SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 27, 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.

331,375,776 shares of Common Stock
(as of the close of business on August 1, 1997)

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

<TABLE>
<CAPTION>

(Dollars in Millions, Except Per Share Amounts)	FOR THE THREE MONTHS ENDED JUNE 27, 1997	JUNE 28, 1996	PERCENT(1) INCREASE
REVENUES			
<S>	<C>	<C>	<C>
Commissions..................................	$ 1,078	$ 970	11.2%
Interest and dividends.......................	4,330	3,040	42.4
Principal transactions.......................	1,151	908	26.7
Investment banking...........................	625	580	7.8
Asset management and portfolio service fees................................	670	553	21.2
Other..	157	139	12.8

Total Revenues	8,011	6,190	29.4
Interest Expense	4,044	2,810	43.9
Net Revenues	3,967	3,380	17.3
NON-INTEREST EXPENSES			
Compensation and benefits	2,004	1,741	15.1
Communications and equipment rental	170	137	24.2
Occupancy	124	113	9.8
Depreciation and amortization	108	98	9.7
Professional fees	197	140	40.6
Advertising and market development	156	124	25.3
Brokerage, clearing, and exchange fees	112	101	10.7
Other	312	228	36.9
Total Non-Interest Expenses	3,183	2,682	18.6
EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	784	698	12.4
Income Tax Expense	290	265	9.7
Dividends on Preferred Securities Issued by Subsidiaries	13	-	N/M
NET EARNINGS	$ 481	$ 433	11.1%
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	$ 472	$ 422	11.9%
EARNINGS PER COMMON SHARE (2):			
Primary	$ 1.24	$ 1.09	
Fully diluted	$ 1.23	$ 1.09	
DIVIDEND PAID PER COMMON SHARE	$ .20	$ .15	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE (2):			
Primary	379.4	385.9	
Fully diluted	384.4	385.9	

</TABLE>

(1) Percentages are based on actual numbers before rounding.
(2) All share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.

See Notes to Consolidated Financial Statements

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

<TABLE>
<CAPTION>

(Dollars in Millions, Except Per Share Amounts)	FOR THE SIX MONTHS ENDED JUNE 27, 1997	JUNE 28, 1996	PERCENT(1) INCREASE
REVENUES			
<S>	<C>	<C>	<C>
Commissions	$ 2,193	$ 1,959	11.9%
Interest and dividends	8,178	6,050	35.2
Principal transactions	2,215	1,891	17.1
Investment banking	1,233	958	28.8

Asset management and portfolio service fees	1,316	1,090	20.7
Other	327	261	25.5
Total Revenues	15,462	12,209	26.6
Interest Expense	7,654	5,568	37.5
Net Revenues	7,808	6,641	17.6
NON-INTEREST EXPENSES			
Compensation and benefits	3,991	3,432	16.3
Communications and equipment rental	328	268	22.5
Occupancy	244	229	6.7
Depreciation and amortization	213	196	8.5
Professional fees	395	270	45.9
Advertising and market development	300	239	25.7
Brokerage, clearing, and exchange fees	230	207	10.8
Other	556	431	28.8
Total Non-Interest Expenses	6,257	5,272	18.7
EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	1,551	1,369	13.3
Income Tax Expense	581	526	10.5
Dividends on Preferred Securities Issued by Subsidiaries	23	-	N/M
NET EARNINGS	$ 947	$ 843	12.3%
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	$ 927	$ 820	13.1%
EARNINGS PER COMMON SHARE (2):			
Primary	$ 2.41	$ 2.11	
Fully diluted	$ 2.40	$ 2.11	
DIVIDENDS PAID PER COMMON SHARE	$ .35	$ .28	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE (2):			
Primary	384.2	388.7	
Fully diluted	386.8	389.2	

</TABLE>

(1) Percentages are based on actual numbers before rounding.
(2) All share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.

See Notes to Consolidated Financial Statements

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

<TABLE>
<CAPTION>

(Dollars in Millions, Except Per Share Amounts)

ASSETS	JUNE 27, 1997	DEC. 27, 1996
<S>	<C>	<C>
CASH AND CASH EQUIVALENTS	$ 4,528	$ 3,375

CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS	9,707	5,628
MARKETABLE INVESTMENT SECURITIES	2,659	2,180
TRADING ASSETS, AT FAIR VALUE		
Corporate debt and preferred stock	32,950	24,270
Contractual agreements	16,219	13,465
Equities and convertible debentures	22,288	13,153
U.S. Government and agencies	9,595	9,304
Non-U.S. governments and agencies	13,236	7,758
Mortgages, mortgage-backed, and asset-backed	7,018	5,189
Money markets	1,609	1,209
Municipals	1,419	1,176
Total	104,334	75,524
RESALE AGREEMENTS	60,447	58,402
SECURITIES BORROWED	36,287	24,692
RECEIVABLES		
Customers (net of allowance for doubtful accounts of $45 in 1997 and $39 in 1996)	22,810	18,309
Brokers and dealers	6,683	6,205
Interest and other	6,541	5,280
Total	36,034	29,794
INVESTMENTS OF INSURANCE SUBSIDIARIES	5,034	5,107
LOANS, NOTES, AND MORTGAGES (net of allowance for loan losses of $122 in 1997 and $117 in 1996)	3,866	3,334
OTHER INVESTMENTS	1,203	1,125
PROPERTY, LEASEHOLD IMPROVEMENTS, AND EQUIPMENT (net of accumulated depreciation and amortization of $2,709 in 1997 and $2,523 in 1996)	1,857	1,670
OTHER ASSETS	2,080	2,185
TOTAL ASSETS	$268,036	$213,016

</TABLE>

See Notes to Consolidated Financial Statements

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	JUNE 27, 1997	DEC. 27, 1996
<S>	<C>	<C>
LIABILITIES		
REPURCHASE AGREEMENTS	$ 68,058	$ 62,669
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS	57,431	39,333
TRADING LIABILITIES, AT FAIR VALUE		
U.S. Government and agencies	16,436	13,965
Contractual agreements	12,810	11,221
Equities and convertible debentures	16,234	8,332
Non-U.S. governments and agencies	9,012	7,135
Corporate debt and preferred stock	4,799	2,762
Municipals	122	130
Total	59,413	43,545

CUSTOMERS	13,677	11,758
INSURANCE	4,859	5,010
BROKERS AND DEALERS	7,097	3,407
OTHER LIABILITIES AND ACCRUED INTEREST	15,643	13,973
LONG-TERM BORROWINGS	33,963	26,102
TOTAL LIABILITIES	260,141	205,797
PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	627	327
STOCKHOLDERS' EQUITY		
PREFERRED STOCKHOLDERS' EQUITY	425	619
COMMON STOCKHOLDERS' EQUITY (1)		
Common stock, par value $1.33 1/3 per share; authorized: 500,000,000 shares; issued: 1997 and 1996 - 472,660,324 shares	630	630
Paid-in capital	1,065	989
Foreign currency translation adjustment	5	10
Net unrealized gains on investment securities available-for-sale (net of applicable income tax expense of $17 in 1997 and $5 in 1996)	31	9
Retained earnings	8,678	7,868
Subtotal	10,409	9,506
Less:		
Treasury stock, at cost: 1997 - 143,611,883 shares; 1996 - 141,411,196 shares	3,099	2,895
Unallocated ESOP reversion shares, at cost: 1996 - 3,077,556 shares	-	24
Employee stock transactions	467	314
TOTAL COMMON STOCKHOLDERS' EQUITY	6,843	6,273
TOTAL STOCKHOLDERS' EQUITY	7,268	6,892
TOTAL LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY	$268,036	$213,016
BOOK VALUE PER COMMON SHARE	$ 20.86	$ 19.19

</TABLE>

(1) All share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.

See Notes to Consolidated Financial Statements

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

<TABLE>
<CAPTION>

(Dollars in Millions)	FOR THE SIX MONTHS ENDED JUNE 27, 1997	FOR THE SIX MONTHS ENDED JUNE 28, 1996
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 947	$ 843
Noncash items included in earnings:		
Depreciation and amortization	213	196
Policyholder reserves	122	138
Other	590	307
(Increase) decrease in operating assets:		
Trading assets	(28,710)	(8,999)

Cash and securities segregated for regulatory purposes or deposited with clearing organizations	(4,079)	401
Securities borrowed	(11,595)	(3,340)
Customers	(4,506)	(2,638)
Sales of trading investment securities	501	-
Purchases of trading investment securities	(431)	-
Other	(2,504)	(6,460)
Increase (decrease) in operating liabilities:		
Trading liabilities	15,868	5,604
Customers	1,919	(1,280)
Insurance	(251)	(330)
Other	5,197	9,326
CASH USED FOR OPERATING ACTIVITIES	(26,719)	(6,232)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities	1,551	1,570
Sales of available-for-sale securities	1,063	784
Purchases of available-for-sale securities	(3,283)	(2,160)
Maturities of held-to-maturity securities	556	385
Purchases of held-to-maturity securities	(320)	(244)
Other investments and other assets	(247)	(340)
Property, leasehold improvements, and equipment	(400)	(173)
CASH USED FOR INVESTING ACTIVITIES	(1,080)	(178)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Repurchase agreements, net of resale agreements	3,343	(2,017)
Commercial paper and other short-term borrowings	18,098	3,156
Issuance and resale of long-term borrowings	11,874	9,371
Settlement and repurchase of long-term borrowings	(3,868)	(3,842)
Issuance of subsidiaries' preferred securities	300	-
Redemption of remarketed preferred stock	(194)	-
Common stock transactions	(465)	(479)
Dividends	(136)	(119)
CASH PROVIDED BY FINANCING ACTIVITIES	28,952	6,070
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	1,153	(340)
Cash and cash equivalents, beginning of year	3,375	3,091
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4,528	$ 2,751

</TABLE>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Cash paid for:
Income taxes totaled $413 in 1997 and $633 in 1996.
Interest totaled $7,294 in 1997 and $5,359 in 1996.

See Notes to Consolidated Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

JUNE 27, 1997

(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

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- and six-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 second quarter.

NEW ACCOUNTING PRONOUNCEMENT

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share", which is effective for fiscal years 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 (common share equivalents) 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:

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	
	June 27, 1997	June 28, 1996	June 27, 1997	June 28, 1996
<S>	<C>	<C>	<C>	<C>
Pro Forma SFAS No. 128:				
Basic	$ 1.43	$ 1.24	$ 2.80	$ 2.39
Diluted	1.25	1.10	2.41	2.13
As Currently Reported:				
Primary	1.24	1.09	2.41	2.11
Fully diluted	1.23	1.09	2.40	2.11

</TABLE>

COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS

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

<TABLE>
<CAPTION>

	June 27, 1997	Dec. 27, 1996
<S>	<C>	<C>
Commercial paper	$32,486	$23,558
Demand and time deposits	9,524	9,311
Securities loaned	7,014	2,751
Bank loans and other	8,407	3,713
Total	$57,431	$39,333

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</TABLE>

PREFERRED SECURITIES ISSUED BY SUBSIDIARIES

On February 6, 1997, Merrill Lynch Preferred Capital Trust II (the "Trust"), a subsidiary of the Company, issued $300 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. The Company 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.

COMMON EQUITY

On April 15, 1997, Merrill Lynch's Board of Directors declared a two-for-one common stock split, effected in the form of a 100% stock dividend. The new shares were distributed on May 30, 1997 to stockholders of record on May 2, 1997. The par value of these shares remained at $1.33 1/3 per share. Accordingly, an adjustment totaling $315 from paid-in capital to common stock was required to preserve the par value of the post-split shares. All share and per share data presented in these financial statements have been restated for the effect of the split.

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.

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 Risk (1)(2)	Currency Risk (3)	Equity Price Risk	Commodity Price Risk
June 27, 1997				
<S>	<C>	<C>	<C>	<C>
Swap agreements	$1,362	$ 161	$ 17	$ 3
Forward contracts	39	198	1	19
Futures contracts	151	2	13	2
Options purchased	114	77	32	2
Options written	126	77	46	4

<CAPTION>

December 27, 1996				
<S>	<C>	<C>	<C>	<C>
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:

(in billions)	June 27, 1997	Dec. 27, 1996
Interest rate derivatives(1)	$49	$36
Currency derivatives(1)	7	7
Equity derivatives	2	2

(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 June 27, 1997 would not have a material effect on the consolidated financial condition of Merrill Lynch.

REGULATORY REQUIREMENTS

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer and a subsidiary of the Company, 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 June 27, 1997, MLPF&S's regulatory net capital of $1,638 was 9% of aggregate debit items, and its

regulatory net capital in excess of the minimum required was $1,264.

Merrill Lynch Government Securities Inc. ("MLGSI"), a primary dealer in U.S. Government securities and a subsidiary of the Company, is subject to the capital adequacy requirements of the Government Securities Act of 1986. This rule requires dealers to maintain liquid capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At June 27, 1997, MLGSI's liquid capital of $978 was 246% of its total market and credit risk, and liquid capital in excess of the minimum required was $501.

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 June 27, 1997, MLI's financial resources were $3,647, and exceeded the minimum requirement by $938.

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 June 27, 1997, MLCM's financial resources were $1,545, and exceeded the minimum requirement by $562. In 1997, MLI became Merrill Lynch's primary dealer for new global equity derivatives business.

INTEREST EXPENSE

Interest expense includes payments in lieu of dividends of $6.2 and $1.4 for the second quarters of 1997 and 1996, respectively. For the six-month periods ended June 27, 1997 and June 28, 1996, payments in lieu of dividends were $8.3 and $3.0, 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.

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 June 27, 1997, and the related condensed statements of consolidated earnings for the three- and six-month periods ended June 27, 1997 and June 28, 1996 and consolidated cash flows for the six-month periods ended June 27, 1997 and June 28, 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

August 8, 1997

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

Merrill Lynch & Co., Inc. ("the Company" and, together with its subsidiaries and affiliates, "Merrill Lynch") is a holding company that, through its subsidiaries and affiliates, provides investment, financing, insurance, and related services worldwide. Merrill Lynch conducts its businesses in global financial markets that are influenced by numerous unpredictable factors. These factors include economic conditions and monetary policy, the liquidity of global markets, international and regional political events, regulatory developments, the competitive environment, and investor sentiment. These conditions or events can significantly impact the volatility of financial markets. While greater volatility increases risk, it may also increase order flow, which in turn may benefit Merrill Lynch businesses, such as trading and brokerage. Revenues and net earnings may vary significantly from period to period due to these unpredictable factors and the resulting market volatility.

Global financial markets continued to flourish for much of 1997, after generally robust performances in 1995 and 1996. This trend has been led by a stable U.S. economy, heightened investor and issuer activity, low inflation, and relatively low interest rates.

U.S. equity markets, except for a mild downturn that began in March and continued into April, were bullish in the second quarter of 1997, perpetuating the trend started more than two years ago. The Dow Jones Industrial Average ("DJIA"), despite the April retraction, posted its largest second-quarter percentage gain since 1938 and reached record levels for the tenth consecutive quarter.

U.S. bond prices increased in the second quarter of 1997 as long-term interest rates decreased. Although interest rates were slightly lower at quarter-end compared to the same point a year ago, interest rates for much of the 1997 second quarter were higher relative to the 1996 second quarter.

Overall, global equity prices, as measured by the Dow Jones World Index, increased during the 1997 second quarter. For the first half of 1997, equity prices in many countries were up more than U.S. equity prices when measured in local currency terms; however, in U.S. dollar terms, most of these increases did not exceed the U.S. increase due to the overall strengthening of the U.S. dollar versus many local currencies during the period.

Global underwriting volume in the 1997 first half was up moderately compared with the same period a year ago. The second quarter increase was fueled by debt issuances, but concerns about sustainability of U.S. equity market price levels dampened underwriting volume in equities. U.S. initial public offerings, in particular, fell nearly 42%, to $11.1 billion, from $18.9 billion in the second quarter of 1996, according to Securities Data Co. ("SDC").

Strategic services activities remained strong during the 1997 second quarter, reflecting a continuation of the high level of mergers and acquisitions activity experienced throughout 1996 and the 1997 first quarter. 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.

Due to the cyclicality 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.

<TABLE>
<CAPTION>

RESULTS OF OPERATIONS

(in millions, except per share amounts)	For the Three Months Ended			Increase 2Q97 Versus	
	June 27, 1997	March 28, 1997	June 28, 1996	1Q97	2Q96
<S>	<C>	<C>	<C>	<C>	<C>
Total revenues	$8,011	$7,451	$6,190	7.5%	29.4%
Net revenues	3,967	3,841	3,380	3.3	17.3
Net earnings	481	465	433	3.5	11.1
Net earnings applicable to common stockholders	472	455	422	3.8	11.9
Earnings per common share (1):					
Primary	1.24	1.17	1.09	6.0	13.8
Fully diluted	1.23	1.17	1.09	5.1	12.8
Return on average common stockholders' equity	28.5%	28.3%	29.2%		

</TABLE>

(1) "All per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997."

The discussion that follows emphasizes the comparison between the second quarters of 1997 and 1996 and presents additional information on the comparison between the six-month periods, where appropriate.

Merrill Lynch's net earnings were a record $481 million in second quarter 1997, up 3% from the previous record of $465 million in first quarter 1997 and 11%

above the $433 million earned in the 1996 second quarter. Record revenues were achieved in principal transactions, investment banking, and asset management and portfolio service fees. Increases in revenues were partially offset by increased costs, particularly performance-based compensation, technology-related expenses, and provisions for various business activities.

For the 1997 first half, net earnings were a record $947 million, up 12% from the previous record of $843 million in the first half of 1996. Year-to-date earnings per common share were $2.41 primary and $2.40 fully diluted, compared with $2.11 primary and fully diluted for the 1996 period, as restated for the common stock split. Annualized return on average common equity was 28.3% for the 1997 first half versus 28.7% in the prior year period.

Commissions revenues are summarized as follows:

<TABLE>
<CAPTION>

(in millions)	Three Months Ended			Six Months Ended		
	June 27, 1997	June 28, 1996	% Inc.	June 27, 1997	June 28, 1996	% Inc.
Listed and over-the-counter	$ 605	$517	17%	$1,230	$1,064	16%
Mutual funds	321	309	4	665	608	9
Other	152	144	5	298	287	4
Total	$1,078	$970	11	$2,193	$1,959	12

</TABLE>

Commissions revenues from listed securities increased 24% from second quarter 1996 as a result of higher trading volumes on many global exchanges. Mutual fund commissions revenues rose due to higher distribution fees, primarily related to prior period sales.

Significant components of interest and dividend revenues and interest expense follow:

<TABLE>
<CAPTION>

(in millions)	Three Months Ended		Six Months Ended	
	June 27, 1997	June 28, 1996	June 27, 1997	June 28, 1996
Interest and dividend revenues:				
Trading assets	$1,329	$ 986	$2,555	$1,945
Resale agreements	1,155	714	2,086	1,404
Securities borrowed	931	644	1,763	1,319
Margin lending	507	369	958	742
Other	408	327	816	640
Total	4,330	3,040	8,178	6,050
Interest expense:				
Borrowings	1,699	1,131	3,213	2,248
Repurchase agreements	1,302	854	2,366	1,702
Trading liabilities	738	580	1,490	1,132
Other	305	245	585	486
Total	4,044	2,810	7,654	5,568
Net interest and dividend profit	$ 286	$ 230	$ 524	$ 482

</TABLE>

Net interest and dividend profit increased 24% from the 1996 second quarter. Interest and dividend revenues and expenses are a function of the level and mix of interest-earning assets and interest-bearing liabilities and the prevailing level, term structure, and volatility of interest rates.

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, increased (decreased) interest expense by approximately $7 and $(23) million for the 1997 and 1996 second quarters, respectively.

Principal transactions revenues were up 27% from the 1996 second quarter to $1.2 billion due to higher trading revenues from equities and equity derivatives, fixed-income products, interest rate and currency swaps, and foreign exchange instruments.

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 Revenue (Expense)		Net Trading Revenue	
	1997	1996	1997	1996	1997	1996
Second Quarter						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Equities and equity derivatives	$ 391	$ 290	$ 4	$ (27)	$ 395	$ 263
Taxable fixed-income	342	243	76	66	418	309
Interest rate and currency swaps	287	249	(50)	(24)	237	225
Municipals	84	94	3	2	87	96
Foreign exchange and commodities	47	32	1	(5)	48	27
Total	$1,151	$ 908	$ 34	$ 12	$1,185	$ 920

</TABLE>

<TABLE>
<CAPTION>

First Half						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Equities and equity derivatives	$ 707	$ 637	$ (28)	$ (55)	$ 679	$ 582
Taxable fixed-income	667	509	153	125	820	634
Interest rate and currency swaps	597	505	(75)	(35)	522	470
Municipals	167	168	8	3	175	171
Foreign exchange and commodities	77	72	2	(8)	79	64
Total	$2,215	$1,891	$ 60	$ 30	$2,275	$1,921

</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 $391 million, up 35% from the 1996 second quarter due to higher revenues from global equity derivatives and U.S. equities and convertibles, partially offset by a decline in non-U.S. equities trading revenues. Increased profitability on equity derivative transactions and price appreciation in the U.S. equity market resulted in higher revenues. The decline in non-U.S. equities was primarily driven by lower values for Japanese positions.

Taxable fixed-income trading revenues were $342 million, up 40% from the 1996 second quarter. Trading revenues from taxable fixed-income products, except for U.S. Government and agency securities, benefited from the declining interest rate environment as investors sought higher yielding instruments.

Interest rate and currency swap trading revenues increased 15% to $287 million primarily due to improved performance in the U.S. dollar-denominated derivatives market, as well as higher revenues from currency-related products. Municipal securities trading revenues were down 11% from last year's second quarter to $84 million primarily due to lower margins on sales of shorter term instruments. Foreign exchange and commodities trading revenues were up 49% to $47 million, attributable mainly to fluctuations in the U.S. dollar versus European currencies and the Japanese yen.

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

<TABLE>
<CAPTION>

	Three Months Ended			Six Months Ended		
(in millions)	June 27, 1997	June 28, 1996	% Inc.(Dec.)	June 27, 1997	June 28, 1996	% Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Underwriting	$452	$469	(4)%	$ 903	$762	18%
Strategic services	173	111	56	330	196	69
Total	$625	$580	8	$1,233	$958	29

</TABLE>

Underwriting revenues, while strong, declined from the 1996 second quarter due to lower equity underwriting volume as compared to the record level of the 1996 second quarter. This decline was partially offset by higher debt issuances. Merrill Lynch's underwriting market share information follows:

<TABLE>
<CAPTION>

	Three Months Ended June 27, 1997		Three Months Ended June 28, 1996	
	Market Share	Rank	Market Share	Rank
<S>	<C>	<C>	<C>	<C>
U.S.				
Debt	16.3%	1	16.2%	1
Equity	13.6	2	13.4	3
Debt and Equity	16.6	1	15.8	1
GLOBAL				
Debt	12.8	1	12.5	1
Equity	12.3	3	12.4	3
Debt and Equity	13.2	1	12.7	1

</TABLE>

"Source: SDC statistics based on full credit to book manager."

Strategic services revenues advanced to a record $173 million, attributable to an increase in mergers and acquisitions activity industrywide. Merrill Lynch's mergers and acquisitions market share information based on transaction value follows:

<TABLE>
<CAPTION>

	Three Months Ended June 27, 1997		Three Months Ended June 28, 1996	
	Market Share	Rank	Market Share	Rank
<S>	<C>	<C>	<C>	<C>

COMPLETED TRANSACTIONS				
U.S.	26.3%	2	34.8%	2
Global	20.9	2	21.5	2
ANNOUNCED TRANSACTIONS				
U.S.	15.8	3	38.4	1
Global	10.0	4	26.1	1

</TABLE>

"Source: SDC statistics based on full credit to both target and acquiring companies' advisors."

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

<TABLE>
<CAPTION>

	Three Months Ended			Six Months Ended		
(in millions)	June 27, 1997	June 28, 1996	% Inc.	June 27, 1997	June 28, 1996	% Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Asset management fees	$291	$245	19%	$ 575	$ 483	19%
Portfolio service fees	190	147	28	367	288	28
Account fees	107	100	8	212	196	8
Other fees	82	61	35	162	123	32
Total	$670	$553	21	$1,316	$1,090	21

</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 $940 billion at quarter-end, compared with $756 billion at the end of the 1996 second quarter. Assets under management were $257 billion at quarter-end, compared with $207 billion a year ago. New money investments accounted for approximately 39% of the increase from a year ago in client assets and approximately 34% 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), Asset Power (Registered Trademark), and Mutual Fund Advisor (Service Mark).

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 $157 million, up 13% from $139 million in the 1996 second quarter. The increase was principally due to realized merchant banking investment gains.

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

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	
(in millions)	June 27, 1997	June 28, 1996	June 27, 1997	June 28, 1996
<S>	<C>	<C>	<C>	<C>
Compensation and benefits	$2,004	$1,741	$3,991	$3,432
Non-interest expenses, excluding compensation and benefits:				
Communications and equipment rental	170	137	328	268
Occupancy	124	113	244	229

Depreciation and amortization	108	98	213	196
Professional fees	197	140	395	270
Advertising and market development	156	124	300	239
Brokerage, clearing, and exchange fees	112	101	230	207
Other	312	228	556	431
Total non-interest expenses, excluding compensation and benefits	1,179	941	2,266	1,840
Total non-interest expenses	$3,183	$2,682	$6,257	$5,272
Compensation and benefits as a percentage of net revenues	50.5%	51.5%	51.1%	51.7%
Compensation and benefits as a percentage of pretax earnings before compensation and benefits	71.9%	71.4%	72.0%	71.5%

</TABLE>

Non-interest expenses were up 19% from the 1996 second quarter. The largest expense category, compensation and benefits expense, rose 15% from the 1996 second quarter due to higher incentive compensation and increased headcount. Incentive compensation was up primarily due to higher profitability. The increase in salary costs was primarily due to the addition of approximately 5,400 employees since the end of the 1996 second quarter, resulting in approximately 52,400 employees at the end of the 1997 second quarter. Hirings of technical and other support personnel, together with headcount added by business acquisitions, were responsible for approximately 77% of the increase. The ratio of support employees and sales assistants to producers increased from 1.47 in second quarter 1996 to 1.55 in second quarter 1997.

Facilities-related costs, which include communications and equipment rental, occupancy, and depreciation and amortization, rose 15% in the aggregate to $402 million as increased business volumes, continued emphasis on technology initiatives, and expansion of facilities worldwide led to higher costs.

Professional fees increased 41%, partly due to higher management and systems consulting costs related to various strategic market development and technology projects. Advertising and market development expense rose 25% due in part to increased international travel. Brokerage, clearing, and exchange fees were up 11% due to higher global securities trading volume. Other expenses rose 37%. This increase was attributable to provisions for various business activities, including $30 million for a settlement with the Orange County District Attorney's office and $45 million for the costs of certain client claims arising in Asia which were quantifiable at quarter-end. [See Part II, Item 1, Legal Proceedings for further information on the Orange County settlement.]

Income tax expense was $290 million in the 1997 second quarter. The effective tax rate in the 1997 second quarter was 37.0%, compared with 37.9% 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 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 June 27, 1997 totaled $6.6 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 June 27, 1997, substantially all of Merrill Lynch's assets were considered readily marketable by management.

Merrill Lynch concentrates its unsecured, general purpose borrowings at the 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 $32.5 billion at June 27, 1997 and $23.6

billion at December 27, 1996, which was equal to 12% and 11% of total assets at second quarter-end 1997 and year-end 1996, respectively.

Outstanding long-term debt at June 27, 1997 increased to $34.0 billion, from $26.1 billion at year-end 1996.

At June 27, 1997, the Company's senior long-term debt and preferred stock were rated by recognized credit rating agencies, as follows:

Rating Agency	Senior Debt Rating	Preferred Stock Rating
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

During the first six months of 1997, the Company issued $11.1 billion in long-term debt. During the same period, maturities and repurchases were $3.3 billion. In addition, approximately $789 million of the Company's long-term debt securities held by subsidiaries were sold and $595 million were purchased. At June 27, 1997, $25.0 billion of term debt had maturity dates beyond one year.

Approximately $68.5 billion of the Company's indebtedness at June 27, 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 June 27, 1997, approximately 87% 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 $6.9 billion in common equity and $425 million in preferred stock at June 27, 1997. During the first quarter of 1997, the Company redeemed all of its $194 million Remarketed Preferred (Service Mark) Stock, Series C shares, and a subsidiary of the Company 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 of other subsidiaries, further strengthened Merrill Lynch's equity capital base.

Merrill Lynch's leverage ratios were as follows:

	Leverage Ratio(1)	Adjusted Leverage Ratio(2)
Period-end		

June 27, 1997	33.9x	21.7x
December 27, 1996	29.5x	18.0x
Average (3)		
Six months ended June 27, 1997	34.7x	20.7x
Year ended December 27, 1996	33.5x	19.9x

(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.

CAPITAL PROJECTS AND EXPENDITURES

Merrill Lynch continually prepares for the future by expanding its operations and investing in new technology to improve service to our clients. To support business expansion, for example, Merrill Lynch plans to build a new European headquarters in London for approximately $650 million. Completion of this facility is expected to occur in 2001. Significant technology initiatives include Trusted Global Advisor (Service Mark) and Year 2000 systems compliance. Trusted Global Advisor (Service Mark), a new technology platform for Financial Consultants, is expected to be completed in fourth quarter 1998, with estimated remaining costs of approximately $400 million. The Year 2000 systems modifications are expected to be completed in early 1999. The remaining costs are estimated at $200 million and will cover hardware and software upgrades, systems consulting, and computer maintenance.

AVERAGE ASSETS AND LIABILITIES

Merrill Lynch monitors changes in its balance sheet using average daily balances that 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 six months of 1997, average daily assets were $264 billion, up 11% versus $237 billion for the 1996 fourth quarter. Average daily liabilities rose 11% to $256 billion from $230 billion for the 1996 fourth

quarter. The major components in the growth of average daily assets and liabilities for the first half of 1997 are summarized as follows:

(in millions)	Increase in Average Assets	Percent Increase
Trading assets	$13,393	16%
Resale agreements and securities borrowed	8,911	9

	Increase in Average Liabilities	Percent Increase
Trading liabilities	$ 9,008	19%
Repurchase agreements and securities loaned	6,573	7
Long-term borrowings	5,129	20
Commercial paper and other		

short-term borrowings	3,883	10

Due to the adoption of SFAS No. 125, average balances of trading assets and repurchase agreements increased by approximately $2 billion (for more information on SFAS No. 125, see "Accounting Change" section in Notes to Consolidated Financial Statements - Unaudited). In addition, during the first half of 1997, trading assets and liabilities (which include on-balance-sheet hedges used to manage trading risks) rose as volume increased, benefiting from 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 short- and long-term borrowings, particularly commercial paper and 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.

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:

(in millions)	June 27, 1997	Dec. 27, 1996
Trading assets:		
Cash instruments	$9,149	$7,585
Derivatives(1)	2,463	2,470
Trading liabilities - cash instruments	2,387	905
Insurance subsidiaries' investments	227	206

(1) Collateral of $728 and $848 was held at June 27, 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 June 27, 1997, the carrying value of such debt and equity securities totaled $106 million, of which 54% 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 $481 million and $351 million at June 27, 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:

(in millions)	June 27, 1997	Dec. 27, 1996
Derivative fair values:		
Trading assets(1)	$ 269	$ 63
Trading liabilities	245	64
Derivative notionals (off-balance-sheet)(2)	2,501	2,895

(1) Included in these amounts are $12 and $9 at June 27, 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:

(in millions)	June 27, 1997	Dec. 27, 1996
Trading assets - cash instruments	$ 759	$ 905
Derivative notionals (off-balance-sheet)(1)	2,164	1,311

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

At June 27, 1997, the largest non-investment grade concentration consisted of various sovereign and corporate issues of a South American country totaling $1.3 billion, some of which 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:

(in millions)	June 27, 1997	Dec. 27, 1996
Loans (net of allowance for loan losses)(1)	$258	$340
Equity investments(2)	137	113
Partnership interests	100	104
Bridge loan	-	31
Additional commitments to invest in partnerships	77	82
Unutilized revolving lines of credit and other lending commitments(3)	146	301

(1) Represented outstanding loans to 33 and 36 companies at June 27, 1997 and year-end 1996, respectively.
(2) Invested in 51 and 48 enterprises at June 27, 1997 and year-end 1996, respectively.
(3) Subsequent to quarter-end, Merrill Lynch committed to extend a $450 million senior secured credit facility and a $215 million senior subordinated bridge loan to a counterparty in connection with its proposed acquisition transaction. Merrill Lynch plans to syndicate the loan but may retain a residual portion.

At June 27, 1997, no one industry sector accounted for more than 23% 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>

	2ND QTR. 1996	3RD QTR. 1996	4TH QTR. 1996	1ST QTR. 1997	2ND QTR. 1997
CLIENT ACCOUNTS (IN BILLIONS):					
<S>	<C>	<C>	<C>	<C>	
Assets in U.S. Client Accounts	$ 714	$ 735	$ 792	$ 818	$ 886
Assets in Non-U.S. Client Accounts	42	44	47	50	54
Total Assets in Client Accounts	$ 756	$ 779	$ 839	$ 868	$ 940
Assets Under Management:					
Money Market	$ 84	$ 86	$ 90	$ 99	98
Equity	53	54	59	62	68
Fixed-Income	41	42	43	43	45
Private Portfolio	25	27	38	40	43
Insurance	4	4	4	3	3
Total Assets Under Management	$ 207	$ 213	$ 234	$ 247	$ 257
ML Consults(Registered Trademark)	$ 19	$ 20	$ 21	$ 21	$ 24
Mutual Fund Advisor(Service Mark) and Asset Power(Registered Trademark)	$ 7	$ 8	$ 9	$ 10	$ 13
401(k) Assets	$ 40	$ 41	$ 45	$ 47	$ 51
UNDERWRITING (DOLLARS IN BILLIONS)(A):					
Global Debt and Equity:					
Volume	$ 47	$ 45	$ 50	$ 56	$ 59
Market Share	12.7%	14.0%	13.2%	13.2%	13.2%
U.S. Debt and Equity:					
Volume	$ 39	$ 36	$ 42	$ 45	$ 48
Market Share	15.8%	16.9%	16.7%	16.1%	16.6%
FULL-TIME EMPLOYEES:					
U.S.	39,900	41,400	42,200	42,900	43,600
Non-U.S.	7,100	7,400	7,600	8,400	8,800
TOTAL	47,000	48,800	49,800	51,300	52,400
Financial Consultants and Account Executives Worldwide	14,000	14,300	14,400	14,600	14,800
Support Personnel to Producer ratio (B)	1.47	1.48	1.51	1.53	1.55
INCOME STATEMENT:					
Net Earnings (in millions)	$ 433	$ 331	$ 445	$ 465	$ 481
Annualized Return on Average Common Stockholders' Equity	29.2%	21.5%	28.5%	28.3%	28.5%
Earnings per Common Share(C):					
Primary	$ 1.09	$ .84	$ 1.14	$ 1.17	$ 1.24
Fully Diluted	$ 1.09	$ .84	$ 1.14	$ 1.17	$ 1.23
BALANCE SHEET (IN MILLIONS):					
Total Assets	$205,175	$207,911	$213,016	$247,603	$268,036

Total Stockholders' Equity	$ 6,514	$ 6,618	$ 6,892	$ 6,925	$ 7,268
SHARE INFORMATION (IN THOUSANDS)(C):					
Weighted Average Shares Outstanding:					
Primary	385,866	378,420	378,889	389,067	379,429
Fully Diluted	385,866	381,268	381,405	389,067	384,450
Common Shares Outstanding (D)	337,849	331,258	328,172	330,921	329,048
Shares Repurchased	12,120	9,104	6,848	7,538	5,632

</TABLE>

(A) Full credit to book manager. Market share data derived from Securities Data Co.
(B) Support personnel includes sales assistants.
(C) Earnings per common share amounts and other share information have been adjusted for the two-for-one common stock split, paid May 30, 1997.
(D) Does not include 5,059, 4,187, 3,077 and 936 unallocated reversion shares held in the Employee Stock Ownership Plan at period end June 28, 1996, September 27, 1996, December 27, 1996, and March 28, 1997, respectively, which are not considered outstanding for accounting purposes. At June 27, 1997, these shares had been fully allocated.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Since the filing of the Company's 1996 Form 10-K and of the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 1997 (the "First Quarter 1997 10-Q"), the following events have taken place with respect to several of the actions reported therein. Capitalized terms used herein without definition have the meanings set forth in the 1996 10-K.

ORANGE COUNTY LITIGATION.

On April 17, 1997, the court in the Atascadero Federal Court Action granted defendants' motion to abstain from deciding the Action pending final resolution of the Atascadero State Court Action. On May 20, 1997, plaintiffs filed a notice of appeal. On May 6, 1997, plaintiffs in the Atascadero State Court Action filed a notice of appeal.

On June 17, 1997, a subsidiary of the Company, MLPF&S, entered into an Agreement of Settlement and Release with the District Attorney of Orange County (the "District Attorney") that resolved the District Attorney's factual inquiry into MLPF&S' role in underwriting three debt offerings of Orange County and one debt offering of Orange County Flood Control District in 1994 (the "Settlement"). MLPF&S expressly denied and did not admit any wrongdoing or liability in connection with the Settlement. In connection with the Settlement, MLPF&S agreed to pay $30 million to the General Fund of Orange County. The Settlement provides, among other things, for MLPF&S to implement certain internal procedures when it acts pursuant to negotiated underwritings as the managing or sole underwriter of securities issued by the State of California and/or any county, municipality, district, special governmental agency or other entity or authority located in California.

NASDAQ ANTITRUST LITIGATION.

On May 20, 1997, the plaintiffs in the NASDAQ Antitrust Litigation class action, who have intervened in the civil antitrust action filed by the Antitrust Division of the United States Department of Justice in order to object to the

settlement of that action, filed an appeal of the district court's approval of the settlement. On May 21, 1997, the district court granted a stay, pending completion of the appeal, of the portion of the district court's order approving the settlement that provided for the tape recording of telephone conversations by defendants' over-the-counter desk traders.

On June 30, 1997, the plaintiffs in the class action filed in connection with the NASDAQ Antitrust Litigation filed a motion seeking court approval of settlements entered into by the plaintiffs and certain of the defendants in that action. The settling defendants do not include MLPF&S, a defendant in the action.

GSLIC LITIGATION.

On July 28, 1997, the plaintiffs in the derivative action filed a notice of appeal.

For more detailed information regarding litigation matters involving the Company, see "Item 3. -- Legal Proceeding" in the 1996 10-K

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

On April 15, 1997, the Company held its Annual Meeting of Stockholders. Further details concerning matters submitted for vote of security holders can be found in the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 1997.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Company 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 Company that authorize an amount of securities constituting 10% or less of the total assets of the Company and its subsidiaries on a consolidated basis.

(10)(i) Merrill Lynch & Co., Inc. 1997 KECALP Deferred Compensation Plan for a Select Group of Eligible Employees

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

(12) Statement re: computation of ratios.

(15) Letter re: unaudited interim financial information.

(27) Financial Data Schedule.

(b) Reports on Form 8-K

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

(i) Current Report dated April 15, 1997 for the purpose of filing the Preliminary Unaudited Earnings Summary of the Company for the three-month period ended March 28, 1997.

(ii) Current Report dated May 2, 1997 for the purpose of filing the Preliminary Unaudited Consolidated Balance Sheet of the Company as of March 28, 1997.

(iii) Current Report dated May 30, 1997 for the purpose of filing restated common share data to give effect to the Company's two-for-one common stock split.

(iv) Current Report dated June 3, 1997 for the purpose of filing the form of Registrant's Nikkei 225 Market Index Target-Term Securities due June 14, 2002.

INDEX TO EXHIBITS

Exhibits

10(i)	Merrill Lynch & Co., Inc. 1997 KECALP Deferred Compensation Plan for a Select Group of Eligible Employees
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

Exhibit 10(i)

MERRILL LYNCH & CO., INC.

1997 KECALP DEFERRED COMPENSATION PLAN

FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

DATED AS OF JUNE 11, 1997

MERRILL LYNCH & CO., INC.
1997 KECALP DEFERRED COMPENSATION PLAN
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

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GENERAL

1.1 PURPOSE AND INTENT.

The purpose of the Plan is to encourage the employees who are integral to the success of the business of the Company to continue their employment by providing them with flexibility in meeting their future income needs. It is intended that this Plan be unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of ERISA, and all decisions concerning who is to be considered a member of that select group and how this Plan shall be administered and interpreted shall be consistent with this intention.

1.2 DEFINITIONS.

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

"Account Balances" means, as of any date, the Benchmark Return Account Balance, the Debit Account Balance and the KECALP Unit Account Balance.

"Accounts" means the Benchmark Return Account, the KECALP Unit Account and the Debit Account.

"Adjusted Compensation" means the financial consultant incentive compensation, account executive incentive compensation or estate planning and business insurance specialist (or other similar titles established by National Sales Management) incentive compensation, in each case exclusive of base salary, earned by a Participant during the Fiscal Year ending in 1997, and payable after January 1, 1997, as a result of the Participant's production credit level, or such other similar items of compensation as the Administrator shall designate as "Adjusted Compensation" for purposes of this Plan.

"Administrator" means the Director of Human Resources of ML & Co., or his functional successor, or any other person or committee designated as Administrator of the Plan by the MDCC.

"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 Charge" means the charge provided for in Section 3.4(g)(i).

"Applicable Federal Rate" means the applicable federal rate for short-term (0-3 years) obligations of the United States Treasury established in January of each year.

"Available Benchmark Return Account Balance" means amounts in the Benchmark Return Account after each of the debit balances recorded in the Debit Account has been reduced to zero.

"Average Leveraged Principal Amount" means, for each Participant, for any period, the sum of the Leveraged Principal Amounts outstanding at the end of each day in the period divided by the number of days in such period.

"Benchmark Return Account" means the reserve account for each Participant established on the books and records of ML & Co. to record the Participant's Benchmark Return Account Balance under the Plan.

"Benchmark Return Account Balance" means, as of any date, the Deferred Amounts credited to a Participant's Benchmark Return Account, adjusted to reflect (1) the performance of the Participant's Selected Benchmark Return Options as provided in Section 3.4(f); (2) balances transferred to the KECALP Unit Account, as provided in Section 3.2(b) at the closing of Merrill Lynch KECALP L.P. 1997; (3) distributions with respect to units in the KECALP Unit Account made in accordance with Section 3.4(d); (4) chargeoffs of any debit balance (the aggregate accrued Annual Charge or the Leveraged Principal Amount, as the case may be) recorded the Debit Account as provided in Section 3.4(e); and (5) any payouts to the Participant under Article V hereof.

"Benchmark 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 Benchmark Return Accounts hereunder. In the event a Benchmark Return Option ceases to exist or is no longer to be a Benchmark Return Option, the Administrator may designate a substitute Benchmark Return Option for such discontinued option.

"Board of Directors" means the Board of Directors of ML & Co.

"Career Retirement" means a Participant's termination of employment with the Company for reasons other than for cause on or after: (i) the Participant's 55th birthday, if the Participant has at least 5 years of service; (ii) the Participant's 50th birthday, if the Participant has at least 10 years of service; (iii) the Participant's 45th birthday, if the Participant has at least 15 years of service, or (iv) at any age, if the Participant has at least 20 years of service, provided that, in each case, following such termination such Participant does not engage in any activity that, in the sole judgment of the Administrator, is in competition with the business of the Company.

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

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

"Compensation" means, as relevant, a Participant's Adjusted Compensation, Variable Incentive Compensation and/or Sign-On Bonus. In no event shall a Participant's base pay be considered Compensation (i.e., an amount subject to deferral under this Plan).

"Debit Account" means, as, the debit account established for each Participant on the books and records of ML & Co. with a KECALP Unit Account to record the Participant's Debit Account Balance under the Plan.

"Debit Account Balance" means, as of any date the negative balance, if any, representing each of: (1) the aggregate Annual Charge, accrued in accordance with Section 3.4(g)(i); and (2) any Leveraged Principal Amount (together with any pro rata Interest Amounts determined in accordance with Section 3.4(g)(ii), if applicable), as reduced by any distributions from the KECALP Unit Account or chargeoffs against the Benchmark Return Account, in accordance with Section 3.4(e).

"Deferral Percentage" means the percentage (which shall be in whole percentage increments and not more than 90%), specified by the Participant to be the percentage of each payment of Compensation he or she wishes to defer under the Plan.

"Deferred Amounts" means the amounts of Compensation actually deferred by the Participant under this Plan.

"Election Year" means the 1996 calendar year.

"Eligible Compensation" means a Participant's "eligible compensation" as determined, from time to time, for purposes of ML & Co.'s Basic Group Life Insurance Plan.

"Eligible Employee" means an employee eligible to defer amounts under this Plan, as determined under Section 2.1 hereof.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

"Excess Deferral Amounts" means, for each Participant deferring Adjusted Compensation, the additional amounts advanced to the Participant by the Company for crediting to the Participant's KECALP Unit Account, such amounts to equal the amounts that would actually have been deferred under the Plan from the Participant's Projected Remaining Adjusted Compensation (taking into account deferrals under other deferred compensation plans) if such Projected Remaining Adjusted Compensation had been earned prior to the closing of Merrill Lynch KECALP L.P. 1997.

"Fiscal Month" means the monthly period used by ML & Co. for financial accounting purposes.

"Fiscal Year" means the annual period used by ML & Co. for financial accounting purposes.

"Full-Time Domestic Employee" means a full-time employee of the Company paid from the Company's domestic based payroll (other than any U.S. citizen or "green card" holder who is employed outside the United States).

"Full-Time Expatriate Employee" means a U.S. citizen or "green card" holder employed by the Company outside the United States and selected by the Administrator as eligible to participate in the Plan (subject to the other eligibility criteria).

"Initial Leveraged Amount" means the initial dollar amount by which of a Participant's deferral is leveraged as determined in accordance with Section 3.4(c).

"Interim Period" means the period beginning on the date the Participant elects to defer compensation under the Plan and ending on either (1) the date of the closing of Merrill Lynch KECALP L.P. 1997 or (2) the date that KECALP Inc., the general partner of Merrill Lynch KECALP L.P. 1997 receives notice from the SEC that its request to amend the exemptive order for the KECALP partnerships to allow ML & Co. to invest in Merrill Lynch KECALP L.P. 1997 has been denied.

"Interest" means the interest accruing on a Participant's Average Leveraged Principal Amount at the Applicable Federal Rate.

"Interest Amounts" means, for any Participant, as of any date, the amount of Interest that has accrued to such date on such Participant's Average Leveraged Principal Amount, from the date on which a Participant's Leveraged Principal Amount is established, or from the most recent date that Interest Amounts were added to the Leverage Principal Amount.

"KECALP Return Option" means the option of indexing returns hereunder to the performance of Merrill Lynch KECALP L.P. 1997, on a leveraged or unleveraged basis.

"KECALP Unit Account" means the reserve account for each Participant who has chosen the KECALP Return Option, established on the books and records of ML & Co. to record such Participant's KECALP Unit Account Balance.

"Leveraged or Unleveraged Unit Distributions" means the distributions from the KECALP Unit Account attributable to the leveraged or unleveraged portion (as the case may be) of a Participant's KECALP Unit Account.

"Leverage-Eligible Participants" means persons who have at least $400,000 of Total Compensation for the Election Year and otherwise qualify, in accordance with standards determined by the Administrator, to select the KECALP Return Option on a leveraged basis.

"Leverage Percentage" means the percentage of leverage chosen by a Leverage-Eligible Participant, which percentage will be subject to the limits determined by the Administrator.

"Leveraged Principal Amount" means a Participant's Initial Leveraged Amount, if any, plus, to the extent applicable, the amount of any Excess Deferral Amounts not repaid with actual deferrals of Adjusted Compensation by the end of January 1998, or any as adjusted to reflect the addition of Interest Amounts (or any pro rata Interest Amounts) determined in accordance with Section 3.4(g)(ii).

"Maximum Deferral" means the whole dollar amount specified by the Participant to be the amount of Compensation he or she elects to be deferred under the Plan.

"MDCC" means the Management Development and Compensation Committee of the Board of Directors.

"ML & Co." means Merrill Lynch & Co., Inc.

"Net Asset Value" means, (1) with respect to each Benchmark 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 Benchmark Return Option for which the value is to be determined, and (2) with respect to the KECALP Return Option, the net asset value as determined periodically by the General Partner of Merrill Lynch KECALP L.P. 1997.

"Partial Year Adjusted Compensation" means the actual amount of Adjusted Compensation earned by a Participant during the period from December 28, 1996 to the last day of the fiscal month prior to the closing of Merrill Lynch KECALP L.P. 1997.

"Participant" means an Eligible Employee who has elected to defer Compensation under the Plan.

"Plan" means this Merrill Lynch & Co., Inc. 1997 KECALP Deferred Compensation Plan for a Select Group of Eligible Employees.

"Plan Year" means the Fiscal Year ending in 1997.

"Projected Remaining Adjusted Compensation" means, for any Participant, the amount determined by annualizing such Participant's Partial Year Adjusted Compensation and subtracting such Participant's Partial Year Adjusted Compensation from such annualized amount.

"Retirement" means a Participant's termination of employment with the Company for reasons other than for cause (i) on or after the Participant's 65th birthday, or (ii) on or after the Participant's 55th birthday, if the Participant has at least 10 years of service; or (iii) with the express approval of the Administrator, which will be granted only if such termination is found by the Administrator to be in, or not contrary to, the best interests of the Company.

"SEC" means the Securities and Exchange Commission.

"Selected Benchmark Return Option" means a Benchmark Return Option selected by the Participant in accordance with Section 3.4(b).

"Sign-On Bonus" means a single-sum amount paid or payable to a new Eligible Employee during the Plan Year upon commencement of employment that is to be paid during the Interim Period, in addition to base pay and other Compensation, to induce him or her to become an employee of the Company, or any similar item of compensation as the Administrator shall designate as "Sign-On Bonus" for purposes of this Plan.

"Total Compensation" means Eligible Compensation plus the grant value, as determined by ML & Co. at the time of grant, of stock-based awards that are granted to certain employees of the Company generally in January or February of the Plan Year with respect to the prior Fiscal Year, which, for purposes of this Plan, are considered earned during the Plan Year regardless of when they are actually granted or paid to the Participant.

"Undistributed Deferred Amounts" means, as on any date on which the Annual Charge is determined, a Participant's Deferred Amounts (exclusive of any appreciation or depreciation) minus for each distribution from the Plan prior to such date, an amount equal to the product of the Deferred Amounts and a fraction the numerator of which is the amount of such distribution and the denominator of which is the combined Net Asset Value (prior to distribution) of the Participant's Benchmark Return Account and KECALP Unit Account as of the date of the relevant distribution.

"Variable Incentive Compensation" means the variable incentive compensation or office manager incentive compensation that is paid in cash to certain employees of the Company, generally in January or February of the Plan Year with respect to the prior Fiscal Year, which, for purposes of this Plan, is considered earned during the Plan Year regardless of when it is actually paid to the Participant, or such other similar items of compensation as the Administrator shall designate as "Variable Incentive Compensation" for purposes of this Plan.

"401(k) Plan" means the Merrill Lynch & Co., Inc. 401(k) Savings & Investment Plan.

ARTICLE II
ELIGIBILITY

2.1 ELIGIBLE EMPLOYEES.

(a) GENERAL RULE. An individual is an Eligible Employee if he or she

(i) is a Full-Time Domestic Employee or a Full-Time Expatriate Employee, (ii) has at least $200,000 of Eligible Compensation for the Election Year, (iii) has attained at least the title of Vice President, Director or Managing Director, or holds a National Sales Management position with the Company (a "National Sales Manager"), and (iv) (A) is a financial consultant or an estate planning and business insurance specialist (or other similar title established by National Sales Management), who was a member in 1996 of the Chairman's Club, the Charles E. Merrill Circle, the Society of Eagles, the Falcons Club or the Win Smith Fellows, (B) is a National Sales Manager, (C) is a member of the International Private Banking Group, (D) is employed as an Investment Manager for Merrill Lynch Asset Management, (E) is a non-producing employee in Band 1 or 2, or (F) is a producing employee in grade 95 or above; PROVIDED, that non-producing employees in Band 1 or above and producing employees in grade 97 or above (or their executive equivalents) shall not be required to meet condition (ii) hereof, and PROVIDED, FURTHER, that employees who were 1994 Win Smith Fellows shall not be required to meet condition (iii) hereof.

(b) INDIVIDUALS FIRST EMPLOYED DURING ELECTION YEAR OR PLAN YEAR. Subject to the approval of the Administrator in his sole discretion, an individual who is first employed by the Company during the Election Year or during the Interim Period of the Plan Year is an Eligible Employee if his or her Eligible Compensation is greater than $200,000 and he or she is either employed as a National Sales Manager or is to be nominated for at least the title of Vice President, Director or Managing Director at the first opportunity following his or her commencement of employment with the Company.

(c) DISQUALIFYING FACTORS. An individual shall not, however, be an Eligible Employee if either (i) as of the deadline for submission of elections specified in Section 3.1(a) the individual's wages have been attached or are being garnished or are otherwise restrained pursuant to legal process or (ii) within 13 months prior to the deadline for submission of elections specified in Section 3.1(a), the individual has made a hardship withdrawal of Elective 401(k) Deferrals as defined under the 401(k) Plan.

ARTICLE III
DEFERRAL ELECTIONS; ACCOUNTS

3.1 DEFERRAL ELECTIONS.

(a) TIMING AND MANNER OF MAKING OF ELECTIONS. An election to defer Compensation for payment in accordance with Section 5.1 shall be made by submitting to the Administrator such forms as the Administrator may prescribe. Each election submitted must specify a Maximum Deferral and a Deferral Percentage with respect to each category of Compensation to be deferred. All elections by a Participant to defer Compensation under the Plan must be received by the Administrator or such person as he may designate for the purpose by no later than November 18th of the Election Year or, in the event such date is not a business day, the immediately preceding business day; PROVIDED, HOWEVER, that the Eligible Employee's election to defer a Sign-On Bonus during the Interim Period must be part of such Eligible Employee's terms and conditions of employment agreed to prior to the Eligible Employee's first day of employment with the Company; and providing further; that the

Administrator may permit Eligible Employees who are Participants in the Merrill Lynch & Co., Inc. 1997 Deferred Compensation Plan for a Select Group of Eligible Employees to transfer out a portion of their account balances thereunder to this Plan upon such terms and conditions he deems appropriate.

(b) IRREVOCABILITY OF DEFERRAL ELECTION. Except as provided in Sections 3.5 and 5.5, an election to defer the receipt of any Compensation made under Section 3.1(a) is irrevocable once submitted to the Administrator or his designee. The Administrator's acceptance of an election to defer Compensation shall not, however, affect the contingent nature of such Compensation under the plan or program under which such Compensation is payable.

(c) APPLICATION OF ELECTION. The Participant's Deferral Percentage will be applied to each payment of Compensation to which the Participant's deferral election applies, PROVIDED, that the aggregate of the Participant's Deferred Amounts shall not exceed the Participant's Maximum Deferral.

3.2 CREDITING TO ACCOUNTS.

(a) BENCHMARK RETURN ACCOUNT. A Participant's Deferred Amounts will be credited to the Participant's Benchmark Return Account (to the extent they are not credited directly to the Participant's KECALP Unit Account or applied against the Participant's Excess Deferral Amount as provided in Section 3.2(b)), 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 3.4. No interest will accrue, nor will any adjustment be made to a

Benchmark Return Account, for the period until the Deferred Amounts are credited.

(b) KECALP UNIT ACCOUNT. Upon the closing of Merrill Lynch KECALP L.P. 1997, Participants will have their KECALP Unit Accounts credited with a whole number of units determined by dividing by $1,000 the sum of the following: (1) the Benchmark Return Account Balance, as of the day prior to the closing date; (2) any additional Deferred Amounts which have not yet been credited to the Benchmark Return Account as of such date; (3) the Participant's Excess Deferral Amounts, if applicable; and (4) the Participant's Initial Leveraged Amount (computed in accordance with Section 3.4(c)). Any amounts not applied to the KECALP Unit Account will remain in the Benchmark Return Account (or be applied to reduce negative balances in the Debit Account). No fractional units will be credited.

Excess Deferral Amounts shall be deemed advances of Deferred Amounts hereunder. Accordingly, actual amounts of Adjusted Compensation deferred, in accordance with a Participant's elections, after the crediting of the Participant's KECALP Unit Account, will be applied against such advances and no such deferrals shall be credited to the Participant's Benchmark Return Account until such advances are repaid. To the extent that Excess Deferral Amounts have not been repaid at the end of the Plan Year, such unpaid Excess Deferral Amounts shall be added to the Debit Account as either an Initial Leveraged Amount or Leveraged Principal Amount (whether or not such Participant was initially a Leverage-Eligible Participant).

3.3 REQUIREMENTS FOR DEFERRAL.

(a) REQUIREMENTS. Notwithstanding any other provision of this Plan, no deferral will be effected under this Plan with respect to a Participant if:

(i) the Participant is not an Eligible Employee as of December 31, 1996,

(ii) the Participant's election, as applied to the Participant's Variable Incentive Compensation (determined by substituting the Election Year for the Plan Year) or Adjusted Compensation (determined by substituting the Fiscal Year immediately prior to the Fiscal Year ending in the Election Year for the Fiscal Year ending in the Plan Year) would have resulted in an annual deferral of less than $15,000,

(iii) the greater of (A) the sum of (1) the "Medicare wages" amount listed on the Participant's W-2 form for the Plan Year, and (2) any Compensation that is accelerated that the Participant may receive in December of the Election Year that would have been payable in the Plan Year in the absence of the action of the Company to accelerate the payment, and (B) the Participant's Eligible Compensation for the Plan Year, is less than $200,000 (except in the circumstances provided for in the proviso to Section 2.1(a); or

(iv) it is determined by the Administrator that the SEC will not agree by September 30, 1997 to allow an investment by ML & Co. in Merrill Lynch KECALP L.P. 1997;

PROVIDED, that any Participant who first becomes an employee of the Company during the Plan Year shall not be required to satisfy conditions (i) and (ii). Condition (ii) shall not be construed to require a Participant's elections to result in an ACTUAL deferral of at least $15,000. In the event that condition (iv) has not occurred by September 30, 1997, but occurrence is expected within 1997, the Administrator shall have the discretion to extend the date to a later date in 1997.

(b) FAILURE TO MEET REQUIREMENTS. If the requirements of Section 3.3(a)(i) or (ii) are not met by a Participant to whom such requirements are applicable, such Participant's Deferred Amounts, if any, will be paid to such Participant, without adjustment to reflect the performance of any Selected Benchmark Return Option, as soon as practicable after it has been determined that the requirements have not been met. If the requirements of Section 3.3(a)(iii) are not met by a Participant, the greater of such Participant's Deferred Amounts or Benchmark Return Account Balance will be paid to such Participant as soon as practicable after it has been determined that the requirements have not been met. If the requirements of Section 3.3(a)(iv) are not met, such Participant's Benchmark Return Account Balance will be paid to such Participant as soon as practicable after it has been determined that the requirements have not been met.

(c) PRO RATA REDUCTION OF DEFERRED AMOUNTS. In addition, in the event that the Administrator determines that, as a result of amounts deferred that are benchmarked to the KECALP Return Option, the size of Merrill Lynch KECALP L.P. 1997 would exceed $250 million, the Administrator may direct that the number of unleveraged units to be credited to the KECALP Unit Accounts for all persons who have chosen the KECALP Return Option, be reduced proportionately to reduce the size of Merrill Lynch KECALP L.P. to less than $250 million. In such event, to the extent that actual Deferred Amounts are reduced, the related Deferred Amounts will be returned to Participants as soon as practicable and the Participant's Initial Leveraged Amount will be recomputed in accordance with Section 3.4(c) based on such reduced Deferred Amounts.

3.4 RETURN OPTIONS; ADJUSTMENT OF ACCOUNTS.

(a) SELECTION OF KECALP RETURN OPTION. Coincident with the Participant's election to defer Compensation, the Participant will give a preliminary indication of interest in selecting the KECALP Return Option. During a 30-day period following the receipt by a Participant of the final

Prospectus for Merrill Lynch KECALP L.P. 1997, Participants will be required to confirm their selection of the KECALP Return Option (and designate any Leverage Percentage) or may instead elect to have their Deferred Amounts benchmarked to the Benchmark Return Options, provided that such benchmarking shall be on an unleveraged basis. PARTICIPANTS SHOULD BE AWARE THAT CHOOSING TO DEFER USING THE KECALP RETURN OPTION IS CONTINGENT UPON THE AGREEMENT BY THE SEC THAT THE EXEMPTIVE ORDER FOR THE KECALP PARTNERSHIPS CAN BE AMENDED TO ALLOW ML & CO. TO INVEST IN MERRILL LYNCH KECALP L.P. 1997 TO HEDGE ITS OBLIGATIONS TO PARTICIPANTS. IN ADDITION, ONCE THE CLOSING OF MERRILL LYNCH KECALP L.P. 1997 HAS OCCURRED, PARTICIPANTS WHO HAVE CHOSEN THE KECALP RETURN OPTION WILL NOT BE ABLE TO CHANGE THEIR ELECTION.

(b) SELECTION OF BENCHMARK RETURN OPTIONS. Coincident with the Participant's election to defer Compensation, the Participant must select one or more Benchmark Return Options and the percentage of the Participant's Benchmark Return Account to be adjusted to reflect the performance of each Selected Benchmark Return Option during the Interim Period and at all other times when there is a positive Benchmark Return Account Balance. All elections of Selected Benchmark Return Options shall be in multiples of 10% unless the Administrator determines that lower increments are administratively feasible, in which case such lower increment shall apply. A Participant may, by complying with such procedures as the Administrator may prescribe on a uniform and nondiscriminatory basis, 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 Benchmark Return Options to be applicable with respect to his or her Account. WHEN SELECTING SELECTED BENCHMARK RETURN OPTIONS, PARTICIPANTS SHOULD BE AWARE THAT THE PERFORMANCE OF THE SELECTED BENCHMARK RETURN OPTIONS WILL AFFECT THEIR BENCHMARK RETURN ACCOUNT BALANCE DURING THE INTERIM PERIOD, WHICH MAY RESULT IN A SMALLER OR LARGER ALLOCATION TO THE KECALP RETURN OPTION THAN WAS ORIGINALLY INTENDED.

(c) SELECTION OF THE LEVERAGE PERCENTAGE. Prior to the closing of the offering of Merrill Lynch KECALP L.P. 1997, Leverage-Eligible Participants will commit to selecting the KECALP Return Option on a leveraged basis and will choose the Leverage Percentage, in accordance with standards determined by the Administrator, by submitting such forms as the Administrator shall prescribe. On the day prior to the closing of Merrill Lynch KECALP L.P. 1997, the Administrator will determine each Leverage-Eligible Participant's Initial Leveraged Amount by applying such Participant's Leverage Percentage to the sum of (1) the dollar value of a Participant's Benchmark Return Account Balance (and any additional Deferred Amounts not credited to such Benchmark Return Account) plus, if applicable, (2) such Participant's Excess Deferral Amounts. This Initial Leveraged Amount will be converted into units in the KECALP Unit Account in accordance with Section 3.2(b) at the closing of Merrill Lynch KECALP L.P. 1997. The Initial Leveraged Amount will be recorded as the Leveraged Principal Amount, to which amount Interest Amounts will be added annually in accordance with Section 3.4(g)(ii).

(d) ADJUSTMENT OF KECALP UNIT ACCOUNT. While a Participant with a KECALP Unit Account will receive quarterly statements of the estimated value of the KECALP Unit Account, such statement will be for recordkeeping purposes only and will not represent the Participant's ownership of, or any ownership interest in, Merrill Lynch KECALP L.P. 1997. Whenever a distribution is paid on an actual unit of Merrill Lynch KECALP L.P. 1997, an amount equal to such per unit distribution times the number of units in the Participant's KECALP Unit Account will be applied first against any Debit Account Balance, as provided in Section 3.4(e) and then, if any portion of such distribution remains after each debit balance in the Debit Account is reduced to zero, be credited to the Participant's Benchmark Return Account. BECAUSE THE KECALP RETURN OPTION IS ILLIQUID, NO PAYOUTS SHALL BE MADE FROM THE KECALP UNIT ACCOUNT. PAYOUTS TO PARTICIPANTS UNDER ARTICLE V HEREOF WILL BE MADE ONLY FROM AMOUNTS CREDITED TO A PARTICIPANT'S BENCHMARK RETURN ACCOUNT AFTER THE

DEBIT ACCOUNT BALANCE IS REDUCED TO ZERO. The KECALP Unit Account and the Debit Account will also be adjusted in accordance with Section 5.2 hereof in the event of a Participant's termination of his employment at Merrill Lynch, (other than as a result of death, disability, Career Retirement, or Retirement).

(e) ADJUSTMENT OF DEBIT ACCOUNT. Any negative Debit Account Balance shall be charged off as soon as possible against either (i) any positive balance in a Participant's Benchmark Return Account or (ii) any distributions from the KECALP Unit Account. Reductions of the Debit Account Balance, as provided in the foregoing sentence shall be deemed to be applied first to reduce the debit balance attributable to accrued Annual Charges and then, after all such accrued Annual Charges have been satisfied, to reduce any Leverage Principal Amount.

(f) ADJUSTMENT OF BENCHMARK RETURN ACCOUNT. While the Participant's Accounts do not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Benchmark Return Account shall be adjusted to reflect credits or debits relating to distributions with respect to the KECALP Unit Account or the chargeoffs against the Debit Account and to reflect the investment experience of the Participant's Selected Benchmark Return Options in the same manner as if investments or dispositions 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' Accounts (the "ML II System"). In adjusting Benchmark Return Accounts, the timing of receipt of Participant instructions or credits or debits relating to distributions or chargeoffs with respect to the KECALP Unit Account or the Debit Account by the ML II System shall control the timing and pricing of the notional investments in the Participant's Selected Benchmark 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 corresponding investments or dispositions were actually to be made, except that in connection with the crediting of Deferred Amounts or distributions to the Participant's Benchmark Return Account and distributions from or debits to the Benchmark Return Account, appropriate deferral allocation instructions shall be treated as received from the Participant prior to the close of transactions through the ML II System on the relevant day. Each Selected Benchmark Return Option shall be valued using the Net Asset Value of the Selected Benchmark Return Option as of the relevant day; PROVIDED, that, in valuing a Selected Benchmark 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 considers appropriate in his sole discretion.

All debits and charges against the Benchmark Return Account shall be applied as a PRO RATA reduction of the portion of the Benchmark Return Account Balance indexed to each of the Participant's Selected Benchmark Return Options.

(g) CHARGES:

(i) ANNUAL CHARGE. As of the last day of each Fiscal Year or such earlier day in December as the Administrator shall determine, an Annual Charge of 2.0% of the Participant's Undistributed Deferred Amounts (exclusive of any appreciation or depreciation) shall be applied to reduce the Benchmark Return Account Balance (but not below zero). To the extent the Benchmark Return Account Balance is insufficient to satisfy the Annual Charge, the unpaid portion will accrue as a negative balance in the Debit Account.

(ii) INTEREST AMOUNTS. As of the last day of each Fiscal Year, Interest Amounts computed by the Administrator shall be added to the Leveraged Principal Amount. If on any date the Leveraged Principal Amount would be discharged completely as a result of distributions or chargeoffs, Interest Amounts will be computed though such date and added to the Leveraged Principal Amount as of such date.

3.5 RESCISSION OF DEFERRAL ELECTION.

(a) ADVERSE TAX DETERMINATION. Notwithstanding the provisions of Section 3.1(b), a deferral election 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 sole discretion, decides, upon the Participant's request and upon evidence of the occurrence of the events described in (i) hereof that he finds persuasive, to rescind the election. In the event that such rescission occurs during the Interim Period or in the event that a Participant has chosen not to select the KECALP Return Option, upon such rescission, the Benchmark Return Account Balance, including any adjustment for performance of the Selected Benchmark Return Options will be paid to the Participant as soon as practicable, and no additional amounts will be deferred pursuant to this Plan. In the event that such rescission occurs after the Interim Period, the Available Benchmark Return Account Balance will be repaid to the Participant and further payments will be made as additional amounts become credited to the Benchmark Return Account.

(b) RESCISSION DURING THE INTERIM PERIOD FOR AMOUNTS NOT YET EARNED. During the Interim Period, upon the Participant's written request, the Administrator may, in his sole discretion, terminate any deferral elections made hereunder with respect to Compensation not yet earned and no further amounts will be deferred. In addition, in the event a Participant receives a hardship withdrawal under the 401(k) Plan, the Administrator shall, as of the date the Participant's Elective 401(k) Deferrals (as defined in the 401(k) Plan) are suspended under the 401(k) Plan as a result of such hardship withdrawal, terminate the Participant's deferrals under this Plan in accordance with the preceding sentence as if the Participant had requested rescission in writing. In each case, amounts previously deferred will continue to be governed by the terms of this Plan.

ARTICLE IV
STATUS OF DEFERRED AMOUNTS AND ACCOUNTS

4.1 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 any Account Balance 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.

4.2 NON-ASSIGNABILITY.

The Participant's right or the right of any other person to Account Balances 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.

4.3 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 V
PAYMENT OF ACCOUNTS

5.1 MANNER OF PAYMENT.

By choosing the KECALP Return Option, Participants are electing to receive payouts as amounts become available as a result of distributions with respect to the KECALP Unit Account. Participants will be able to elect either (A) to receive payouts as the distributions with respect to the KECALP Unit Account are made (once a Participant's Debit Account Balance has been reduced to zero) or (B) to receive payouts as the distributions with respect to the KECALP Unit Account are made (once a Participant's Debit Account Balance has been reduced to zero) but in no event prior to a month and year specified by the Participant or the month of March in the year following Retirement, provided that no election may result in the commencement of payment later than the month following the Participant's 70th birthday (other than as a result of the timing of distributions with respect to the KECALP Unit Account). Persons who decline to confirm their choice of the KECALP Return Option following the receipt of a final Prospectus for Merrill Lynch KECALP L.P. 1997 will receive their Benchmark Return Account Balance in a lump sum on a date specified in their initial election, which may be either (X) a month and date specified by such Participant or (Y) the month of March in the year following such Participant's Retirement, provided that, in each case such payment shall not occur until after January 31, 2000.

5.2 TERMINATION OF EMPLOYMENT.

(a) DEATH OR RETIREMENT. Upon a Participant's death or Retirement prior to payment, the Available Benchmark Return Account Balance will be paid, in accordance with the Participant's elections and as provided in Section 5.1, as applicable, to the Participant (in the event of Retirement) or to the Participant's beneficiary (in the event of death); PROVIDED, HOWEVER, that in the event that a Participant, who has died, had specified a date prior to which payments would not be made and the beneficiary of the Participant's Account is the Participant's estate or is otherwise not a natural person, then, such specified date will be ignored and such payments made as available in accordance with clause (A) of the first sentence of Section 5.1.

(b) OTHER TERMINATION OF EMPLOYMENT - FORFEITURE OF LEVERAGE. If the Participant's employment terminates at any time for any reason other than death or Retirement, then, notwithstanding the Participant's elections hereunder, any Available Benchmark Return Account Balance will be paid to the Participant, as soon as practicable, in a single payment if all distributions have been made with respect to the KECALP Unit Account or as available, as soon thereafter as is practicable, notwithstanding the Participant's elections hereunder. In the event that a Participant's employment terminates at any time for any reason other than death, disability, Career Retirement, or Retirement, such Participant will forfeit all rights to the leveraged portion of such Participant's KECALP Unit Account, including any future Leveraged Distributions, unless the Administrator, in his sole discretion, determines that such forfeiture would be detrimental to Merrill Lynch based on the Net Asset Value of the KECALP Unit Account. In the event of such forfeiture, the Participant's KECALP Unit Account Balance and Debit Account Balance will be restated by the Administrator, as of the date of termination, to reflect what such balances would have been had the Participant selected no leverage under Section 3.4(c). To the extent necessary, the Participant's Benchmark Return Account Balance will also be adjusted, as of the date of the termination, to credit the Participant with the amount of any Unleveraged Distributions that were previously applied to the repayment of the Leveraged Principal Amount and any Interest Amounts and, to the extent necessary, any Leveraged Distributions paid out to the Participant will be stated as a negative balance in the Participant's Debit Account. Leveraged and Unleveraged Distributions shall be deemed to have been applied and distributed proportionately. All calculations hereunder shall be made by the Administrator and shall be final and determinative.

(c) LEAVE OF ABSENCE, TRANSFER OR DISABILITY. The Participant's employment will not be considered terminated if the Participant is on an approved leave of absence or if the Participant transfers or is transferred but remains in the employ of the Company or if the Participant is eligible to receive disability payments under the ML & Co. Basic Long-Term Disability Plan.

(d) DISCRETION TO ALTER PAYMENT DATE. Notwithstanding the provisions of Section 5.2, if the Participant's employment terminates for any reason, the Administrator may, in his sole discretion, direct that any Available Benchmark Return Account Balance be paid at some other time; 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 sole discretion.

5.3 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 may require the Participant or the Participant's beneficiary to pay any amount, or the balance of any amount, required to be withheld.

5.4 BENEFICIARY.

(a) DESIGNATION OF BENEFICIARY. The Participant may designate, in a writing delivered to the Administrator or his 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 will 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 designee before the Participant's death. Unless the Participant states otherwise in writing, any change in beneficiary or contingent beneficiary will automatically revoke prior such 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 either 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 the person or persons designated to receive benefits on account of the Participant's death under the ML & Co. Basic Group Life Insurance Plan (the "Life Insurance Plan"). However, if an unmarried Participant does not have coverage in effect under the Life Insurance Plan, or the Participant has assigned his or her death benefit under the Life Insurance Plan, any amounts payable to the Participant's beneficiary under the Plan will be paid to the Participant's estate.

(d) IF A BENEFICIARY DIES DURING PAYMENT. If a beneficiary who is receiving or is entitled to receive payments hereunder dies after the Participant dies, but before all payments have been made, the portion of the Benchmark Return Account to which that beneficiary was entitled will be paid as soon as practicable in one lump sum or as available (in the event that all distributions have not been made with respect to the KECALP Unit Account) to such beneficiary's estate and not to any contingent beneficiary the Participant may have designated.

5.5 HARDSHIP DISTRIBUTIONS.

ML & Co. may pay to the Participant, on such terms and conditions as the Administrator may establish, such part or all of a Participant's Available Benchmark Return Account Balance as he may, in his sole discretion based upon substantial evidence submitted by the Participant, determine necessary to alleviate hardship caused by an unanticipated emergency or necessity outside of the Participant's control affecting the Participant's personal or family affairs. Such payment will be made only at the Participant's written request and with the express approval of the Administrator and will be made on the date selected by the Administrator in his sole discretion. The balance of the Participant's Accounts, if any, will continue to be governed by the terms of this Plan. Hardship shall be deemed to exist only on account of expenses for medical care (described in Code Section 213(d)) of the Participant, the Participant's spouse or the Participant's dependents (described in Code Section 152); payment of unreimbursed tuition and related educational fees for the Participant, the

Participant's spouse or the Participant's dependents; the need to prevent the Participant's eviction from or, foreclosure on, the Participant's principal residence; unreimbursed damages resulting from a natural disaster; or such other financial need deemed by the Administrator in his sole discretion to be immediate and substantial.

5.6 DOMESTIC RELATIONS ORDERS.

Notwithstanding the Participant's elections hereunder, ML & Co. will pay to, or to the Participant for the benefit of, the Participant's spouse or former spouse the portion of the Participant's Available Benchmark Return Account Balance specified in a valid court order entered in a domestic relations proceeding involving the Participant's divorce or legal separation. Such payment will be made net of any amounts the Company may be required to withhold under applicable federal, state or local law. Any such payment shall be deemed a distribution under the Plan for purposes of the definition of Undistributed

Deferred Amounts.

ARTICLE VI
ADMINISTRATION OF THE PLAN

6.1 POWERS OF THE ADMINISTRATOR.

The Administrator has full power and authority to interpret, construe and administer this Plan so as to ensure that it provides deferred compensation for the Participant as a member of a select group of management or highly compensated employees within the meaning of Title I of ERISA. 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 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.

6.2 PAYMENTS ON BEHALF OF AN INCOMPETENT.

If the Administrator finds that any person who is 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 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.

6.3 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 Adjusted Compensation, Incentive Compensation, Sign-On Bonus, Eligible Compensation, the Deferred Amounts, the Account Balance, the designation of a beneficiary, or any other matters.

ARTICLE VII
MISCELLANEOUS PROVISIONS

7.1 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.

7.2 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.

7.3 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.

7.4 AMENDMENT AND TERMINATION.

ML & Co., through the Administrator, reserves the right to amend or terminate this Plan at any time, except that no such amendment or termination shall adversely affect the right of a Participant to his or her Account Balances (as reduced by the current year's Charges, or pro rata portion thereof, as set forth in Section 3.4(g)) as of the date of such amendment or termination.

<TABLE>

Exhibit 11

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

<S>	Three Months Ended <C> June 27, 1997	Three Months Ended <C> June 28, 1996	Six Months Ended <C> June 27, 1997	Six Months Ended <C> June 28, 1996
EARNINGS				
Net earnings	$ 481	$ 433	$ 947	$ 843
Preferred stock dividends	(9)	(11)	(20)	(23)
Net earnings applicable to common stockholders	$ 472	$ 422	$ 927	$ 820
PRIMARY WEIGHTED AVERAGE SHARES				
Common stock	329.9	341.3	330.5	343.4
Assuming issuance of shares relating to employee incentive plans	49.5	44.6	53.7	45.3
Total shares	379.4	385.9	384.2	388.7
PRIMARY EARNINGS PER SHARE	$1.24	$1.09	$2.41	$2.11
FULLY DILUTED WEIGHTED AVERAGE SHARES				
Common stock	329.9	341.3	330.5	343.4
Assuming issuance of shares relating to employee incentive plans	54.5	44.6	56.3	45.8
Total shares	384.4	385.9	386.8	389.2
FULLY DILUTED EARNINGS PER SHARE	$1.23	$1.09	$2.40	$2.11

</TABLE>

NOTE: All share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid 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)

	Three Months Ended		Six Months Ended	
	June 27, 1997	June 28, 1996	June 27, 1997	June 28, 1996
Pretax earnings from continuing operations	$ 784	$ 698	$1,551	$1,369
Add: Fixed charges	4,101	2,846	7,772	5,642
Pretax earnings before fixed charges	$4,885	$3,544	$9,323	$7,011
Fixed charges:				
Interest	$4,038	$2,808	$7,646	$5,565
Other (A)	63	38	126	77
Total fixed charges	4,101	2,846	7,772	5,642
Preferred stock dividend requirements	15	19	32	37
Total combined fixed charges and preferred stock dividends	$4,116	$2,865	$7,804	$5,679
Ratio of earnings to fixed charges	1.19	1.25	1.20	1.24
Ratio of earnings to combined fixed charges and preferred stock dividends	1.19	1.24	1.19	1.23

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

Exhibit 15

August 8, 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 June 27, 1997 and for the three- and six-month periods ended June 27, 1997 and June 28, 1996 as indicated in our report dated August 8, 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 June 27, 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. 333-32209 (1998 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)

Registration Statement No. 333-33125 (Employee Stock Purchase Plan for Employees of Merrill Lynch Partnerships)

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

Registration Statement No. 333-28537

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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<FN>
<F1>Includes $627 in Preferred Securities Issued by Subsidiaries.
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