	\$ 756	\$ 779	\$ 839	\$ 868
Assets under management:					
Money Market.....	\$ 89	\$ 84	\$ 86	\$ 90	\$ 99
Equity.....	51	53	54	59	62
Fixed-Income.....	41	41	42	43	43
Private Portfolio.....	23	25	27	38	40
Insurance.....	4	4	4	4	3
Total assets under management.....	\$ 208	\$ 207	\$ 213	\$ 234	\$ 247
ML Consults (Registered Trademark).....	\$ 18	\$ 19	\$ 20	\$ 21	\$ 21
Mutual Fund Advisor(Service Mark) and					
Asset Power (Registered Trademark).....	\$ 7	\$ 7	\$ 8	\$ 9	\$ 10
401(k) Assets.....	\$ 38	\$ 40	\$ 41	\$ 45	\$ 47
UNDERWRITING (DOLLARS IN					
BILLIONS) (A):					
Global Debt and Equity:					
Volume.....	\$ 45	\$ 47	\$ 45	\$ 50	\$ 56
Market Share.....	11.8%	12.7%	14.0%	13.2%	13.2%
U.S. Debt and Equity:					
Volume.....	\$ 39	\$ 39	\$ 36	\$ 42	\$ 45
Market Share.....	16.0%	15.8%	16.9%	16.7%	16.1%

FULL-TIME EMPLOYEES:					
U.S.....	39,400	39,900	41,400	42,200	42,900
Non-U.S.....	7,000	7,100	7,400	7,600	8,400
	-----	-----	-----	-----	-----
TOTAL.....	46,400	47,000	48,800	49,800	51,300
	-----	-----	-----	-----	-----
Financial Consultants and Account Executives Worldwide.....					
	13,900	14,000	14,300	14,400	14,600
Support Personnel to Producer ratio (B).....					
	1.46	1.47	1.48	1.51	1.53
INCOME STATEMENT:					
Net Earnings (in millions).....	\$ 410	\$ 433	\$ 331	\$ 445	\$ 465
Annualized Return on Average Common Stockholders' Equity.....					
	28.2%	29.2%	21.5%	28.5%	28.3%
Earnings per Common Share(C):					
Primary.....	\$ 2.03	\$ 2.19	\$ 1.69	\$ 2.29	\$ 2.34
Fully Diluted.....	\$ 2.03	\$ 2.19	\$ 1.68	\$ 2.27	\$ 2.34
BALANCE SHEET (IN MILLIONS):					
Total Assets.....	\$ 195,884	\$205,175	\$207,911	\$213,016	\$247,603
Total Stockholders' Equity.....	\$ 6,364	\$ 6,514	\$ 6,618	\$ 6,892	\$ 6,925
SHARE INFORMATION (IN THOUSANDS) (C):					
Weighted Average Shares Outstanding:					
Primary.....	196,225	192,933	189,210	189,445	194,534
Fully Diluted.....	196,225	192,933	190,634	190,703	194,534
Common Shares Outstanding (D).....	173,040	168,924	165,629	164,086	165,461
Shares Repurchased.....	4,543	6,060	4,552	3,424	3,769

</TABLE>

- (A) Full credit to book manager. All market share data are derived from Securities Data Co.
- (B) Support personnel includes sales assistants.
- (C) Earnings per common share amounts and other share information have not been adjusted for the two-for-one common stock split, effective May 30, 1997.
- (D) Does not include 2,895, 2,529, 2,093, 1,539, and 468 unallocated reversion shares held in the Employee Stock Ownership Plan at period end March 31, 1996, June 28, 1996, September 27, 1996, December 27, 1996, and March 28, 1997, respectively, which are not considered outstanding for accounting purposes.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

NASDAQ Antitrust Litigation.

The following developments have occurred since the filing of the 1996 Form 10-K with respect to the NASDAQ Antitrust Litigation described therein. On April 23, 1997, the United States District Court for the Southern District of New York approved the proposed settlement of the civil antitrust complaint filed by the Antitrust Division of the United States Department of Justice.

GSLIC Litigation.

The following developments have occurred since the filing of the 1996 Form 10-K with respect to the GSLIC litigation described therein. On May 6, 1997, the GSLIC Litigation was dismissed by the Supreme Court of the State of New York, New York County.

Item 4. Submission of Matters to a Vote of Security Holders.

On April 15, 1997, the Corporation held its Annual Meeting of Stockholders, at which 89.4% of the shares of Common Stock, par value \$1.33 1/3 per share, outstanding and eligible to vote, either in person or by proxy, were represented, constituting a quorum. At this Annual Meeting, the following matters were voted upon: (i) the election of five directors to the Board of Directors to hold office for a term of three years; (ii) the approval of a proposal to amend the ML & Co. Long-Term Incentive Compensation Plan; (iii) the approval of a proposal to amend a definition in the performance goal formula applicable to annual cash bonuses and grants of restricted shares and

units to executive management; (iv) a stockholder proposal concerning cumulative voting in the election of directors; and (v) a stockholder proposal concerning disclosure of the relationship of derivatives claims to underlying assets. Proxies for the Annual Meeting of Stockholders were solicited by the Board of Directors pursuant to Regulation 14A of the Securities Exchange Act of 1934.

The stockholders elected all five nominees to three year terms as members of the Board of Directors as set forth in the Corporation's Proxy Statement. There was no solicitation in opposition to such nominees. The votes cast for or withheld from the election of directors were as follows: William O. Bourke received 148,322,202 votes in favor and 2,102,911 votes were withheld; W.H. Clark received 148,265,418 votes in favor and 2,159,695 votes were withheld; Stephen L. Hammerman received 148,345,075 votes in favor and 2,080,038 votes were withheld; Aulana L. Peters received 147,308,892 votes in favor and 3,116,221 votes were withheld; and John J. Phelan, Jr. received 148,362,681 votes in favor and 2,062,432 votes were withheld.

The stockholders approved the proposal to amend the ML & Co. Long-Term Incentive Compensation Plan. The votes cast for and against, as well as the number of abstentions, for this proposal were as follows: 144,402,000 votes in favor, 5,242,784 votes against, and 780,329 shares abstained.

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The stockholders approved the proposal to amend a definition in the performance goal formula applicable to annual cash bonuses and grants of restricted shares and units to executive management. The votes cast for and against, as well as the number of abstentions, for this proposal were as follows: 143,335,525 votes in favor, 5,755,157 votes against, and 1,334,431 shares abstained.

The stockholders did not approve the stockholder proposal concerning cumulative voting in election of directors. The votes cast for and against, as well as the number of abstentions and broker non-votes, for this proposal were as follows: 28,605,735 votes in favor, 98,715,003 votes against, 2,986,542 shares abstained, and 20,117,833 shares represented broker non-votes.

The stockholders did not approve the stockholder proposal concerning disclosure of the relationship of derivatives claims to underlying assets. The votes cast for and against, as well as the number of abstentions and broker non-votes, for this proposal were as follows: 6,401,802 votes in favor, 122,026,107 votes against, 1,879,371 shares abstained, and 20,117,833 shares represented broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- (3)(i) By-Laws of Merrill Lynch & Co., Inc. effective as of April 15, 1997.
- (4) Instruments defining the rights of security holders, including indentures:

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Corporation hereby undertakes to furnish to the Securities and Exchange Commission (the "Commission"), upon request, copies of the instruments defining the rights of holders of long-term debt securities of the Corporation that authorize an amount of securities constituting 10% or less of the total assets of the Corporation and its subsidiaries on a consolidated basis.
- (10) ML & Co. Fee Deferral Plan for Non-Employee Directors, as amended through April 15, 1997.
- (11) Statement re: computation of per share earnings.
- (12) Statement re: computation of ratios.
- (15) Letter re: unaudited interim financial information.
- (27) Financial Data Schedule.

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(b) Reports on Form 8-K

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

- (i) Current Report dated January 13, 1997 for the purpose of filing the form of Registrant's 7% Notes due January 15, 2007.
- (ii) Current Report dated January 27, 1997 for the purpose of filing the Preliminary Unaudited Earnings Summaries of the Corporation for the three- and twelve-month periods ended December 27, 1996.
- (iii) Current Report dated February 25, 1997 for the purpose of filing the Preliminary Unaudited Consolidated Balance Sheet of the Corporation as of December 27, 1996.
- (iv) Current Report dated March 14, 1997 for the purpose of filing the audited financial statements of the Corporation for its 1996 fiscal year.
- (v) Current Report dated March 14, 1997 for the purpose of filing the form of Registrant's S&P 500 Market Index Target-Term Securities due September 16, 2002.

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Signature

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

MERRILL LYNCH & CO., INC.

(Registrant)

Date: May 9, 1997

By: /s/ Joseph T. Willett

Joseph T. Willett
Senior Vice President
Chief Financial Officer

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INDEX TO EXHIBITS

Exhibits

- 3(i) By-Laws of Merrill Lynch & Co., Inc. effective as of April 15, 1997
- 10 ML & Co. Fee Deferral Plan for Non-Employee Directors, as amended through April 15, 1997.
- 11 Statement re: computation of per share earnings.
- 12 Statement re: computation of ratios.
- 15 Letter re: unaudited interim financial information.
- 27 Financial Data Schedule.

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

Effective April 15, 1997

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to
BY-LAWS
of
MERRILL LYNCH & CO., INC.

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BY-LAWS

OF

MERRILL LYNCH & CO., INC.

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 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 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

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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.

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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

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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).

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

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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 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.

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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

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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.

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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

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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, the Treasurer shall keep a full and accurate account of all moneys received and paid on account of the Corporation, shall render a statement of 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, the Treasurer shall give bonds for the faithful discharge of the duties of that office in such sums and with such sureties as the Board of Directors shall approve. In the absence of the Treasurer, such person as shall be designated by the President shall perform such duties.

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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

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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.

ARTICLE VII.

CORPORATE SEAL

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.

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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:

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As amended through April 15, 1997

MERRILL LYNCH & CO., INC.

FEE DEFERRAL PLAN

FOR NON-EMPLOYEE DIRECTORS

MERRILL LYNCH & CO., INC.

FEE DEFERRAL PLAN FOR NON-EMPLOYEE DIRECTORS

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MERRILL LYNCH & CO., INC.

FEE DEFERRAL PLAN FOR NON-EMPLOYEE DIRECTORS

ARTICLE I

GENERAL

1.1 Purpose.

The purpose of the Plan is to provide non-employee Directors of Merrill Lynch & Co., Inc. ("ML & Co.") with flexibility in meeting their future income needs, and to provide an additional incentive to highly qualified individuals to serve as Directors.

1.2 Definitions.

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

"Account(s)," with respect to any Plan Year, means the Participant's Mutual

Fund Index Account and/or ML Stock Unit Account.

"Account Balance(s)" with respect to any Plan Year means the Participant's Mutual Fund Index Account Balance and/or ML Stock Unit Account Balance.

"Administrator" means the Director of Human Resources of ML & Co., or his or her functional successor.

"Affiliate" means any corporation, partnership, or other organization of which ML & Co. owns or controls, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests.

"Annual Meeting" means the annual meeting of stockholders of ML & Co.

"Board of Directors" or "Board" means the Board of Directors of Merrill Lynch & Co., Inc.

"Business Day" shall mean any day on which the New York Stock Exchange, Inc. is open for business.

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

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

(b) during any period of two consecutive years (not including any period prior to the adoption of this Plan), individuals who at the beginning of such period constituted the Board of Directors and any new Directors whose election by the Board of Directors or nomination for election by the stockholders of ML & Co. was approved by a vote of at least three quarters of the Directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

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

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Common Stock" means the Common Stock, par value \$1.33 1/3 per share, of ML & Co., and a "share of Common Stock" means one share of Common Stock together with, for so long as Rights are outstanding, the number of Rights then associated with one share of Common Stock (whether trading with the Common Stock or separately).

"Company" means ML & Co. and all of its Affiliates.

"Current Market Value" per share of Common Stock, for any date, shall mean the average of the Daily Market Prices of a share of Common Stock for each Business Day for which such Daily Market Prices are available during a period commencing on a date 21 consecutive Business Days prior to such date and ending on the second Business Day prior to such date.

"Daily Market Price" of shares of Common Stock on any given date(s) shall be: (a) the mean of the high and low sales prices reported on the New York Stock Exchange--Composite Tape (or, if shares of Common Stock are not traded on the New York Stock Exchange, the mean of the high and low sales prices reported on any securities exchange or quotation service on which the shares of Common Stock are listed or traded) of such shares on the date(s) in question, or (b) if shares of Common Stock are not then listed or admitted to trading on any securities exchange as to which reported sales prices are available, the mean of reported high bid and low asked prices on any such date(s), as reported by a reputable quotation service, or by The Wall Street Journal, Eastern Edition or a newspaper of general circulation in the Borough of Manhattan, City and State of New York.

"Deferred Amounts" with respect to any Plan Year means the Participant's Mutual Fund Index Deferred Amounts and/or ML Stock Unit Deferred Amounts and/or KECALP Deferred Amounts.

"Director" means a member of the Board of Directors.

"Election Year" with respect to any Plan Year, means the calendar year immediately preceding the Plan Year.

"End of Service Date" means the date on which a Participant ceases to serve as a Director for any reason.

"Exchange Act" means the Securities Exchange Act of 1934.

"Executive Committee" means the Executive Committee of the Board of Directors.

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"Fees" means the annual cash base compensation, committee membership fees, if any, and committee chair fees, if any, payable to a Participant for service on the Board and any committees of the Board during the relevant Plan Year.

"KECALP Deferral Percentage," for the 1997 Plan Year, means the percentage specified by the Participant to be the percentage of such Participant's Annual Fees for 1997 that he or she wishes to defer into the KECALP Unit Account.

"KECALP Deferred Compensation Plan" means the 1997 KECALP Deferred Compensation Plan for a Select Group of Eligible Employees, attached hereto as Exhibit A.

"KECALP Deferred Amounts," for the 1997 Plan Year, means the aggregate dollar amount of Fees actually deferred by the Participant into a KECALP Unit Account in the manner specified in the KECALP Deferred Compensation Plan.

"KECALP Prospective Remaining 1997 Deferred Amounts," for the 1997 Plan Year, means aggregate dollar amount of Fees that would be paid to the Participant in months remaining in 1997 following the closing of Merrill Lynch KECALP L.P. 1997 multiplied by the Participant's KECALP Deferral Percentage.

"KECALP Return Option" means the option of indexing returns to the performance of Merrill Lynch KECALP L.P. 1997, in the manner specified in the KECALP Deferred Compensation Plan.

"KECALP Unit Account" means the account established for each Participant electing the KECALP Return Option in the manner specified in the KECALP Deferred Compensation Plan.

"ML Stock Unit" means a unit representing ML & Co.'s obligation to pay an amount equal to the then Current Market Value of a share of Common Stock in cash in accordance with the terms of the Plan.

"ML Stock Unit Account," with respect to any Plan Year, means the reserve account established for such Plan Year on the books and records of ML & Co. to record a Participant's ML Stock Unit Account Balance with respect to such Plan Year.

"ML Stock Unit Account Balance," with respect to any Plan Year, means, as of any date, the ML Stock Units credited to a Participant's ML Stock Unit Account for such Plan Year, adjusted in accordance with Section 2.4 to reflect the addition of dividend equivalents and any changes in capitalization and adjusted for any payments made from the ML Stock Unit Account to the Participant prior to that date.

"ML Stock Unit Deferral Percentage," with respect to any Plan Year, means the percentage specified by the Participant to be the percentage of each payment of Fees he or she wishes to defer into an ML Stock Unit Account under the Plan during such Plan Year.

"ML Stock Unit Deferred Amounts," with respect to any Plan Year, means the dollar amounts of Fees actually deferred by the Participant into an ML Stock Unit Account under the Plan for such Plan Year.

"Mutual Fund Index Account," with respect to any Plan Year, means the reserve account established for such Plan Year on the books and records of ML & Co. to record a Participant's Mutual Fund Index Account Balance with respect to such Plan Year.

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"Mutual Fund Index Account Balance," with respect to any Plan Year, means, as of any date, the Mutual Fund Index Deferred Amounts credited to a Participant's Mutual Fund Index Account for such Plan Year, adjusted in accordance with Section 2.3 to reflect the performance of the Participant's Selected Mutual Fund Index Account Return Options and adjusted for any payments made from the Mutual Fund Index Account to the Participant prior to that date.

"Mutual Fund Index Account Return Options" means such Merrill Lynch mutual funds or other investment vehicles as the Administrator may from time to time designate for the purpose of indexing Mutual Fund Index Accounts hereunder. In the event a Mutual Fund Index Account Return Option ceases to exist or is no longer to be a Mutual Fund Index Account Return Option, the Administrator may designate a substitute Mutual Fund Index Account Return Option for such discontinued option. In no event may the Administrator designate as a Mutual Fund Index Account Return Option any equity security of ML & Co. or any security that would be deemed to be a "derivative security" as defined in Rule 16a-1 of the Exchange Act with respect to any ML & Co. equity security.

"Mutual Fund Index Deferral Percentage," with respect to any Plan Year, means the percentage specified by the Participant to be the percentage of each payment of Fees he or she wishes to defer into a Mutual Fund Index Account under the Plan during such Plan Year.

"Mutual Fund Index Deferred Amounts" with respect to any Plan Year means the dollar amounts of Fees actually deferred by the Participant into a Mutual Fund Index Account under this Plan for such Plan Year.

"Net Asset Value" means, with respect to each Mutual Fund Index Account Return Option that is a mutual fund or other commingled investment vehicle for which such values are determined in the normal course of business, the net asset value, on the date in question, of the Selected Mutual Fund Index Account Return Option for which the value is to be determined.

"Non-Employee Director" means a Director who is not an employee of the Company.

"Participant," with respect to any Plan Year, means a Non-Employee Director who has elected to defer Fees under the Plan for such Plan Year.

"Plan" means this Merrill Lynch & Co., Inc. Fee Deferral Plan for Non-Employee Directors.

"Plan Year" means any calendar year for which Non-Employee Directors are offered the opportunity to defer Fees under the Plan.

"Rights" means the Rights to Purchase Units of Series A Junior Preferred Stock, par value \$1.00 per share, of ML & Co. issued pursuant to the Rights Agreement dated as of December 16, 1987 between ML & Co. and Manufacturers Hanover Trust Company, Rights Agent, as amended from time to time.

"Selected Mutual Fund Index Account Return Option" means a Mutual Fund Index Account Return Option selected by the Participant in accordance with Section 2.3.

"Tender Offer" shall mean an offer to purchase all or a portion of the outstanding shares of Common Stock that is subject to Section 14D of the Exchange Act, provided that such offer, if consummated, would result in a Change in Control.

ARTICLE II

DEFERRAL ELECTIONS; ACCOUNT(S)

2.1 Deferral Elections.

(a) Timing and Manner of Making of Elections. An election to defer Fees for payment in accordance with Section 4.1 shall be made by submitting to the Administrator such forms as the Administrator may prescribe. Each election submitted must specify a Mutual Fund Index Deferral Percentage and/or a ML Stock Unit Deferral Percentage, which will be applied to reduce all payments of Fees during the Plan Year. All elections by a Participant to defer Fees under the Plan must be received by the Administrator or such person as he or she may designate for the purpose by the date specified by the Administrator, which shall be no later than the last Business Day of the Election Year; provided, however, that any Non-Employee Director who is first nominated for election to the Board at the Annual Meeting occurring in the Plan Year may make an election to defer Fees for the Plan Year by submitting the

appropriate forms to the Administrator or his designee no later than ten business days prior to the date of such Annual Meeting. For the 1997 Plan Year, Participants who have elected to defer all or a portion of their Fees will be given the opportunity in the first half of 1997 to elect to have all or a portion of Fees (other than those indexed to ML Stock) indexed to the KECALP Return Option.

(b) Irrevocability of Deferral Elections. Except as provided in Section 2.5, an election to defer the receipt of any Fees made under Section 2.1(a) is irrevocable once submitted to the Administrator or his or her designee. Furthermore, an election to defer Fees into a Mutual Fund Index Account may not subsequently be changed to an election to defer Fees into a ML Stock Unit Account, and an election to defer Fees into a ML Stock Unit Account may not subsequently be changed to an election to defer Fees into a Mutual Fund Index Account or a KECALP Unit Account. Participants who elect to defer Fees into a Mutual Fund Index Account will be given the opportunity in 1997 to elect that all or a portion of those Fees may be indexed to the KECALP Return Option as of the closing of Merrill Lynch KECALP L.P. 1997. Once Merrill Lynch KECALP L.P. 1997 has closed, such election may not be changed.

2.2 Crediting to Accounts.

(a) Mutual Fund Index Deferred Amounts. A Participant's Mutual Fund Index Deferred Amounts will be credited to the Participant's Mutual Fund Index Account as a dollar-denominated balance as soon as practicable (but in no event later than the end of the following month) after the last day of the Fiscal Month during which such Deferred Amounts would, but for deferral, have been paid and will be accounted for in accordance with Section 2.3. No interest will accrue, nor will any adjustment be made to the Account, for the period until the Deferred Amounts are credited. (Mutual Fund Index Deferred Amounts may not subsequently be converted to ML Stock Unit Deferred Amounts. After the closing of Merrill Lynch KECALP L.P. 1997, Mutual Fund Index Deferred Amounts may not be converted to KECALP Deferred Amounts.

(b) ML Stock Unit Deferred Amounts. A Participant's ML Stock Unit Deferred Amounts will be converted to ML Stock Units and credited to the Participant's ML Stock Unit Account as soon as practicable (but in no event later than the end of the following month) after the last day of the Fiscal Month during which such Deferred Amounts would, but for deferral, have been paid, and will be accounted for in accordance with Section 2.4. The number of ML Stock Units to be credited will be determined by dividing the ML Stock Unit Deferred Amounts for the relevant calendar month by the

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Daily Market Price per share of Common Stock for the last Business Day in such calendar month and rounding the result to the nearest 1/100th of an ML Stock Unit (with .005 being rounded upwards). ML Stock Unit Deferred Amounts may not subsequently be converted to Mutual Fund Index Deferred Amounts or KECALP Deferred Amounts.

(c) KECALP Deferred Amounts. In 1997, Participants who have elected to defer Fees under this Agreement into a Mutual Fund Index Account will be asked if they wish to elect that all or a portion of such Deferred Amounts be indexed to the KECALP Return Option. If such election is made, upon the closing of Merrill Lynch KECALP L.P. 1997 an amount equal to: (i) all or a portion of such Participant's Mutual Fund Index Account Balance plus (ii) such Participant's KECALP Prospective Remaining 1997 Deferred Amounts shall be credited to the Participant's KECALP Unit Account as a dollar-denominated balance as soon as practicable, provided that, in the event that a Participant's End of Service Date occurs prior to the end of 1997, the Participant's KECALP Unit Account Balance shall be restated by the Administrator to reflect the forfeiture of any KECALP Units attributable to any KECALP Remaining 1997 Deferred Amounts relating to any full month for which Fees were not payable to such Participant. KECALP Deferred Amounts shall be credited to such Participant, accounted for, adjusted and paid out to Participants in the manner described in the KECALP Deferred Compensation Plan attached hereto as Annex A, except that: (1) such Participants shall not be eligible for Leverage under the KECALP Deferred Compensation Plan, and (2) no Annual Charge shall apply to such Deferred Amounts. Payouts relating to KECALP Deferred Amounts cannot be made in installments as they are payable only as distributions become available from Merrill Lynch KECALP L.P. 1997. KECALP Deferred Amounts may not subsequently be converted to Mutual Fund Index Deferred Amounts or ML Stock Unit Deferred Amounts, except that, when distributions occur under Merrill Lynch KECALP L.P. 1997 that are not by the terms of a Participant's election immediately payable to such Participant, such distributions will be paid into and adjusted in accordance with such Participant's Selected Mutual Fund Index Account Return Options.

2.3 Adjustment of Mutual Fund Index Accounts; Mutual Fund Index Account Return Options.

(a) Selection of Mutual Fund Index Account Return Options. Coincident with

the Participant's election to defer Fees into a Mutual Fund Index Account, the Participant must select one or more Mutual Fund Index Account Return Options and the percentage of the Participant's Mutual Fund Index Account to be adjusted to reflect the performance of each Selected Mutual Fund Index Account Return Option. A Participant may, by complying with such procedures as the Administrator may prescribe, including procedures specifying the frequency with respect to which such changes may be effected (but not more than twelve times in any calendar year), change the Selected Mutual Fund Index Account Return Options to be applicable with respect to his or her Mutual Fund Index Account.

(b) Adjustment of Mutual Fund Index Accounts. While a Participant's Mutual Fund Index Account does not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Mutual Fund Index Account shall be adjusted to reflect the investment experience of the Participant's Selected Mutual Fund Index Account Return Options in the same manner as if investments in accordance with the Participant's elections had actually been made through the ML Benefit Services Platform and ML II Core Recordkeeping System, or any successor system used for keeping records of Participants' Mutual Fund Index Accounts (the "ML II System"). In adjusting Mutual Fund Index Accounts, the timing of receipt of Participant instructions by the ML II System shall control the timing and pricing of the notional investments in the Participant's Selected Mutual Fund Index Account Return Options in accordance with the rules of operation of the ML II System and its requirements for placing corresponding investment orders, as if orders to make

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corresponding investments were actually to be made, except that in connection with the crediting of Mutual Fund Index Deferred Amounts to the Participant's Mutual Fund Index Account and distributions from the Mutual Fund Index Account, deferral allocation instructions shall be treated as if received by the ML II System prior to the close of transactions through the ML II System on the relevant day. Each Selected Mutual Fund Index Account Return Option shall be valued using the Net Asset Value of the Selected Mutual Fund Index Account Return Option as of the relevant day, provided, that, in valuing a Selected Mutual Fund Index Account Return Option for which a Net Asset Value is not computed, the value of the security involved for determining Participants' rights under the Plan shall be the price reported for actual transactions in that security through the ML II System on the relevant day, without giving effect to any transaction charges or costs associated with such transactions, provided, further, that, if there are no such transactions effected through the ML II System on the relevant day, the value of the security shall be:

(i) if the security is listed for trading on one or more national securities exchanges, the average of the high and low sale prices for that day on the principal exchange for such security, or if such security is not traded on such principal exchange on that day, the average of the high and low sales prices on such exchange on the first day prior thereto on which such security was so traded;

(ii) if the security is not listed for trading on a national securities exchange but is traded in the over-the-counter market, the average of the highest and lowest bid prices for such security on the relevant day; or

(iii) if neither clause (i) nor (ii) applies, the value determined by the Administrator by whatever means he or she considers appropriate in his or her sole discretion.

2.4 Adjustment of ML Stock Unit Accounts.

(a) Dividend Equivalents. Whenever a cash dividend is paid on a share of Common Stock, a Participant's ML Stock Unit Account will be adjusted by adding to the ML Stock Unit Account the number of ML Stock Units determined by multiplying the per share amount of the cash dividend by the ML Stock Unit Account Balance on the record date for the cash dividend, dividing the result by the price per share of Common Stock used for purposes of the reinvestment of such cash dividend in the Merrill Lynch & Co., Inc. Dividend Reinvestment Program currently administered by Group Employee Services, or if at any time there is no Dividend Reinvestment Program, the Daily Market Price of a share of Common Stock on the date the cash dividend is paid, and rounding the result to the nearest 1/100th of a ML Stock Unit (with .005 being rounded upwards); provided that, if the Participant's ML Stock Unit Account Balance is fully distributed (i.e., reduced to zero) in accordance with the Plan between the record date and the payment date for such cash dividend, then, in lieu of such adjustment, the Participant will be paid the amount of cash determined by multiplying the per share amount of the cash dividend by the ML Stock Unit Account Balance on the record date for the cash dividend and rounding the result to the nearest whole cent, at the same time and in the same manner as such cash dividend is paid to the holders of the Common Stock.

(b) Changes in Capitalization. Any other provision of the Plan to the contrary notwithstanding, if any change shall occur in or affect shares of Common Stock on account of a merger, consolidation, reorganization, stock dividend, stock split or combination, reclassification, recapitalization, or distribution to holders of shares of Common Stock (other than cash dividends), including, without limitation, a merger or other reorganization event in which the shares of Common Stock cease to exist, then appropriate adjustments shall be made, without any action by the Board of Directors, to the ML Stock Unit Accounts, if any, as shall be necessary to maintain the

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proportionate interest of the Participants and to preserve, without increasing, the value of their ML Stock Unit Account Balances. In the event of a change in the presently authorized shares of Common Stock that is limited to a change in the designation thereof or a change of authorized shares with par value into the same number of shares with a different par value or into the same number of shares without par value, the shares resulting from any such change shall be deemed to be shares of Common Stock within the meaning of the Plan.

2.5 Rescission of Mutual Fund Index Deferral Elections.

(a) Adverse Tax Determination. Notwithstanding the provisions of Section 2.1(b), an election to defer Fees into a Mutual Fund Index Account may be rescinded at any time if (i) a final determination is made by a court or other governmental body of competent jurisdiction that the election was ineffective to defer income for purposes of U.S. Federal, state, local or foreign income taxation and the time for appeal from this determination has expired, and (ii) the Administrator, in his or her sole discretion, decides, upon the Participant's request and upon evidence of the occurrence of the events described in (i) hereof that he or she finds persuasive, to rescind the election. Upon such rescission, the Mutual Fund Index Account Balance will be paid to the Participant as soon as practicable, and no additional amounts will be deferred into the Participant's Mutual Fund Index Account pursuant to this Plan.

(b) Rescission For Amounts Not Yet Earned. Upon the Participant's written request, the Administrator may in his or her sole discretion terminate any election to defer Fees into a Mutual Fund Index Account made hereunder with respect to Fees not yet earned and no further amounts will be deferred into the Participant's Mutual Fund Index Account. Fees previously deferred into the Mutual Fund Index Account will continue to be governed by the terms of this Plan.

(c) No Rescission of ML Stock Unit or KECALP Deferral Elections. No rescission of an election to defer Fees into an ML Stock Unit Account or a KECALP Unit Account shall be permitted under the Plan.

ARTICLE III

STATUS OF ACCOUNT(S)

3.1 No Trust or Fund Created; General Creditor Status.

Nothing contained herein and no action taken pursuant hereto will be construed to create a trust or separate fund of any kind or a fiduciary relationship between ML & Co. and any Participant, the Participant's beneficiary or estate, or any other person. Title to and beneficial ownership of any funds represented by the Account Balance(s) will at all times remain in ML & Co.; such funds will continue for all purposes to be a part of the general funds of ML & Co. and may be used for any corporate purpose. No person will, by virtue of the provisions of this Plan, have any interest whatsoever in any specific assets of the Company. TO THE EXTENT THAT ANY PERSON ACQUIRES A RIGHT TO RECEIVE PAYMENTS FROM ML & CO. UNDER THIS PLAN, SUCH RIGHT WILL BE NO GREATER THAN THE RIGHT OF ANY UNSECURED GENERAL CREDITOR OF ML & CO.

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3.2 Non-Assignability.

The Participant's right or the right of any other person to the Account Balance(s) or any other benefits hereunder cannot be assigned, alienated, sold, garnished, transferred, pledged, or encumbered except by a written designation of beneficiary under this Plan, by written will, or by the laws of descent and distribution; provided, however, that the specified portion of the Participant's Account(s) will be paid to the Participant's spouse or former spouse to the extent directed by a valid court order entered in a

domestic relations proceeding involving the Participant's divorce or legal separation.

3.3 Effect of Deferral on Benefits Under Pension and Welfare Benefit Plans.

The effect of deferral on pension and welfare benefit plans in which the Participant may be a participant will depend upon the provisions of each such plan, as amended from time to time.

ARTICLE IV

PAYMENT OF ACCOUNT(S)

4.1 Payment.

(a) Regular Payment Election. A Participant's Account Balance(s) (other than a KECALP Unit Account Balance) will be paid in cash by ML & Co., as elected by the Participant at the time of his or her deferral election, either in a single payment to be made, or in the number of annual installment payments (not to exceed 15) chosen by the Participant to commence, (i) in the month following the month of the Participant's End of Service Date or death, (ii) in any month and year selected by the Participant not less than seven months after the end of the Plan Year, or (iii) in any month in the calendar year following the Participant's End of Service Date. The amount of each annual installment payment, if applicable, shall be determined by multiplying the Account Balance(s) as of the last day of the month immediately preceding the month in which the payment is to be made by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments (including the installment payment to be made).

(b) Modified Installment Payments. In lieu of one of the regular payment elections provided for in Section 4.1(a), a Participant may elect to receive the Account Balance(s) (other than a KECALP Unit Account Balance) in at least 11 but no more than 15 annual installment payments ("modified installment payments"), such modified installment payments to commence on the last business day in March in the year following the Participant's Retirement or death (the "Initial Payment Date"). The modified installment payments shall be computed in accordance with the last sentence of Section 4.1(a) and will in all other respects be treated like regular installment payments under the Plan. By electing modified installment payments, the Participant agrees that at any time prior to the last day of February immediately preceding a Participant's Initial Payment Date (the "Determination Date"), ML & Co. shall have the right, without the consent of the Participant or any beneficiary, to change the Participant's method of payment to 11 annuitized payments ("annuitized payments"), in the event that the Administrator, in his sole discretion, determines that such a change is necessary or appropriate in order to preserve the intended state tax benefits of the modified installment payments to the Participant or any beneficiary. In the event that the Administrator determines that annuitized payments shall be made, the amount of the annuitized payments will be determined by applying the Discount Rate, as defined below, to the Account Balance as of the Determination Date to create a stream of 11 equal annual payments. If annuitized payments are to be made, then the Account Balance shall cease to be adjusted pursuant to Sections 2.3 and 2.4 as

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of the Determination Date and the Company's only obligation to the Participant shall be to make the annuitized payments when due. As used herein, Discount Rate shall mean ML & Co.'s then-applicable cost of borrowing and is defined as the sum of: (i) the annual yield on the then-current 5-year U.S. Treasury Note, and (ii) a spread (which will not be less than 0.10%) indicative of ML & Co.'s borrowing cost for transactions of similar structure and average maturity to the annuity, as determined by ML & Co.

(c) Payment of ML Stock Units. ML Stock Units will be paid only in cash. The amount of any payment of ML Stock Units (whether pursuant to the Participant's election or otherwise pursuant to the Plan) will be determined by multiplying the number of ML Stock Units to be paid by the Current Market Value per share of Common Stock for the last day of the month immediately preceding the month in which the payment is to be made and rounding the result to the nearest whole cent.

(d) Payment of Amounts Indexed to KECALP Return Option. Notwithstanding any elections made under this Plan, KECALP Deferred Amounts cannot be paid in installments as they are payable only as distributions become available from Merrill Lynch KECALP L.P. 1997. Participants electing the KECALP Return Option in 1997 will be asked at the time such election is made to make elections concerning the timing of their payouts that are in accordance with the KECALP Deferred Compensation Plan.

(e) Death Prior to Payment. If the Participant dies prior to payment, then the Account Balance(s) (other than a KECALP Unit Account Balance) will be

paid to the Participant's beneficiary in accordance with the Participant's election of either installment payments or a single payment, provided, however, that in the event that a beneficiary of the Participant's Account is the Participant's estate or is otherwise not a natural person, then (i) if the Participant has elected a regular payment election pursuant to Section 4.1(a), the applicable portion of the Account Balance will be paid in a single payment to such beneficiary notwithstanding any election of installment payments, and (ii) if the Participant has elected modified installment payments pursuant to Section 4.1(b), the applicable portion of the Account Balance will continue to be payable as modified installment payments or annuitized payments, as the case may be, but only to a single person consisting of the administrator or executor of the Participant's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

(f) Discretion to Alter Payment Date for Mutual Fund Index Account Balance. Notwithstanding the other provisions of this Section 4.1, if the Participant ceases to be a Director for any reason, the Administrator may, in his or her sole discretion, direct that any Mutual Fund Index Account Balance be paid at some other time or that it be paid in installments; provided, that no such direction that adversely affects the rights of the Participant or his or her beneficiary under this Plan shall be implemented without the consent of the affected Participant or beneficiary. This direction may be revoked by the Administrator at any time in his or her sole discretion. This Section 4.1(f) shall not be applicable to the payment of any ML Stock Unit Account Balance.

4.2 Change in Control.

(a) Payment of Mutual Fund Index Account Balance. Notwithstanding any other provision of this Plan, in the event that (i) ML & Co. receives a Tender Offer Statement on Schedule 14D-1 under the Securities Exchange Act of 1934 relating to a Tender Offer or (ii) a Change in Control shall occur, any Mutual Fund Index Account Balance will be paid to the Participant in a lump

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sum as soon as practicable after the receipt of such Tender Offer Statement or the occurrence of such Change in Control, and in any event, not later than 30 days thereafter.

(b) ML Stock Unit Account Balance Unaffected. The occurrence of an event specified in Section 4.2(a)(i) or (ii) hereof shall have no effect on the timing of payment or the obligation of ML & Co. to pay a Participant's ML Stock Unit Account Balance, which shall continue to be governed by Section 4.1 hereof.

4.3 Withholding of Taxes.

ML & Co. will deduct or withhold from any payment to be made or deferred hereunder any U.S. Federal, state or local or foreign income or employment taxes required by law to be withheld or require the Participant or the Participant's beneficiary to pay any amount, or the balance of any amount, required to be withheld.

4.4 Beneficiary.

(a) Designation of Beneficiary. The Participant may designate, in a writing delivered to the Administrator or his or her designee before the Participant's death, a beneficiary to receive payments in the event of the Participant's death. The Participant may also designate a contingent beneficiary to receive payments in accordance with this Plan if the primary beneficiary does not survive the Participant. The Participant may designate more than one person as the Participant's beneficiary or contingent beneficiary, in which case (i) no contingent beneficiary would receive any payment unless all of the primary beneficiaries predeceased the Participant, and (ii) the surviving beneficiaries in any class shall share in any payments in proportion to the percentages of interest assigned to them by the Participant.

(b) Change in Beneficiary. The Participant may change his or her beneficiary or contingent beneficiary (without the consent of any prior beneficiary) in a writing delivered to the Administrator or his or her designee before the Participant's death. Unless the Participant states otherwise in writing, any change in beneficiary or contingent beneficiary will automatically revoke such prior designations of the Participant's beneficiary or of the Participant's contingent beneficiary, as the case may be, under this Plan only; and any designations under other deferral agreements or plans of the Company will remain unaffected.

(c) Default Beneficiary. In the event a Participant does not designate a beneficiary, or no designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's surviving spouse, if the

Participant is married at the time of his or her death and not subject to a court-approved agreement or court decree of separation, or otherwise the person or persons designated to receive benefits on account of the Participant's death under the ML & Co. pre-retirement death benefit for Non-Employee Directors, unless the rights to such benefit have been assigned, in which case any amounts payable to the Participant's beneficiary under the Plan will be paid to the Participant's estate.

(d) If the Beneficiary Dies During Payment. If a beneficiary who is receiving or is entitled to receive payments hereunder dies after the Participant but before all the payments have been made, the portion of the Account Balance(s) to which that beneficiary was entitled will be paid as soon as practicable in a single payment to such beneficiary's estate and not to any contingent beneficiary the Participant may have designated provided, however, that if the beneficiary was receiving modified installment payments or annuitized payments pursuant to Section 4.1(b), the applicable portion of the Account Balance will continue to be paid as modified installment payments or annuitized payments, as the case may be, but only to a single person consisting of the

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administrator or executor of the beneficiary's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

ARTICLE V

ADMINISTRATION OF THE PLAN

5.1 Powers of the Administrator.

The Administrator has full power and authority to interpret, construe, and administer this Plan. The Administrator's interpretations and construction hereof, and actions hereunder, including any determinations regarding the amount or recipient of any payments, will be binding and conclusive on all persons for all purposes. The Administrator will not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan unless attributable to his or her willful misconduct or lack of good faith. The Administrator may designate persons to carry out the specified responsibilities of the Administrator and shall not be liable for any act or omission of a person as designated.

5.2 Payments on Behalf of an Incompetent.

If the Administrator finds that any person who is presently entitled to any payment hereunder is a minor or is unable to care for his or her affairs because of disability or incompetency, payment of the Account Balance(s) may be made to anyone found by the Administrator to be the committee or other authorized representative of such person, or to be otherwise entitled to such payment, in the manner and under the conditions that the Administrator determines. Such payment will be a complete discharge of the liabilities of ML & Co. hereunder with respect to the amounts so paid.

5.3 Corporate Books and Records Controlling.

The books and records of the Company will be controlling in the event a question arises hereunder concerning the amount of the Deferred Amounts, the Account Balance(s), the designation of a beneficiary, or any other matters.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.1 Litigation.

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

6.2 Headings Are Not Controlling.

The headings contained in this Plan are for convenience only and will not control or affect the meaning or construction of any of the terms or provisions of this Plan.

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6.3 Governing Law.

To the extent not preempted by applicable U.S. Federal law, this Plan will be construed in accordance with and governed by the laws of the State of New York as to all matters, including, but not limited to, matters of validity, construction, and performance.

6.4 Amendment and Termination.

The Executive Committee or the Board of Directors may amend or terminate this Plan at any time, provided that no amendment or termination may be made that adversely affect the right of a Participant to his or her Account Balance(s) as of the date of such amendment or termination.

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

<TABLE>
 <CAPTION>

	For the Three Months Ended	
	MARCH 28, 1997	MARCH 29, 1996
<S>	<C>	<C>
EARNINGS		
Net earnings.....	\$ 465	\$ 410
Preferred stock dividends.....	(10)	(12)
Net earnings applicable to common stockholders.....	\$ 455	\$ 398
PRIMARY WEIGHTED AVERAGE SHARES		
Common stock.....	165.6	172.8
Assuming issuance of shares relating to employee incentive plans.....	28.9	23.4
Total shares.....	194.5	196.2
PRIMARY EARNINGS PER SHARE.....	\$ 2.34	\$ 2.03
FULLY DILUTED WEIGHTED AVERAGE SHARES		
Common stock.....	165.6	172.8
Assuming issuance of shares relating to employee incentive plans.....	28.9	23.4
Total shares.....	194.5	196.2
FULLY DILUTED EARNINGS PER SHARE.....	\$ 2.34	\$ 2.03

</TABLE>

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

NOTE: Earnings per common share amounts and average shares used in computing earnings per common share do not give effect to the two-for-one common stock split, effected in the form of a stock dividend, declared by the Board of Directors on April 15, 1997 and payable on May 30, 1997.

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)

<TABLE>
 <CAPTION>

	For the Three Months Ended	
	<C> March 28, 1997	<C> March 29, 1996
Pretax earnings from continuing operations.....	\$ 766	\$ 671
Add: Fixed charges.....	3,672	2,795
Pretax earnings before fixed charges.....	\$ 4,438	\$ 3,466
Fixed charges:		
Interest.....	\$ 3,608	\$ 2,756
Other(A).....	64	39
Total fixed charges.....	\$ 3,672	\$ 2,795
Preferred stock dividend requirements.....	\$ 17	\$ 19
Total combined fixed charges and preferred stock dividends.....	\$ 3,689	\$ 2,814
Ratio of earnings to fixed charges.....	1.21	1.24
Ratio of earnings to combined fixed charges and preferred stock dividends.....	1.20	1.23

</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.

May 9, 1997

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

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim consolidated financial information of Merrill Lynch & Co., Inc. and subsidiaries as of March 28, 1997 and for the three-month periods ended March 28, 1997 and March 29, 1996 as indicated in our report dated May 9, 1997; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 28, 1997, is incorporated by reference in the following documents, as amended:

Filed on Form S-8:

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

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

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

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

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

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

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

Registration Statement No. 33-56427 (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. 333-00863 (401(k) Savings & Incentive Plan)

Registration Statement No. 333-13367 (Restricted Stock Plan For Former
Employees of Hotchkis and Wiley)

Registration Statement No. 333-15009 (1997 KECALP Deferred Compensation
Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-17099 (Deferred Unit and Stock Unit Plan for
Non-Employee Directors)

Registration Statement No. 333-18915 (Long Term Incentive Compensation Plan
for Managers & Producers)

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

Registration Statement No. 333-13649

Registration Statement No. 333-25255

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)

Registration Statement No. 333-02275 (Long Term Incentive Compensation Plan)

Registration Statement No. 333-16603 (TOPrS)

Registration Statement No. 333-20137 (TOPrS)

Registration Statement No. 333-24889 (LTIC and LTICPMP)

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> Includes \$627 in Preferred Securities Issued by
Subsidiaries.

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