

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 APRIL 1, 1994

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.

199,708,457 shares of Common Stock\*  
(as of the close of business on May 6, 1994)

\* Does not include 7,742,069 unallocated shares held in the Employee Stock Ownership Plan that are not considered outstanding for accounting purposes.

Part I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

<TABLE>  
<CAPTION>

(In Thousands, Except Per Share Amounts)	FOR THE THREE MONTHS ENDED		PERCENT INCREASE (DECREASE)
	APRIL 1, 1994	MARCH 26, 1993	
<S>	<C>	<C>	<C>
REVENUES			
Commissions.....	\$ 868,244	\$ 721,740	20%
Interest and dividends.....	2,199,536	1,602,455	37
Principal transactions.....	666,677	761,440	(12)
Investment banking.....	444,395	445,356	-
Asset management and portfolio service fees.....	444,228	360,823	23

Other.....	115,731	67,170	72
Total Revenues.....	4,738,811	3,958,984	20
Interest Expense.....	1,906,983	1,346,868	42
Net Revenues.....	2,831,828	2,612,116	8
NON-INTEREST EXPENSES			
Compensation and benefits.....	1,430,517	1,264,292	13
Occupancy.....	113,008	223,311	(49)
Communications and equipment rental.....	103,524	93,792	10
Depreciation and amortization.....	74,171	69,898	6
Advertising and market development.....	98,605	81,053	22
Professional fees.....	94,077	60,202	56
Brokerage, clearing, and exchange fees....	86,490	70,099	23
Other.....	179,228	159,148	13
Total Non-Interest Expenses.....	2,179,620	2,021,795	8
EARNINGS BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE			
Income tax expense.....	652,208	590,321	10
	280,449	247,935	13
EARNINGS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE.....			
	371,759	342,386	9
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NET OF \$25,075 APPLICABLE INCOME TAXES).....			
	-	(35,420)	N/M
NET EARNINGS.....	\$ 371,759	\$ 306,966	21%
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS.....			
	\$ 370,423	\$ 305,570	
PRIMARY EARNINGS PER COMMON SHARE:			
Earnings Before Cumulative Effect of Change in Accounting Principle.....	\$ 1.68	\$ 1.51	
Cumulative Effect of Change in Accounting Principle.....	-	(.16)	
NET EARNINGS.....	\$ 1.68	\$ 1.35	
FULLY DILUTED EARNINGS PER COMMON SHARE:			
Earnings Before Cumulative Effect of Change in Accounting Principle.....	\$ 1.68	\$ 1.51	
Cumulative Effect of Change in Accounting Principle.....	-	(.16)	
NET EARNINGS.....	\$ 1.68	\$ 1.35	
DIVIDEND PAID PER COMMON SHARE.....	\$ .20	\$ .15	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE:			
Primary.....	220,633	225,914	
Fully diluted.....	220,633	225,914	

</TABLE>

See Notes to Consolidated Financial Statements

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

<TABLE>  
<CAPTION>

(Dollars in Thousands, Except Per Share Amounts)  
ASSETS

APRIL 1,  
1994

DEC. 31,  
1993

<S>	<C>	<C>
CASH AND CASH EQUIVALENTS.....	\$ 1,150,135	\$ 1,783,408
	-----	-----
CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS.....	4,028,823	4,069,424
	-----	-----
MARKETABLE INVESTMENT SECURITIES.....	1,743,939	1,749,254
	-----	-----
TRADING INVENTORIES, AT FAIR VALUE		
Corporate debt, contractual agreements, and preferred stock.....	27,394,625	16,764,084
Non-U.S. governments and agencies.....	8,831,084	9,260,725
U.S. Government and agencies.....	8,752,521	7,287,081
Equities and convertible debentures.....	8,097,207	6,806,539
Mortgages and mortgage-backed.....	6,318,485	6,486,464
Money markets.....	2,362,471	3,337,839
Municipals.....	1,150,676	1,606,097
	-----	-----
Total.....	62,907,069	51,548,829
	-----	-----
RESALE AGREEMENTS.....	49,144,330	38,137,528
	-----	-----
SECURITIES BORROWED.....	21,186,156	19,001,061
	-----	-----
RECEIVABLES		
Customers (net of allowance for doubtful accounts of \$51,280 in 1994 and \$47,953 in 1993).....	14,498,266	13,242,875
Brokers and dealers.....	9,477,169	7,292,332
Interest and other.....	3,086,611	2,758,768
	-----	-----
Total.....	27,062,046	23,293,975
	-----	-----
INVESTMENTS OF INSURANCE SUBSIDIARIES.....	7,105,889	7,841,444
LOANS, NOTES, AND MORTGAGES (NET OF ALLOWANCE FOR LOAN LOSSES OF \$190,741 IN 1994 AND \$142,414 IN 1993) ..	1,811,146	2,083,553
OTHER INVESTMENTS.....	806,803	873,806
PROPERTY, LEASEHOLD IMPROVEMENTS, AND EQUIPMENT (NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION OF \$1,694,582 IN 1994 AND \$1,677,334 IN 1993).....	1,521,485	1,506,964
OTHER ASSETS.....	1,215,975	1,021,116
	-----	-----
TOTAL ASSETS.....	\$179,683,796	\$152,910,362
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

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

<TABLE>  
<CAPTION>

(Dollars in Thousands, Except Per Share Amounts)	APRIL 1,	DEC. 31,
LIABILITIES AND STOCKHOLDERS' EQUITY	1994	1993
<S>	<C>	<C>
LIABILITIES		
REPURCHASE AGREEMENTS.....	\$ 66,156,594	\$ 56,418,148
	-----	-----
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS.....	23,299,088	23,214,329
	-----	-----
COMMITMENTS FOR SECURITIES SOLD BUT NOT YET PURCHASED, AT FAIR VALUE		
U.S. Government and agencies.....	13,979,878	12,183,271

Equities and convertible debentures.....	3,972,621	3,953,850
Corporate debt, contractual agreements, and preferred stock.....	13,821,556	3,577,056
Non-U.S. governments and agencies.....	2,545,363	1,762,154
Municipals.....	136,972	184,041
	-----	-----
Total.....	34,456,390	21,660,372
	-----	-----
CUSTOMERS.....	13,462,387	13,571,379
INSURANCE.....	6,797,586	7,405,673
BROKERS AND DEALERS.....	8,200,912	4,862,584
OTHER LIABILITIES AND ACCRUED INTEREST.....	6,854,878	6,823,064
LONG-TERM BORROWINGS.....	14,852,894	13,468,900
	-----	-----
TOTAL LIABILITIES.....	174,080,729	147,424,449
	-----	-----
STOCKHOLDERS' EQUITY		
PREFERRED STOCKHOLDERS' EQUITY		
Preferred stock, par value \$1.00 per share (Liquidation preference \$100,000 per share); authorized: 25,000,000 shares; issued: 1994 and 1993 - 3,000 shares; outstanding: 1994 and 1993 - 1,938 shares.....	193,800	193,800
	-----	-----
COMMON STOCKHOLDERS' EQUITY		
Common stock, par value \$1.33 1/3 per share; authorized: 500,000,000 shares; issued: 1994 and 1993 - 236,330,162 shares.....	315,105	315,105
Paid-in capital.....	1,214,934	1,156,367
Foreign currency translation adjustment.....	(12,296)	(18,305)
Net unrealized (losses) gains on investment securities available-for-sale (net of applicable income tax (benefit) expense of \$(6,194) in 1994 and \$12,493 in 1993).....	(12,254)	21,355
Retained earnings.....	5,106,190	4,777,142
	-----	-----
Subtotal.....	6,611,679	6,251,664
Less:		
Treasury stock, at cost:		
1994 - 27,694,702 shares;		
1993 - 23,408,139 shares.....	868,184	695,788
Unallocated ESOP shares, at cost:		
1994 - 7,742,069 shares;		
1993 - 8,932,332 shares.....	121,938	140,684
Employee stock transactions.....	212,290	123,079
	-----	-----
TOTAL COMMON STOCKHOLDERS' EQUITY.....	5,409,267	5,292,113
	-----	-----
TOTAL STOCKHOLDERS' EQUITY.....	5,603,067	5,485,913
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....	\$179,683,796	\$152,910,362
	=====	=====
BOOK VALUE PER COMMON SHARE.....	\$ 27.15	\$ 26.17
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

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

<TABLE>  
<CAPTION>

(In Thousands)

FOR THE THREE MONTHS ENDED

APRIL 1, MARCH 26,  
1994 1993

<S>

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CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings.....	\$ 371,759	\$ 306,966
Noncash items included in earnings:		
Cumulative effect of change in accounting principle.....	-	35,420
Depreciation and amortization.....	74,171	69,898
Policyholder reserves.....	102,801	145,231
Other.....	341,065	244,744
(Increase) decrease in operating assets:		
Trading inventories.....	(11,358,240)	(2,602,968)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations.....	40,601	302,523
Securities borrowed.....	(2,185,095)	(7,033,445)
Customers.....	(1,260,679)	(1,063,026)
Maturities and sales of trading investment securities.....	23,008	-
Purchases of trading investment securities.....	(13,212)	-
Other.....	(2,249,372)	(2,454,748)
Increase (decrease) in operating liabilities:		
Commitments for securities sold but not yet purchased.....	12,796,018	2,567,658
Customers.....	(108,992)	443,153
Insurance.....	(586,710)	(401,161)
Other.....	3,332,149	3,526,625
	-----	-----
CASH USED FOR OPERATING ACTIVITIES.....	(680,728)	(5,913,130)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities.....	842,998	-
Sales of available-for-sale securities.....	327,336	-
Purchases of available-for-sale securities.....	(683,106)	-
Maturities of held-to-maturity securities.....	469,892	-
Purchases of held-to-maturity securities.....	(426,963)	-
Maturities and sales of investments by insurance subsidiaries.....	-	1,135,649
Purchases of investments by insurance subsidiaries.....	-	(912,862)
Marketable investment securities.....	-	(145,734)
Other investments and other assets.....	(251,588)	(14,944)
Property, leasehold improvements, and equipment.....	(88,692)	(121,868)
	-----	-----
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES.....	189,877	(59,759)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Repurchase agreements, net of resale agreements.....	(1,268,356)	3,513,974
Commercial paper and other short-term borrowings.....	84,759	1,845,894
Issuance and resale of long-term borrowings.....	3,978,405	1,856,187
Settlement and repurchase of long-term borrowings.....	(2,640,968)	(1,310,875)
Other common stock transactions.....	(253,551)	(31,752)
Dividends.....	(42,711)	(32,891)
	-----	-----
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES.....	(142,422)	5,840,537
	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS.....	(633,273)	(132,352)
Cash and cash equivalents, beginning of year.....	1,783,408	1,251,572
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 1,150,135	\$ 1,119,220
	=====	=====

</TABLE>

#### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

##### Cash paid for:

Income taxes totaled \$136,036 in 1994 and \$17,735 in 1993.  
Interest totaled \$1,861,182 in 1994 and \$1,346,586 in 1993.

#### SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:

The decrease in unrealized gain on investment securities available-for-sale totaled \$33,609.

See Notes to Consolidated Financial Statements

## BASIS OF PRESENTATION

The consolidated financial statements, prepared in accordance with generally accepted accounting principles, include the accounts of Merrill Lynch & Co., Inc. and its subsidiaries (collectively referred to as the "Corporation"). All material intercompany balances and transactions have been eliminated. The December 31, 1993 consolidated balance sheet was derived from the audited financial statements. The interim consolidated financial statements for the three-month periods are unaudited; however, in the opinion of the management of the Corporation, all adjustments necessary for a fair statement of the results of operations have been included. The adjustments consist of normal recurring accruals and a non-recurring pretax lease charge of \$103.0 million (\$59.7 million after income taxes) previously reported in the 1993 first quarter.

These unaudited financial statements should be read in conjunction with the audited financial statements included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 1993. The nature of the Corporation's business is such that the results of any interim period are not necessarily indicative of results for a full year. Prior period financial statements have been restated (see Note on Accounting Changes) and reclassified, where appropriate, to conform to the 1994 presentation.

## ACCOUNTING CHANGES

On January 1, 1994, the Corporation adopted Financial Accounting Standards Board Interpretation No. 39 ("Interpretation No. 39"), "Offsetting of Amounts Related to Certain Contracts." Interpretation No. 39 affects the financial statement presentation of balances related to swap, forward and other similar exchange or conditional type contracts, and unconditional type contracts. The Corporation is generally required to report separately on the balance sheet unrealized gains as assets, and unrealized losses as liabilities. For exchange or conditional contracts, netting is permitted only when a legal right of setoff exists with the same counterparty under a master netting arrangement. For unconditional contracts, such as resale and repurchase agreements, net cash settlement of the related receivable and payable balances is also required.

Prior to the adoption of Interpretation No. 39, the Corporation followed industry practice in reporting balances related to certain types of contracts on a net basis. Unrealized gains and losses for swap, forward, and other similar contracts were reported net on the balance sheet by contract type, while certain receivables and payables related to resale and repurchase agreements were reported net by counterparty. The adoption of Interpretation No. 39 increased assets and liabilities at April 1, 1994 by approximately \$14.0 billion.

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The Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits," effective as of the 1993 first quarter. The cumulative effect of this change in accounting principle, reported in the 1993 Statement of Consolidated Earnings, resulted in a charge (net of applicable income tax benefit) of \$35.4 million. The 1993 first quarter has been restated to reflect the impact of this pronouncement.

## INVESTMENTS

On December 31, 1993, the Corporation adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires certain subsidiaries of the Corporation, principally insurance and banking, to classify their investments in debt and qualifying equity securities into three categories: "trading", "available-for-sale", or "held-to-maturity". Investments that are classified as trading and available-for-sale are recorded at fair value. Investments in debt securities classified as held-to-maturity continue to be carried at amortized cost. Other investments, including restricted equity securities, are excluded from the provisions of SFAS No. 115 and are classified as non-qualifying investments.

The Corporation has several broad categories of investments on its Consolidated Balance Sheets, including investments of insurance subsidiaries, marketable investment securities and other investments. A reconciliation of the Corporation's investment securities to those reported in the Consolidated Balance Sheets is presented below:

<TABLE>

<CAPTION>

(In thousands)	April 1, 1994	December 31, 1993
- - - - -	- - - - -	- - - - -
<S>	<C>	<C>
Investments of insurance subsidiaries:		
Available-for-sale	\$5,449,694	\$6,088,443
Trading	155,094	164,620
Non-qualifying	1,501,101	1,588,381
	- - - - -	- - - - -
Total	\$7,105,889	\$7,841,444

Marketable investment securities:		
Available-for-sale	\$ 511,765	\$ 471,862
Held-to-maturity	1,232,174	1,277,392
	-----	-----
Total	\$1,743,939	\$1,749,254
	=====	=====
Other investments:		
Available-for-sale	\$ 65,479	\$ 151,801
Held-to-maturity	3,346	16,635
Non-qualifying	737,978	705,370
	-----	-----
Total	\$ 806,803	\$ 873,806
	=====	=====

</TABLE>

For registrants subject to the information reporting requirements of the Securities Exchange Act of 1934, SFAS No. 115 requires the Corporation's insurance subsidiaries to adjust deferred acquisition costs and certain policyholder liabilities associated with investments classified as available-for-sale. These adjustments are recorded in

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stockholders' equity and assume that the unrealized gain or loss on available-for-sale securities was realized.

The table that follows provides the components of the net unrealized (loss) gain recorded in stockholders' equity for available-for-sale investments:

	April 1,	December 31,
(In thousands)	1994	1993
- - - - -	-----	-----
<S>	<C>	<C>
Net unrealized (losses) gains		
on investment securities		
available-for-sale	\$ (207,996)	\$ 254,030
Adjustments for:		
Policyholder liabilities	124,178	(205,495)
Deferred policy acquisition costs	31,522	(14,687)
Deferred income taxes	18,687	(12,493)
	-----	-----
Net activity for the period	(33,609)	21,355
Net unrealized gains on investment		
securities classified as		
available-for-sale, beginning		
of year	21,355	-
	-----	-----
Net unrealized (losses) gains		
on investment securities		
classified as available-for-sale,		
end of period	\$ (12,254)	\$ 21,355
	=====	=====

</TABLE>

In the 1994 first quarter, gross realized gains and losses related to available-for-sale investment securities were \$5.4 million and \$5.5 million, respectively. The cost basis of each investment sold is specifically identified for purposes of computing realized gains and losses. The net unrealized loss included in the 1994 Statement of Consolidated Earnings for trading investment securities was \$7.2 million.

#### INTEREST AND DIVIDEND EXPENSE

Interest expense includes payments in lieu of dividends of \$7.6 million and \$3.5 million for the first quarters of 1994 and 1993, respectively.

#### COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS

Commercial paper and other short-term borrowings are presented below:

	April 1,	December 31,
(In millions)	1994	1993
- - - - -	-----	-----

<S>	<C>	<C>
Commercial paper	\$14,965	\$14,896
Demand and time deposits	5,931	5,946
Securities loaned	1,619	1,047
Bank loans and other	784	1,325
	-----	-----
Total	\$23,299	\$23,214
	=====	=====

</TABLE>

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#### COMMITMENTS

The Corporation enters into contractual agreements, often referred to as "derivatives" or off-balance-sheet financial instruments, involving futures, forwards (including mortgage-backed securities), options and swap transactions, including swap options, caps, collars, and floors. The Corporation uses derivatives in conjunction with on-balance-sheet financial instruments to facilitate customer transactions, manage its own interest rate, currency, and market risk, and to meet trading and financing needs. Derivatives contracts often involve future commitments to swap interest payment streams, to purchase or sell other financial instruments at specified terms on a specified date, or to exchange currencies. In addition, the Corporation writes options on a wide range of financial instruments such as securities, currencies, futures, and various market indices.

The contractual or notional amounts of these instruments are set forth below:

<TABLE>

<CAPTION>

(In billions)	April 1, 1994	December 31, 1993
--	-----	-----
<S>	<C>	<C>
Forward contracts	\$ 192	\$ 154
Futures contracts	160	105
Swap agreements	599	560
Options written	85	72

</TABLE>

In the normal course of business, the Corporation obtains letters of credit to satisfy various collateral requirements in lieu of the Corporation depositing securities or cash. At April 1, 1994, letters of credit aggregating \$2,450 million were used for this purpose.

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

Settlement of these commitments as of April 1, 1994 would not have a material effect on the consolidated financial condition of the Corporation.

#### REGULATORY REQUIREMENTS

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a broker-dealer and subsidiary of the Corporation, is subject to the Securities and Exchange Commission's Net Capital Rule. Under the alternative method permitted by this rule, the minimum required net capital, as defined, shall not be less than 2% of aggregate debit balances arising from customer transactions. At April 1, 1994, MLPF&S's regulatory net capital of \$1,349 million was 11.2% of aggregate debit balances, and its regulatory net capital in excess of the minimum required was \$1,108 million.

Merrill Lynch Government Securities Inc. ("MLGSI"), a primary dealer in U.S. Government securities and a subsidiary of the Corporation, is subject to the Capital Adequacy Rule required by the Government Securities Act of 1986. This rule requires dealers to maintain liquid

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capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At April 1, 1994, MLGSI's liquid capital of \$1,238 million was 287% of its total market and credit risk, and liquid capital in excess of the minimum required was \$720 million.

Merrill Lynch International Limited ("MLIL") is a United Kingdom registered broker-dealer and is subject to capital requirements of the Securities and Futures Authority ("SFA"). Regulatory capital, as defined, must exceed the financial resources requirement of the SFA. At April 1, 1994, MLIL's regulatory capital was \$1,377 million, and exceeded the minimum requirement by \$393 million.

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have reviewed the accompanying condensed consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries as of April 1, 1994, and the related condensed statements of consolidated earnings and consolidated cash flows for the three-month periods ended April 1, 1994 and March 26, 1993. These financial statements are the responsibility of the management of Merrill Lynch & Co., Inc.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries as of December 31, 1993, 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 28, 1994, 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 31, 1993 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

As discussed in the note to the condensed consolidated financial statements entitled, "Accounting Changes", in 1993 the Corporation and its subsidiaries changed their method of accounting for postemployment benefits to conform with Statement of Financial Accounting Standards No. 112.

/s/ Deloitte & Touche

New York, New York

May 13, 1994

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

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

Strong markets, which contributed to the Corporation's third consecutive record year in 1993, continued in the first half of the 1994 first quarter with heavy retail volume, growth in underwritings, particularly emerging market financings, consistent trading revenues, and increased inflows of client assets. In the second half of the quarter, markets became more volatile as inflationary fears prompted the Federal Reserve to increase short-term interest rates in early February and mid-March. The advance in interest rates and political uncertainty in various regions of the world contributed to lower revenue levels for the second part of the quarter, especially in institutional markets.

Underwriting volume declined industrywide in the second half of the 1994 first quarter as issuer refinancings decreased due to rising interest rates, and investor demand was limited to higher quality issues. Strategic services revenues, however, continued to benefit from increased merger and acquisition activity. Trading results were generally down for the quarter industrywide, as rising interest rates and regional instabilities, particularly in Mexico, increased volatility in bond and equity markets. Continued strong performance in

swaps and other derivatives and foreign equities was offset by lower revenues in certain fixed-income products, and losses by many financial services firms, including the Corporation, in emerging market securities. Latin American Brady bonds, in particular, experienced sharp declines, as these securities are linked to performance of long-term U.S. Treasury bonds and were affected by political tensions in Mexico.

The retail markets remained active during the 1994 first quarter. Commission revenues benefited from increased volume and market volatility. The New York Stock Exchange ("NYSE") average daily trading volume was 311 million shares in the 1994 first quarter, 20% and 14% above volumes in the 1993 first and fourth quarters, respectively. Heightened investor activity also contributed to increased fee-based revenues during the 1994 first quarter. Uncertainty in stock and bond markets during March, however, altered the flow of investor assets from stock and bond funds to money market funds, industrywide.

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The Dow Jones Industrial Average ("DJIA") average daily closing index for the 1994 first quarter was 3,861, 15% above the 1993 first quarter average closing index and 5% above the 1993 fourth quarter average close. Nevertheless, after reaching a record high in January 1994, the DJIA dropped approximately 11% by quarter end. In the bond market, prices of the 30 year U.S. Treasury bond fell throughout the latter half of the quarter, dropping nearly 14% from the end of January 1994, the largest decline since 1987. The yield on the 30 year U.S. Treasury bond surpassed 7%, ending at 7.26%.

Despite less favorable markets in the second half of the 1994 first quarter, the Corporation achieved record quarterly results and continued to benefit from effective risk management, expanding fee-based revenues, and diversified revenue sources.

#### First Quarter 1994 Versus First Quarter 1993

- - - - -

Net earnings for the 1994 first quarter were a record \$371.8 million, up \$64.8 million (21%) from the \$307.0 million reported for the 1993 first quarter. Net earnings for the 1993 first quarter were restated to reflect the \$35.4 million cumulative effect charge (net of \$25.1 million of applicable income tax benefits) related to the adoption in 1993 of Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits." Earnings before the cumulative effect of the change in accounting principle increased 9% from the \$342.4 million reported in the 1993 first quarter.

Results for the 1993 first quarter included a non-recurring pretax lease charge totaling \$103.0 million (\$59.7 million after income taxes) related to the Corporation's decision not to occupy certain office space at its World Financial Center Headquarters ("Headquarters") facility. An agreement to sublet this space was entered into in the 1993 fourth quarter.

Primary and fully diluted earnings per common share were \$1.68 in the 1994 first quarter compared with \$1.35 primary and fully diluted (\$1.51 primary and fully diluted before the cumulative effect of the change in accounting principle) for the comparable 1993 period.

After deducting preferred stock dividends, net earnings applicable to common stockholders in the 1994 first quarter totaled \$370.4 million, up 21% from the \$305.6 million in the year-ago quarter.

The Corporation's pretax profit margin in the 1994 first quarter increased to 23.0% from 22.6% in the prior year's first quarter, while the net profit margin increased to 13.1% from 11.8% (13.1% before the cumulative effect of the change in accounting principle) in the year-earlier quarter. Total revenues increased 20% from the 1993 first quarter to \$4,739 million. Net revenues (revenues after interest expense) advanced 8% over the year-ago period to \$2,832 million for the 1994 first quarter. As previously mentioned, market conditions were less favorable during the second half of the 1994 first quarter. Net revenues during this period were down 8% from average net revenues for a comparable period in the 1993 first quarter. These less favorable market conditions continued into April 1994.

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Commission revenues increased 20% over the year-ago quarter to a record \$868 million. Mutual fund commissions rose 43% from the 1993 first quarter to \$281 million, benefiting from continued investor demand for potentially higher yielding investments. Growth in sales of front-end mutual funds and distribution and redemption fees earned on deferred charge funds contributed to higher commission levels. Commissions on listed securities advanced 12% to \$403 million reflecting higher NYSE average daily trading volume. Other commission revenues increased 11% to \$184 million on the strength of higher commodity and over-the-counter transactions, partially offset by lower commission revenues from money market instruments.

Interest and dividend revenues advanced 37% to \$2,200 million due to increases in collateralized lending activities and higher levels of interest-earning assets, principally inventories. Interest expense, which includes dividend expense, increased 42% to \$1,907 million as a result of increases in collateralized borrowing activities and higher levels of interest-bearing liabilities. Net interest and dividend profit rose 14% to a record \$293 million for the first quarter of 1994. Contributing to these strong results were the continued expansion of collateralized borrowing and lending activities, growth in fixed-income trading inventories and related hedges, and the increased availability of interest-free funds due to a higher equity base.

Significant components of interest and dividend revenues and interest expense for the three-month periods ended April 1, 1994 and March 26, 1993, respectively, follow:

<TABLE>

<CAPTION>

(In millions)	Three Months Ended	
	April 1, 1994	March 26, 1993
<S>	<C>	<C>
Interest and dividend revenues:		
Trading inventories	\$ 802	\$ 540
Resale agreements	313	305
Securities borrowed	550	267
Margin lending	216	181
Other	319	309
	-----	-----
Total	2,200	1,602
	-----	-----
Interest expense:		
Borrowings	811	514
Repurchase agreements	443	329
Commitments for securities sold but not yet purchased	446	259
Other	207	244
	-----	-----
Total	1,907	1,346
	-----	-----
Net interest and dividend profit	\$ 293	\$ 256
	=====	=====

</TABLE>

Principal transactions revenues declined 12% to \$667 million for the 1994 first quarter, compared to record levels in the corresponding 1993 quarter. Fixed-income and foreign exchange trading revenues, in the aggregate, decreased 25% to \$443 million. The increase in U.S.

interest rates and political instability in certain parts of the world during the second half of the 1994 first quarter negatively affected trading results in certain products. Revenues were lower in corporate bonds and preferred stock, municipal bonds, and money market instruments. Revenues from these products decreased 61% from levels of a year-ago. Moreover, volatility in emerging market securities contributed to a \$10 million loss, principally unrealized, in non-U.S. government and agency securities. Offsetting these declines were substantially higher revenues from swaps and other derivatives, mortgage-backed products, and U.S. Government and agency securities.

Swaps and derivatives revenues, which represented 37% of total principal transactions revenues in the 1994 first quarter, benefited from continued high volume and market growth, as well as an expanding product base. Mortgage-backed products revenues rose \$22 million from the year-ago quarter due to increased trading activity in mortgage- and asset-backed securities and whole loans. U.S. Government and agency securities revenues increased \$19 million from the 1993 first quarter due to increased trading volume and favorable market positioning relative to rising interest rates.

Equity and commodity trading revenues, in the aggregate, rose 32% to \$224 million due primarily to higher trading revenues from American Depositary Receipts and foreign equities and increased commodity trading activity.

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

financing costs on financial instruments) for trading positions, including hedges, is recorded either as principal transactions revenues or net interest profit, depending on the nature of the specific position. Interest income or expense on a U.S. Treasury security, for example, is reflected in net interest, while any realized or unrealized gain or loss is included in principal transactions. Financial instruments requiring forward settlement, such as mortgage-backed "to be announced" mortgage pools, have interest components built into their market value; any change in the market value, however, is recorded in principal transactions revenues. Changes in the composition of trading inventories and hedge positions can cause the recognition of revenues within these categories to fluctuate. Consequently, net interest and principal transactions revenue components should be evaluated collectively.

The table that follows provides information on aggregate trading profits, including net interest. Principal transactions revenues amounts are derived from the external reporting categories, while interest revenue and expense components are based on external reporting categories and management's assessment of the cost to finance trading positions, which considers the underlying liquidity of these positions.

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<TABLE>

<CAPTION>

(In millions)	Principal Transactions Revenue	Net Interest Revenue (Expense)	Net Trading Revenue
-----	-----	-----	-----
<S>	<C>	<C>	<C>
1994 First Quarter			
-----			
Fixed-income and foreign exchange	\$195	\$120	\$315
Swaps and derivatives (1)	248	(10)	238
Equities and commodities	224	2	226
	----	----	----
Total	\$667	\$112	\$779
	=====	=====	=====

1993 First Quarter

-----

Fixed-income and foreign exchange	\$412	\$109	\$521
Swaps and derivatives (1)	180	16	196
Equities and commodities	169	(3)	166
	----	----	----
Total	\$761	\$122	\$883
	=====	=====	=====

</TABLE>

(1) Swaps and derivatives revenues include transactions recorded by the Corporation's primary derivative subsidiaries.

Investment banking revenues were \$444 million, virtually unchanged from the 1993 first quarter. Underwriting activity slowed during the latter half of the 1994 first quarter, with industrywide declines in volume from a year ago. Issuers were less active as increased interest rates reduced refinancings and market volatility delayed issuances. Moreover, investors were more selective as markets became less favorable. As a result, underwriting revenues decreased 11% from the 1993 first quarter to \$379 million. The decrease resulted primarily from lower underwriting revenues in corporate debt and municipal securities and preferred stock, partially offset by increased revenues from high-yield debt offerings. Despite lower underwriting revenues, the Corporation retained its position as top underwriter of debt and equity securities both in the U.S., with a 16.6% market share, and globally, with a 13.1% market share, according to Securities Data Co. Strategic services revenues rose 267% to \$65 million due to increased merger and acquisitions activity in the healthcare, retail, and entertainment industries.

Asset management and portfolio service fees were a record \$444 million, up 23% from the 1993 first quarter. Fees earned from asset management activities, the Merrill Lynch Consults (Registered Trademark) ("ML Consults") portfolio management service, and other fee-based services contributed to the advance. Asset management fees increased 26% to \$199 million due primarily to growth in stock and bond funds. Assets under management by Merrill Lynch Asset Management ("MLAM") rose 13% to \$164 billion at quarter-end, compared with \$145 billion at the close of the 1993 first quarter. As indicated earlier, the increase in assets under management was attributable to stock and bond funds, which grew 33% from a year-ago to \$73 billion.

At year-end 1993, assets under management by MLAM totaled \$160 billion. During the first quarter of 1994, asset levels in stock and money market funds increased, while bond funds declined modestly.

Revenues from ML Consults advanced 27% to \$82 million as a result of more accounts and increased asset levels. The number of accounts increased 15% over last year's first quarter to 88,000 accounts at quarter-end, while asset levels were up 17% to \$17 billion.

Other revenues increased 72% to \$116 million principally as a result of a small net investment gain in the 1994 first quarter compared to a \$49 million net investment loss in the corresponding 1993 quarter.

Non-interest expenses increased 8% (14% excluding the non-recurring lease charge of \$103.0 million) from the 1993 first quarter to \$2,180 million. The largest expense category, compensation and benefits, increased 13% to \$1,431 million. Compensation expense advanced primarily due to higher production-related compensation, standard merit increases, and a 6% increase in the number of full-time employees. Higher payroll taxes contributed to the increase in benefits costs. Compensation and benefits expense as a percentage of net revenues increased to 50.5% from 48.4% in the year-ago period.

Occupancy costs decreased 6% (49% including the \$103.0 million non-recurring charge in 1993), benefiting from reduced space utilization at the Headquarters facility. Communications and equipment rental expenses were up 10% to \$104 million, due to increased usage of market data, news, and statistical services, and higher volume-related telephone charges. Depreciation and amortization expense rose 6% to \$74 million primarily due to facilities and equipment acquired during 1993 and the first quarter of 1994. Advertising and market development expenses increased 22% to \$99 million as a result of increases in travel costs due to the heightened level of business activity and in Financial Consultant recognition expenses related to higher production levels. Professional fees increased 56% to \$94 million. The Corporation continued to use system and management consultants to upgrade technology in trading, credit and customer systems. Brokerage, clearing, and exchange fees advanced 23% to \$86 million due to increased volume on security and commodity exchanges. Other expenses increased 13% to \$179 million due, in part, to the write-off of certain facility-related fixed assets.

Income tax expense totaled \$280 million. The effective tax rate in the 1994 first quarter was 43%, compared to 42% in the year-ago period. The effective tax rate increased in the 1994 first quarter primarily as a result of tax legislation enacted in the 1993 third quarter.

#### LIQUIDITY AND LIABILITY MANAGEMENT

The primary objective of the Corporation's funding policies is to assure liquidity at all times. To strengthen liquidity the Corporation maintains a strong capital base, issues term debt, obtains committed backup credit facilities, concentrates debt issuance through Merrill Lynch & Co., Inc. (the "Parent"), and pursues expansion and diversification of investors, funding instruments, and creditors.

There are three key elements to the Corporation's liquidity strategy. The first is to maintain alternative funding sources such that all debt obligations maturing within one year, including commercial paper and the current portion of term debt, can be funded when due without issuing new unsecured debt or liquidating any business assets. The most significant alternative funding sources are the proceeds from executing repurchase agreements ("repos") and obtaining secured bank loans, both employing unencumbered investment-grade marketable securities. The calculation of proceeds available from repos and secured bank loans takes into account both a conservative estimate of excess collateral required by secured lenders, and regulatory restrictions on upstreaming cash from subsidiaries to the Parent. The ability to execute this secured funding is demonstrated by the Corporation's routine use of repo markets to finance inventory and by periodic tests of secured borrowing procedures with banks. Other alternative funding sources could include liquidating cash equivalents, securitizing additional home equity and PrimeFirst (Registered Trademark) loans, and drawing upon committed unsecured credit facilities.

As an additional measure, the Corporation regularly reviews its assets and liabilities to ascertain its ability to conduct core businesses without reliance on issuing new unsecured debt or drawing upon committed credit facilities for terms beyond one year. The composition of the Corporation's asset mix provides a great degree of flexibility in managing liquidity. The Corporation monitors the liquidity of assets, the quality of committed credit facilities and the overall level of term debt in assessing financial strength and capital adequacy at any point in time.

The second element of the Corporation's liquidity strategy is to concentrate all

general purpose borrowing at the Parent level, except where tax regulations or time differences make this impractical. The benefits of this guideline are: a) the lower financing costs that result from the reduced risks of a diversified asset and business base; b) the simplicity, control and wider name recognition for banks, creditors and rating agencies; and c) the flexibility to meet variable funding requirements within subsidiaries.

The third element is to expand and diversify funding sources and to maintain strict concentration standards for short-term lenders. The Corporation's short- and long-term funding programs benefit from the large, diversified customer base and financial creativity of the Corporation's capital market and private client operations. Commercial paper remains the Corporation's major source of short-term general purpose funding. Commercial paper outstanding totaled \$15.0 billion at April 1, 1994 and \$14.9 billion at December 31, 1993, which represented 8% and 10% of total assets at quarter-end 1994 and year-end 1993, respectively. Through its own sales force, the Corporation markets its commercial paper to thousands of investors and is able to maintain tight concentration standards that include limits for any single investor. At April 1, 1994, total long-term debt was \$14.9 billion compared with \$13.5 billion at year-end 1993. During the first quarter of 1994, the Corporation issued \$3.4 billion in long-term debt. During the same period, maturities and repurchases were \$1.9 billion. In addition, approximately \$563 million of the Corporation's securities held by subsidiaries were sold and \$712 million were purchased.

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Approximately \$30.5 billion of the Corporation's indebtedness at April 1, 1994 is considered senior indebtedness as defined under various indentures covering subordinated debt.

In the 1994 first quarter, cash and cash equivalents decreased approximately \$633 million to \$1,150 million. Cash of \$190 million was provided from investing activities in the 1994 first quarter. During the same period, the Corporation used \$681 million for operating activities and \$142 million for financing activities.

#### CAPITAL RESOURCES AND CAPITAL ADEQUACY

The Corporation remains one of the most highly capitalized institutions in the U.S. securities industry with an equity base of \$5.6 billion at April 1, 1994, including \$5.4 billion in common equity, supplemented by \$0.2 billion in preferred stock. The Corporation's average leverage ratio, computed as the ratio of average month-end assets to average month-end stockholders' equity, was 31.8x and 26.2x for the first quarters of 1994 and 1993, respectively. The Corporation's leverage ratio at the end of the 1994 first quarter was 32.1x. The leverage ratio was affected by the adoption of Financial Accounting Standards Board Interpretation No. 39 ("Interpretation No. 39"), "Offsetting of Amounts Related to Certain Contracts" (see Accounting Changes Note to the Consolidated Financial Statements), which increased assets by approximately \$14.0 billion at April 1, 1994.

To compute the Corporation's average adjusted leverage ratio, resale agreements and securities borrowed transactions are subtracted from total assets. The average adjusted leverage ratio was 19.4x and 16.0x for the first three months of 1994 and 1993, respectively. The Corporation's adjusted leverage ratio at the end of the 1994 first quarter was 19.5x.

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

#### ASSETS AND LIABILITIES

The Corporation manages its balance sheet and risk limits according to market conditions and business needs subject to profitability and control of risk. Asset and liability levels are primarily determined by order flow and fluctuate daily, sometimes significantly, depending upon volume and demand. The liquidity and maturity characteristics of assets and liabilities are monitored continuously. The Corporation monitors and manages the growth of its balance sheet using point-in-time and average daily balances. Average daily balances were derived from the Corporation's management information system which summarizes balances on a settlement date basis. Financial statement balances as required under generally accepted accounting principles are recorded

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on a trade date basis. The discussion that follows compares the changes in settlement date average daily balances, not quarter-end balances. The reasons underlying changes in average balances, however, are similar to changes in quarter-end balances. The increase in average balance sheet levels during the 1994 first quarter was attributable to many factors, including the adoption of Interpretation No. 39, increased trading activity, and investor demand.

In the 1994 first quarter, average assets were \$189 billion, up 15% versus the \$165 billion for the 1993 fourth quarter. Average liabilities rose 15% to \$184 billion from \$160 billion for the 1993 fourth quarter. Excluding the effects of adopting Interpretation No. 39, average assets and liabilities increased by approximately \$15 billion in the first quarter of 1994. Interpretation No. 39 primarily affected balances related to contractual agreements and resale and repurchase agreements.

The major components in the growth of average assets and liabilities are summarized in the table that follows:

<TABLE>

<CAPTION>

(Dollars in millions)	Increase in Average Assets	Percent Increase
-----	-----	-----
<S>	<C>	<C>
Trading inventories	\$10,452	19%
Resale agreements	\$ 8,106	18%
Securities borrowed	\$ 2,991	11%

<CAPTION>

	Increase in Average Liabilities	Percent Increase
-----	-----	-----
<S>	<C>	<C>
Repurchase agreements	\$11,000	18%
Commitments for securities sold but not yet purchased	\$ 7,613	29%
Commercial paper and other short-term borrowings	\$ 2,814	10%
Long-term borrowings	\$ 1,071	8%

</TABLE>

Inventory levels rose during the 1994 first quarter as a result of the effect of adopting Interpretation No. 39 and increased trading activity in equity and fixed-income products. On-balance-sheet hedges, included in trading inventories and commitments for securities sold but not yet purchased, also increased due, in part, to market volatility during the latter half of the 1994 first quarter. The Corporation uses hedges principally to reduce risk in connection with its trading activities.

The Corporation continues to diversify its sources for financing inventories using repurchase agreements, commercial paper and other short-term borrowing facilities, and medium-term notes (included in long-term borrowings).

In managing its balance sheet, the Corporation approximately match-funds its interest-earning assets with interest-bearing liabilities.

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For example, the Corporation match-funds a portion of its repurchase agreements/resale agreements and its securities borrowed/securities loaned business, earning an interest spread on these transactions. The Corporation is an active issuer of long-term debt, with the mix of long-term funding adjusted to match the lives of longer-term, less liquid assets and to strengthen overall liquidity.

#### NON-INVESTMENT GRADE HOLDINGS AND HIGHLY LEVERAGED TRANSACTIONS

In the normal course of business, the Corporation underwrites, trades, and holds non-investment grade securities in connection with its market-making, investment banking, and derivative structuring activities. As a result of the improved liquidity and credit ratings of issuers in this market, the Corporation has increased its non-investment grade trading inventories to satisfy customer demand for higher-yielding investments. The growth in non-investment grade trading inventories is also attributable to the volume of domestic high-yield underwritings, which remained favorable in the first quarter industrywide.

For purposes of this discussion, non-investment grade securities have been defined as debt and preferred equity securities rated by Standard and Poor's as BB+ or lower and by Moody's as Bal or lower (or equivalent ratings for other instruments and non-U.S. securities), certain sovereign debt issued in emerging markets, amounts due under various derivative contracts from non-investment grade counterparties as well as non-rated securities which, in the opinion of management, are non-investment grade. At April 1, 1994, long and short non-investment grade trading inventories accounted for 4.0% of aggregate consolidated trading inventories, compared with 4.6% at year-end 1993. Non-investment grade trading inventories are carried at fair value.

In conjunction with its investment and merchant banking activities, the

Corporation provides financing and advisory services to, and invests in, companies entering into leveraged transactions. Examples of leveraged transactions may include leveraged buyouts, recapitalizations, and mergers and acquisitions. Merchant banking financings are extended on a selective and limited basis. The Corporation provides extensions of credit to leveraged companies in the form of senior term and subordinated debt, as well as bridge financing. Loans to highly leveraged companies are carried at unpaid principal balances less a reserve for estimated losses. The allowance for loan losses is estimated based on a review of each loan, and considerations of economic, market, and credit conditions. At April 1, 1994 and December 31, 1993, there were no bridge loans outstanding.

The Corporation holds direct equity investments in leveraged companies, interests in partnerships that invest in leveraged transactions, and non-investment grade securities. Equity investments in privately-held companies for which sale is restricted by government or contractual requirements are carried at the lower of cost or estimated net realizable value. The Corporation has a co-investment arrangement to enter into direct equity investments. The Corporation also has committed to participate in limited partnerships that invest in leveraged transactions.

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The Corporation's involvement in highly leveraged transactions and non-investment grade securities is subject to risks related to the creditworthiness of the issuers and the liquidity of the market for such securities, in addition to the usual risks associated with investing in, financing, underwriting, and trading investment grade instruments. The Corporation recognizes such risks and, when possible, develops strategies to mitigate its exposures.

The specific components and overall level of highly leveraged and non-investment grade positions may vary significantly from period to period as a result of inventory turnover, investment sales, and asset redeployment. The Corporation continuously monitors credit risk by individual issuer and industry concentration. In addition, valuation policies provide for recognition of market liquidity, as well as the trading pattern of specific securities. In certain instances, the Corporation will hedge the exposure associated with owning a high-yield or non-investment grade position by selling short the related equity security, and in other instances, the Corporation uses non-investment grade inventories to reduce exposure related to structured derivative transactions.

The Corporation uses certain non-investment grade trading inventories, principally non-U.S. government and agency securities, to accommodate client demand and to hedge the exposure arising from structured derivative transactions. Collateral, consisting principally of U.S. Government securities, may be obtained to reduce credit risk related to these transactions.

The Corporation's insurance subsidiaries hold non-investment grade securities. At April 1, 1994, non-investment grade insurance investments as a percentage of total insurance investments were 6.4%, compared with 5.8% at year-end 1993. Non-investment grade securities of insurance subsidiaries classified as trading or available-for-sale are carried at fair value.

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

<TABLE>

<CAPTION>

(Dollars in millions)	APRIL 1, 1994	DECEMBER 31, 1993
-----		
<S>	<C>	<C>
Non-investment grade trading inventories	\$3,378	\$3,129
Non-investment grade commitments for securities sold but not yet purchased	522	214
Non-investment grade investments of insurance subsidiaries	457	458
Loans (net of allowance for loan losses) (A)	323	435
Equity investments (B)	296	276
Partnership interests	99	92
-----		
Additional commitments to invest in partnerships (C)	\$ 18	\$ 19
Additional co-investment commitments	30	49
Unutilized revolving lines of credit and other lending commitments	56	49
-----		

</TABLE>

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(A) Represented outstanding loans to 39 and 42 medium-sized companies at April



- 1, 1994 and at December 31, 1993, respectively.
- (B) Invested in 81 and 82 enterprises at April 1, 1994 and at December 31, 1993, respectively.
- (C) The Corporation has committed to invest up to \$50 million in a partnership which is expected to be funded by the end of the 1994 second quarter.

At April 1, 1994, the largest non-investment grade concentration consisted of various issues of a Latin American sovereign totaling \$480 million, of which \$166 million represented on-balance sheet hedges. No one industry sector accounted for more than 17% of total non-investment grade positions. Included in the table above are debt and equity securities of issuers who were in various stages of bankruptcy proceedings or in default. At April 1, 1994, the carrying value of these securities totaled \$293 million, of which 61% resulted from the Corporation's market-making activities.

#### RECENT ACCOUNTING DEVELOPMENTS

##### Accounting by Creditors for Impairment of a Loan

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In May 1993, the Financial Accounting Standards Board issued SFAS No. 114, "Accounting by Creditors for Impairment of a Loan." SFAS No. 114, effective for fiscal years beginning after December 15, 1994, establishes accounting standards for creditors to measure the impairment of certain loans. A loan is impaired when it is probable that a creditor will be unable to collect all amounts due under the terms of the loan agreement. Impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or the observable market price, or the fair value of the underlying collateral if the loan is collateral dependent. The Corporation is currently in the process of evaluating the impact of this statement on its financial condition, although the effect is not expected to be material.

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#### PART II - OTHER INFORMATION

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##### ITEM 5. OTHER INFORMATION

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At the Annual Meeting of Stockholders, held on April 19, 1994, the holders of Common Stock, par value \$1.33 1/3 per share, of the Registrant elected the slate of five directors recommended by the Board of Directors. The holders also approved performance goals governing, and eligibility requirements for, certain annual bonuses and grants of restricted shares and units.

##### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

-----

###### (a) Exhibits

- (4) Instruments defining the rights of security holders, including indentures:
- (i) Form of Registrant's Constant Maturity Treasury Rate Indexed Medium-Term Notes, Series B.

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant 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 Registrant that authorize an amount of securities constituting 10% or less of the total assets of the Registrant and its subsidiaries on a consolidated basis. However, to supplement its debt securities registration statements, the Registrant hereby files as exhibits those forms of each long-term security issued by the Registrant during the quarterly period covered by this Report that have not previously been filed with the Commission.

###### (10) Material Contracts:

- (i) Form of Merrill Lynch & Co., Inc. 1994 Deferred Restricted Unit Agreement for Executive Officers.
- (11) Statement re computation of per share earnings.
- (12) Statement re computation of ratios.
- (15) Letter re unaudited interim financial information.

###### (b) Reports on Form 8-K

by the Registrant with the Commission:

- (i) Current Report, dated January 20, 1994, for the purpose of filing the form of Registrant's 6 1/4% Notes due January 15, 2006 and the opinion of counsel relating thereto.
- (ii) Current Report, dated January 24, 1994, for the purpose of filing the Preliminary Unaudited Earnings Summary of the Registrant for the three months and year ended December 31, 1993.
- (iii) Current Report, dated January 27, 1994, for the purpose of filing the form of Registrant's Japan Index (Service Mark) Equity Participation Securities with Minimum Return Protection due January 31, 2000 and the opinion of counsel relating thereto.
- (iv) Current Report, dated January 27, 1994, for the purpose of filing the unaudited summary of restated financial information of the Registrant for the three-, six- and nine-month periods in fiscal year 1993 related to the adoption of Statement of Financial Accounting Standards No. 112.
- (v) Current Report, dated February 3, 1994, for the purpose of filing the form of Registrant's Warrant Agreement dated as of February 3, 1994 and the opinion of counsel relating thereto.
- (vi) Current Report, dated March 9, 1994, for the purpose of filing the audited financial statements of the Registrant for its 1993 fiscal year.
- (vii) Current Report, dated March 24, 1994, for the purpose of filing the form of Registrant's Constant Maturity Treasury Rate Indexed Notes due March 24, 1997 and the opinion of counsel relating thereto.
- (viii) Current Report, dated March 30, 1994, for the purpose of filing the form of Registrant's 6 3/8% Notes due March 30, 1999 and the opinion of counsel relating thereto.
- (ix) Current Report, dated March 31, 1994, for the purpose of filing the form of Registrant's AMEX Oil Index (Registered Service Mark) Stock Market Annual Reset Term Notes (Service Mark) due December 29, 2000 and the opinion of counsel relating thereto.

SIGNATURE

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

MERRILL LYNCH & CO., INC.

(Registrant)

Date: May 13, 1994 By: /s/ Joseph T. Willett  
Joseph T. Willett  
Senior Vice President and  
Chief Financial Officer

## INDEX TO EXHIBITS

## Exhibits

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(12) Statement re computation of ratios.

(15) Letter re unaudited interim financial information.

## FLOATING RATE GLOBAL MEDIUM-TERM NOTE

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TRUST COMPANY (THE "DEPOSITORY") TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED CUSIP No. \_\_\_\_\_ PRINCIPAL AMOUNT  
No. BFLR \_\_\_\_\_ \$ \_\_\_\_\_

MERRILL LYNCH & CO., INC.  
MEDIUM-TERM NOTE,  
SERIES B  
(Floating Rate)

INTEREST RATE BASIS: ORIGINAL ISSUE DATE: STATED MATURITY:

Constant Maturity  
Treasury Rate

INDEX MATURITY: INITIAL INTEREST RATE: SPREAD:

INITIAL INTEREST RESET DATE: INTEREST PAYMENT DATES:

SPREAD MULTIPLIER: INTEREST RESET DATES:

MAXIMUM INTEREST RATE: MINIMUM INTEREST RATE: INITIAL REDEMPTION DATE:

INITIAL REDEMPTION ANNUAL REDEMPTION OPTIONAL REPAYMENT  
PERCENTAGE: PERCENTAGE REDUCTION: DATE(S):

CALCULATION AGENT: IF INTEREST RATE BASIS  
(Merrill Lynch, Pierce, IS LIBOR:  
Fenner & Smith Incorporated, INDEX CURRENCY:  
unless otherwise specified)

DESIGNATED LIBOR PAGE:  
[ ] Reuters Page: \_\_\_\_\_  
[ ] Telerate Page: \_\_\_\_\_

INTEREST CALCULATION: DAY COUNT CONVENTION  
[ ] Regular Floating Rate Note [ ] Actual/360 for the period  
[ ] Floating Rate/Fixed Rate from to .  
Fixed Rate Commencement Date: [ ] Actual/Actual to the period  
Fixed Interest Rate: from to .  
[ ] Inverse Floating Rate Note  
Fixed Interest Rate:

ADDENDUM ATTACHED: DENOMINATIONS:  
[X] Yes (Integral multiples of \$1,000,  
unless otherwise specified)  
[ ] No

IF INTEREST RATE BASIS OTHER PROVISIONS:  
IS PRIME RATE:  
[ ] Prime Rate--Major Banks  
[ ] Prime Rate--H.15

MERRILL LYNCH & CO., INC., a Delaware corporation ("Issuer" or the "Company," which terms include any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of

DOLLARS on the Stated Maturity specified above (except to the extent redeemed or repaid prior to the Stated Maturity Date), and to pay interest thereon, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate per annum determined in accordance with the provisions hereof and any Addendum relating hereto depending upon the Interest Rate Basis or Bases, and such other terms specified above, until the principal hereof is paid or duly made available for payment. Reference herein to "this Note", "hereof", "herein" and comparable terms shall include an Addendum hereto if an Addendum is specified above.

The Company will pay interest on each Interest Payment Date specified above, commencing on the first Interest Payment Date specified above next succeeding the Original Issue Date specified above, and on the Stated Maturity or any Redemption Date or Optional Repayment Date (as defined below) (the date of each such Stated Maturity, Redemption Date and Optional Repayment Date and the date on which principal or an installment of principal is due and payable by declaration of acceleration pursuant to the Indenture being referred to hereinafter as a "Maturity" with respect to principal payable on such date); provided, however, that if the Original Issue Date is between a Regular Record

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Date (as defined below) and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date succeeding the Original Issue Date; and provided further, that if an Interest Payment Date

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(other than an Interest Payment Date at Maturity) would fall on a day that is not a Business Day (as defined below), such Interest Payment Date shall be postponed to the following day that is a Business Day, except that in the case the Interest Rate Basis is LIBOR, as indicated above, if such next Business Day falls in the next calendar month, such Interest Payment Date shall be the next preceding day that is a Business Day. Except as provided above, interest payments will be made on the Interest Payment Dates shown above. Unless otherwise specified above, the "Regular Record Date" shall be the date 15 calendar days (whether or not a Business Day) prior to the applicable Interest Payment Date. Interest on this Note will accrue from and including the Original Issue Date specified above, at the rates determined from time to time as specified herein, until the principal hereof has been paid or made available for payment. If the Maturity falls on a day which is not a Business Day as defined below, the payment due on such Maturity will be paid on the next succeeding Business Day with the same force and effect as if made on such Maturity and no interest shall accrue with respect to such payment for the period from and after such Maturity. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will as provided in the Indenture be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such Interest Payment Date. Any such interest which is payable, but not punctually paid or duly provided for on any Interest Payment Date (herein called "Defaulted Interest"), shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to the Holder of this Note not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Indenture.

Payment of the principal of and interest on this Note will be made at the Office or Agency of the Company maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Unless the certificate of authentication hereon has been executed by or on behalf of The Chase Manhattan Bank (National Association), the Trustee with respect to the Notes under the Indenture, or its successor thereunder, by the manual signature of one of its authorized officers, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

This Note is one of a duly authorized issue of Securities (hereinafter called the "Securities") of the Company designated as its Medium-Term Notes, Series B (the "Notes"). The Securities are issued and to be issued under an Indenture (the "Indenture") dated as of October 1, 1993, between the Company and The Chase Manhattan Bank (National Association) (herein called the "Trustee", which term includes any successor Trustee under the

Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the

Company, the Trustee and the Holders of the Notes and the terms upon which the Notes are to be authenticated and delivered. The terms of individual Notes may vary with respect to interest rates or interest rate formulas, issue dates, maturity, redemption, repayment, currency of payment and otherwise as provided in the Indenture.

The Notes are issuable only in registered form without coupons in denominations of, unless otherwise specified above, \$1,000 and integral multiples thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Notes are exchangeable for a like aggregate principal amount of Notes as requested by the Holder surrendering the same. If (x) the Depository is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that this Note shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, this Note shall be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in authorized denominations. Such definitive Notes shall be registered in such name or names as the Depository shall instruct the Trustee. If definitive Notes are so delivered, the Company may make such changes to the form of this Note as are necessary or appropriate to allow for the issuance of such definitive Notes.

This Note is not subject to any sinking fund.

This Note may be subject to repayment at the option of the Holder prior to its Stated Maturity on the Holder's Optional Repayment Date(s), if any, indicated on the face hereof. If no Holder's Optional Repayment Dates are set forth on the face hereof, this Note may not be so repaid at the option of the Holder hereof prior to the Stated Maturity. On any Holder's Optional Repayment Date, this Note shall be repayable in whole or in part in an amount equal to \$1,000 or integral multiples thereof (provided that any remaining principal amount shall be an authorized denomination) at the option of the Holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with interest thereon payable to the date of repayment. For this Note to be repaid in whole or in part at the option of the Holder hereof, this Note must be received, with the form entitled "Option to Elect Repayment" below duly completed, by the Trustee at its office at 4 Chase MetroTech Center, Brooklyn, New York 11245, Attention: Corporate Trust Administration, or such address which the Company shall from time to time notify the Holders of the Medium-Term Notes (the "Corporate Trust Office"), not more than 60 nor less than 30 days prior to a Holder's Optional Repayment Date. This Note must be received by the Trustee by 5:00 P.M., New York City time, on the last day for giving such notice. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of payment of this Note in part only, a new Note for the unpaid portion hereof shall be issued in the name of the Holder hereof upon the surrender hereof.

This Note may be redeemed at the option of the Company prior to its Stated Maturity on any date on and after the Initial Redemption Date, if any, specified on the face hereof (the "Redemption Date"). If no Initial Redemption Date is set forth on the face hereof, this Note may not be redeemed at the option of the Company prior to the Stated Maturity. On and after the Initial Redemption Date, if any, this Note may be redeemed at any time in whole or from time to time in part in increments of \$1,000 or integral multiples thereof (provided that any remaining principal amount shall be an authorized denomination) at the option of the Company at the applicable Redemption Price (as defined below) together with interest thereon payable to the Redemption Date, on notice given not more than 60 nor less than 30 days prior to the Redemption Date. In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the surrender hereof.

If this Note is redeemable at the option of the Company prior to its Stated Maturity, the "Redemption Price" shall initially be the Initial Redemption Percentage, specified on the face hereof, of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

The interest rate borne by this Note shall be determined as follows:

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1. If this Note is designated as a Regular Floating Rate Note above, then, except as described below, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis shown above (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified above; provided, however, that the interest

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rate in effect for the period from the Original Issue Date to the Initial

Interest Reset Date will be the Initial Interest Rate.

2. If this Note is designated as a Floating Rate/Fixed Rate Note above, then, except as described below, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis shown above (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified above; provided, however,

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that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate, and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to the Maturity shall be the Fixed Interest Rate, if such a rate is specified above, or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the day immediately preceding the Fixed Rate Commencement Date.

3. If this Note is designated as an Inverse Floating Rate Note above, then, except as described below, this Note will bear interest equal to the Fixed Interest Rate indicated above minus the rate determined by reference to the applicable Interest Rate Basis shown above (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described above; provided, however, that unless otherwise specified on the face hereof, the

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interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified above; provided, however, that the interest rate in effect for the period from the

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Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

4. Notwithstanding the foregoing, if this Note is designated above as having an Addendum attached, the Note shall bear interest in accordance with the terms described in such Addendum.

Except as provided above, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the immediately preceding Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below. If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis specified on the face hereof is LIBOR and such next Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the next preceding Business Day.

Unless otherwise specified above, interest payable on this Note on any Interest Payment Date shall be the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date specified above, if no interest has been paid), to but excluding the related Interest Payment Date;

provided, however, that the interest payments on Maturity will include interest

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accrued to but excluding such Maturity. Unless otherwise specified above, accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day from the date of issue or from the last date to which interest shall have been paid or duly provided for, to the date for which accrued interest is being calculated. Unless otherwise specified above, the interest factor for each such day shall be computed by dividing the interest rate applicable to such day by 360, if the Day Count Convention specified above is "Actual/360" for the period specified thereunder or by the actual number of days in the year if the Day Count Convention specified above is "Actual/Actual" for the period specified thereunder. Unless otherwise specified above, the interest factor for each such day shall be computed by dividing the interest rate applicable to such day by 360, if the Interest Rate

Basis specified above is the CD Rate, the Commercial Paper Rate, the Eleventh District Cost of Funds Rate, the Federal Funds Rate, LIBOR or the Prime Rate for the period specified thereunder, or by the actual number of days in the year if the Interest Rate Basis specified above is the Treasury Rate for the period specified thereunder. Unless otherwise specified above, the interest factor for Notes for which the interest rate is calculated with reference to two or more

Interest Rate Bases will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified above, the "Interest Determination Date" with respect to the CD Rate and the Commercial Paper Rate shall be the second Business Day preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Federal Funds Rate and the Prime Rate shall be the Business Day immediately preceding each Interest Reset Date; the "Interest Determination Date" with respect to LIBOR shall be the second London Business Day (as defined below) preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Eleventh District Cost of Funds Rate shall be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); and the "Interest Determination Date" with respect to the Treasury Rate shall be the day in the week in which the related Interest Reset Date falls on which day Treasury bills (as defined below) are normally auctioned (Treasury bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an

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auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided, further, that if an auction shall fall on any Interest Reset Date,

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then the related Interest Reset Date shall instead be the first Business Day following such auction. If the interest rate of this Note is determined with reference to two or more Interest Rate Bases, the Interest Determination Date pertaining to this Note will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis shall be determinable. Each Interest Rate Basis shall be determined and compared on such date, and the applicable interest rate shall take effect on the related Interest Reset Date.

Unless otherwise specified above, the "Calculation Date", if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day, or (ii) the Business Day preceding the applicable Interest Payment Date or date of Maturity, as the case may be. All calculations on this Note shall be made by the Calculation Agent specified above or such successor thereto as is duly appointed by the Company.

All percentages resulting from any calculation on this Note will be rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

As used herein, "Business Day" means any day other than a Saturday or Sunday or any other day on which banks in The City of New York are generally authorized or obligated by law or executive order to close and, if the applicable Interest Rate Basis shown above is LIBOR, is also a London Business Day.

As used herein, "London Business Day" means any day (a) if the Index Currency specified above is other than the European Currency Unit ("ECU"), on which dealings in deposits in such Index Currency are transacted in the London interbank market or (b) if the Index Currency specified above is the ECU, that is not designated as an ECU Non-Settlement Day by the ECU Banking Association in Paris or otherwise generally regarded in the ECU interbank market as a day on which payments on ECUs shall not be made.

Determination of CD Rate. If an Interest Rate Basis for this Note is the  
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CD Rate, as indicated above, the CD Rate shall be determined on the applicable Interest Determination Date (a "CD Rate Interest Determination Date"), as the rate on such date for negotiable certificates of deposit having the Index Maturity specified above as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication ("H.15(519)") under the heading "CDs (Secondary Market)", or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable certificates of deposit of the Index Maturity specified above as published by the Federal Reserve Bank of New York in its statistical daily release "Composite 3:30 P.M. Quotations for U.S.

Government Securities" or any successor publication ("Composite Quotations") under the heading "Certificates of Deposit". If such rate is not yet published in either H.15(519) or the Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage



point, with five one millionths of a percentage point rounded upwards) of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date of three leading non-bank dealers in negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity designated above in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers selected as

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aforesaid by the Calculation Agent are not quoting as set forth above, the CD Rate determined on such CD Rate Interest Determination Date shall be the CD Rate in effect on such CD Rate Interest Determination Date.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this

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Note is the Commercial Paper Rate, as indicated above, the Commercial Paper Rate shall be determined on the applicable Interest Determination Date (a "Commercial Paper Rate Interest Determination Date"), as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified above as published in H.15(519), under the heading "Commercial Paper". In the event such rate is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate shall be the Money Market Yield on such Commercial Paper Rate Interest Determination Date of the rate for commercial paper having the Index Maturity shown above as published in Composite Quotations under the heading "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, then the Commercial Paper Rate for such Commercial Paper Rate Interest Determination Date shall be as calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified above placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized securities rating agency; provided, however, that if the dealers selected as aforesaid by

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the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined on such Commercial Paper Rate Interest Determination Date shall be the rate in effect on such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this

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Note is the Eleventh District Cost of Funds Rate, as indicated above, the Eleventh District Cost of Funds Rate shall be determined on the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), and shall be the rate equal to the monthly weighted average cost of funds for the calendar month preceding such Eleventh District Cost of Funds Rate Interest Determination Date as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on any related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month preceding the date of such announcement. If the FHLB of San

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Francisco fails to announce such rate for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

Determination of Federal Funds Rate. If an Interest Rate Basis for this

Note is the Federal Funds Rate, as indicated above, the Federal Funds Rate shall be determined on the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date"), and shall be the rate on that date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date, as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not yet published in either H.15(519) or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York selected by the Calculation Agent prior to 9:00 A.M., New York City time on such Federal Funds Rate Interest Determination Date; provided,

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however, that if the brokers selected as aforesaid by the Calculation Agent are  
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not quoting as mentioned in this sentence, the Federal Funds Rate determined on such Federal Funds Rate Interest Determination Date shall be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of LIBOR. If an Interest Rate Basis for this Note is LIBOR,  
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as indicated above, LIBOR will be determined on the applicable Interest Determination Date (a "LIBOR Interest Determination Date"), and will be, either: (a) if "LIBOR Reuters" is specified above, the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of the offered rates (unless the specified Designated LIBOR Page (as defined below) by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Index Currency having the Index Maturity designated above, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appear on the Designated LIBOR Page specified above as of 11:00 A.M. London time, on that LIBOR Interest Determination Date, if at least two such offered rates appear (unless, as aforesaid, only a single rate is required) on such Designated LIBOR Page, or (b) if "LIBOR Telerate" is specified above, the rate for deposits in the Index Currency having the Index Maturity designated above commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appears on the Designated LIBOR Page specified above as of 11:00 A.M. London time, on that LIBOR Interest Determination Date. If, as described in the immediately preceding sentence, fewer than two offered rates appear, or no rate appears, LIBOR in respect of the related LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in the immediately succeeding paragraph.

With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity shown above, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Index Currency in such market at such time. If at least two such quotations are provided, LIBOR determined on such LIBOR Interest Determination Date shall be the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of such quotations as determined by the Calculation Agent. If fewer than two quotations are provided, LIBOR determined on such LIBOR Interest Determination Date shall be calculated by the Calculation Agent as the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of the rates quoted at approximately 11:00 A.M. (or such other time specified above under "OTHER PROVISIONS") in the applicable Principal Financial Center(s), on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center(s) selected by the Calculation Agent for loans in the Index Currency to leading European banks having the Index Maturity specified above and in a principal amount that is representative

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for a single transaction in the Index Currency in such market at such time; provided, however, that if the banks selected as aforesaid by the Calculation  
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Agent are not quoting as mentioned in this sentence, LIBOR determined on such LIBOR Interest Determination Date shall be LIBOR in effect on such LIBOR Interest Determination Date.

"Index Currency" means the currency (including composite currencies) specified above as the currency for which LIBOR shall be calculated. If no such

currency is specified above, the Index Currency shall be U.S. dollars.

"Designated LIBOR Page" means either (a) if "LIBOR Reuters" is designated above, the display on the Reuters Monitor Money Rates Service for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency, or (b) if "LIBOR Telerate" is designated above, the display on the Dow Jones Telerate Service (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for the Index Currency) for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency. If neither LIBOR Reuters nor LIBOR Telerate is specified above, LIBOR for the applicable Index Currency will be determined as if LIBOR Telerate (and, in the case U.S. dollars is the Index Currency, Page 3750) had been specified.

"Principal Financial Center" will be, unless otherwise specified above, the following city or cities for the related Index Currency:

Index Currency -----	Principal Financial Center(s) -----
Australian Dollar	Sydney
Belgian Franc	Brussels
Canadian Dollar	Toronto
Danish Krone	Copenhagen
Dutch Guilder	Amsterdam
Finnish Markka	Helsinki
French Franc	Paris
Hong Kong Dollar	Hong Kong
Italian Lira	Milan
Luxembourg Franc	Brussels and Luxembourg
New Zealand Dollar	Wellington and Auckland
Norwegian Krone	Oslo
Spanish Peseta	Madrid
Sterling	London
Swedish Krona	Stockholm
Swiss Franc	Zurich
U.S. Dollar	New York
Yen	Tokyo

Determination of Prime Rate. "Prime Rate" means the rate determined by the

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Calculation Agent in accordance with the provisions set out in clause (i) or in clause (ii) below, depending upon whether such rate is specified as "Prime Rate--Major Banks" or as "Prime Rate--H.15" on the face hereof:

(i) If an Interest Rate Basis for this Note is the "Prime Rate--Major Banks", as indicated above, the Prime Rate shall be determined on the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) determined by the Calculation Agent of the prime rates of interest publicly announced by three major banks in The City of New York, as selected by the Calculation Agent, as its United States dollar prime rate or base lending rate as in effect for that day. Each change in the prime rate or base lending rate of any bank so announced by such bank will be effective as of the effective date of the announcement or, if no effective date is specified, as of the date of the announcement. If fewer than three such quotations are provided, the Prime Rate shall be calculated by the Calculation Agent and shall be determined as the arithmetic mean (rounded to the

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nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) determined by the Calculation Agent on the basis of the prime rates quoted in The City of New York by three substitute banks or trust companies organized and doing business under the laws of the United States, or any state thereof, each having total equity capital of at least \$500 million and being subject to supervision or examination by a federal or state authority, selected by the Calculation Agent to quote such rate or rates; provided, however, that if

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the banks or trust companies selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined on such Prime Rate Interest Determination Date shall be the Prime Rate in effect on such Prime Rate Interest Determination Date.

(ii) If an Interest Rate Basis for this Note is "Prime Rate--H.15", as indicated above, "Prime Rate" means, with respect to any Prime Rate Interest Determination Date, the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan". If such rate is not published prior to 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean (rounded

to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page as such bank's prime rate or base lending rate as in effect for that Prime Rate Interest Determination Date. If fewer than four such rates but more than one such rate appear on the Reuters Screen NYMF Page for such Prime Rate Interest Determination Date, the Prime Rate shall be the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by four major money center banks in The City of New York selected by the Calculation Agent. If fewer than two such rates appear on the Reuters Screen NYMF Page, the Prime Rate will be determined by the Calculation Agent on the basis of the rates furnished in The City of New York by three substitute banks or trust companies organized and doing business under the laws of the United States, or any state thereof, having total equity capital of at least \$500 million and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks or trust companies selected as

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aforesaid are not quoting as mentioned in this sentence, the Prime Rate for such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen NYMF Page" means the display designated as page "NYMF" page on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

Determination of Treasury Rate. If an Interest Rate Basis for this Note is  
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the Treasury Rate, as specified above, the Treasury Rate shall be determined on the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate applicable to the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified above, as such rate is published in H.15(519) under the heading "Treasury Bills -- auction average (investment)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury Bills having the Index Maturity specified above are not reported as provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate hereon shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date of three leading primary United States government securities dealers as selected by the Calculation Agent for the issue of Treasury Bills with a remaining Maturity closest to the Index Maturity specified above; provided, however, that if the dealers selected as aforesaid by

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the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate for such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

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Any provisions contained herein with respect to the determination of one or more Interest Rate Bases, the specification of one or more Interest Rate Bases, calculation of the Interest Rate applicable to this Note, its payment dates or any other matter relating hereto may be modified by the terms as specified above under "Other Provisions" or in an Addendum relating hereto if so specified above.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified above. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. The interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Unless otherwise above, Merrill Lynch, Pierce, Fenner & Smith Incorporated will be the "Calculation Agent". At the request of the Holder hereof, the Calculation Agent shall provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective as of the next Interest Reset Date with respect to this Note.

If an Event of Default (as defined in the Indenture) with respect to the Notes shall occur and be continuing, the principal of all the Notes may be

declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66 2/3% in aggregate principal amount of the Securities at any time Outstanding, as defined in the Indenture, of each series affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all the Securities of each series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the time, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations set forth therein and on the face hereof, the transfer of this Note may be registered on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

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All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed, manually or in facsimile, and an imprint or facsimile of its corporate seal to be imprinted hereon.

Dated: \_\_\_\_\_

MERRILL LYNCH & CO., INC.

By: \_\_\_\_\_  
Theresa Lang  
Treasurer

[FACSIMILE OF SEAL]

Attest:

By: \_\_\_\_\_  
Gregory T. Russo  
Secretary

CERTIFICATE OF AUTHENTICATION  
This is one of the Securities  
of the series designated therein  
referred to in the within-mentioned  
Indenture.

THE CHASE MANHATTAN BANK  
(National Association)  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

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OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Company to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to the principal amount hereof together with interest to the repayment date, to the undersigned, at \_\_\_\_\_

\_\_\_\_\_  
(Please print or typewrite name and address of the undersigned)

For this Note to be repaid, the Trustee must receive at its Corporate Trust Office, or at such other place or places of which the Company shall from time to time notify the Holder of this Note, not more than 60 nor less than 30 days prior to an Optional Repayment Date, if any, shown on the face of this Note, this Note with this "Option to Elect Repayment" form duly completed. This Note must be received by the Trustee by 5:00 P.M., New York City time, on the last day for giving such notice.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be in an amount equal to \$1,000 or an integral multiple thereof, provided that any remaining principal amount shall be an authorized denomination) which the Holder elects to have repaid and specify the denomination or denominations (which shall be in an amount equal to an authorized denomination) of the Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid).

\$ \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature on this Option to Elect Repayment must correspond with the name as written upon the face of this Note in every particular, without alteration or enlargement or any change whatever.

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ASSIGNMENT/TRANSFER FORM  
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FOR VALUE RECEIVED the undersigned registered Holder hereby sell(s), assign(s) and transfer(s) unto (insert Taxpayer Identification No.) \_\_\_\_\_

\_\_\_\_\_  
(Please print or typewrite name and address including postal zip code of assignee)

\_\_\_\_\_  
the within Note and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_ attorney to transfer said Note on the books of the Company with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature of the registered Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

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The "Interest Determination Date" with respect to the Constant Maturity Treasury Rate shall be the second Business Day preceding each Interest Reset Date.

Determination of the Constant Maturity Treasury Rate. If an Interest Rate

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Basis for the attached Note is the Constant Maturity Treasury Rate, as indicated on such Note, the Constant Maturity Treasury Rate shall be determined on the applicable Interest Determination Date as follows:

(i) The Constant Maturity Treasury Rate will equal the rate which appears on Telerate Page 7052, "WEEKLY AVG YIELDS ON TREASURY CONSTANT MATURITIES", under the column corresponding to the Index Maturity specified above and in the row opposite the date of the last Business Day of the week prior to the Interest Determination Date appearing in the column entitled "WEEK END", which appears as of 5:00 P.M., New York City time, on the applicable Interest Determination Date. "Telerate Page 7052" means the display designated as page 7052 on the Dow Jones Telerate Service (or such page as may replace page 7052 on that service). The rate which appears on Telerate Page 7052 under the column corresponding to the Index Maturity is the rate described in paragraph (ii) below published in the most recent H.15(519) (as defined below).

(ii) If the Constant Maturity Treasury Rate as described in clause (i) is not available by 5:00 P.M., New York City time, on the applicable Interest Determination Date, the Constant Maturity Treasury Rate will equal the one-week average yield on United States Treasury securities at "constant maturity", as published in the most recent H.15(519) in the column entitled "Week Ending" for the date of the last Business Day of the week prior to the Interest Determination Date and opposite the heading "Treasury constant maturities" for the Index Maturity specified above.

(iii) If the most recent date appearing on Telerate Page 7052 under the column entitled "WEEK END" described in clause (i) above is a date other than the date of the last Business Day of the week prior to the Interest Determination Date and if the most recent H.15(519) available on the applicable Interest Determination Date as described in clause (ii) above does not contain a heading for the date of the last Business Day of the week prior to the Interest Determination Date under the column entitled "Week Ending", the Constant Maturity Treasury Rate will be such United States Treasury constant maturity rate (or other United States Treasury rate) for the Index Maturity specified above for such Interest Determination Date (a) as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of Treasury, and (b) that the Calculation Agent determines to be comparable to the rate formerly published in H.15(519).

(iv) If the Constant Maturity Treasury Rate as described in clause (iii) is not published on the Interest Determination Date, the Constant Maturity Treasury Rate will be a yield to maturity for direct noncallable fixed rate obligations of the United States ("Treasury Notes") most recently issued with an original maturity of approximately the Index Maturity specified above and an original issue date within the immediately preceding year based on the yield (which yield is based on asked prices) for such issue of Treasury Notes for such Interest Determination Date, as published by the Federal Reserve Bank of New York in its daily statistical release entitled "Composite 3:30 P.M. Quotations for U.S. Government Securities" (or any successor or similar publication selected by the Calculation Agent published by the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York or any other Federal Reserve Bank or affiliated entity).

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(v) If the Constant Maturity Treasury Rate as described in clause (iv) is not published on the Interest Determination Date, the Constant Maturity Treasury Rate will be calculated by the Calculation Agent and will be a yield to maturity (expressed as a bond equivalent and as a decimal rounded, if necessary, to the nearest one hundred-thousandth of a percentage point with five one-millionths of a percentage point rounded up, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such Interest Determination Date of three primary United States government securities dealers in The City of New York selected by the Calculation Agent (from five such dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for Treasury Notes with an original maturity of approximately the Index Maturity specified above and an original issue date within the immediately preceding year. If three or four (and not five) of such dealers are quoting as described in this clause (v), then the Constant Maturity Treasury Rate will be based on the arithmetic mean of the bid prices obtained and neither the highest nor the

lowest of such quotations will be eliminated.

(vi) If fewer than three dealers selected by the Calculation Agent are quoting as described in clause (v), the Constant Maturity Treasury Rate will be calculated by the Calculation Agent and will be a yield to maturity (expressed as a bond equivalent and as a decimal rounded, if necessary, to the nearest one hundred-thousandth of a percentage point with five one-millionths of a percentage point rounded up, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on the applicable Interest Determination Date of three leading primary United States government securities dealers in The City of New York selected by the Calculation Agent (from five such dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for Treasury Notes with an original maturity of approximately ten years and a remaining term to maturity closest to the Index Maturity specified above. If three or four (and not five) of such dealers are quoting as described in this clause (vi), then the Constant Maturity Treasury Rate will be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations will be eliminated.

(vii) If fewer than three dealers selected by the Calculation Agent are quoting as described in clause (vi), the Constant Maturity Treasury Rate will be the Constant Maturity Treasury Rate in effect on the preceding Interest Reset Date (or, in the case of the initial Interest Determination Date, the one-week average yield on United States Treasury securities at "constant maturity" for the Index Maturity specified above, as published in the most recent H.15(519)).

In the case of clause (vi), if two Treasury Notes with an original maturity of approximately ten years have remaining terms to maturity equally close to the Index Maturity specified above, the quotes for the Treasury Note with the shorter remaining term to maturity will be used.

"H.15(519)" means the weekly statistical release designated as such, published by the Board of Governors of the Federal Reserve System.



MERRILL LYNCH & CO., INC.  
1994 DEFERRED RESTRICTED UNIT AGREEMENT  
FOR EXECUTIVE OFFICERS

WHEREAS, you have been awarded certain Restricted Units under the Merrill Lynch & Co., Inc. Long-Term Incentive Compensation Plan ("LTICP"), and

WHEREAS, Merrill Lynch & Co., Inc. ("ML & Co.") has requested that you defer payment of any such awards that may become vested, and

WHEREAS, the obligation of ML & Co. under this Agreement is intended to be unfunded and maintained primarily for the purpose of providing deferred compensation for you as a member of 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 Agreement shall be administered and interpreted shall be consistent with this intention,

NOW, THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS.

"Account" means the book reserve account referred to in Section 3 hereof.

"Account Balance" means the dollar amount of the Deferred Award adjusted in accordance with Section 4 to reflect the Return.

"Agreement" means this Merrill Lynch & Co., Inc. 1994 Deferred Restricted Unit Agreement for Executive Officers.

"Benchmark Return Options" are the Class A shares of the mutual funds identified in the Benchmark Election Form that will be provided to you in accordance with Section 4 hereof.

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

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

"Deferred Award" means the Restricted Unit Award deferred by you under this Agreement.

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

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

"LTICP" means ML & Co.'s Long Term Incentive Compensation Plan.

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

"Net Asset Value" means the net asset value, on the date in question, for Class A Shares of any of the Selected Benchmark Funds.

"Restricted Unit Award" means an award of Restricted Units as defined in LTIC granted to the participant in February 1994.

"Return" means the increase credited to (or the decrease debited from) the Account Balance based on the performance of the Selected Benchmark Funds as described in Section 4.

"Selected Benchmark Funds" means the Class A Shares of the Benchmark Return Options that you choose to be the investment benchmarks for your Deferred Award.

"Selected Benchmark Fund Amounts" means the allocations among the Selected Benchmark Funds of your Deferred Award as selected by you in accordance with Section 4.

2. DEFERRAL.

Restricted Unit Awards shall be deferred by submitting a completed Schedule I (attached hereto) to ML & Co. as provided in Section 4. Except as provided in Section 5, deferral of the receipt of any Restricted Unit Award hereunder is irrevocable.

### 3. CREATION OF THE DEFERRED AWARD.

If your Restricted Unit Award, granted in February 1994, becomes vested and payable, the dollar amount of such vested and payable portion of such award, calculated pursuant to Section 3.6(b) of LTICP, shall be credited to a book reserve account, established for this purpose in your name (the "Account"), as soon as practicable (but in no event later than 90 days) after the date on which such vested portion of the Restricted Unit Award would, but for deferral, have become payable. The Account Balance will thereafter be accounted for in accordance with Section 4 hereof.

### 4. RETURN ALTERNATIVES.

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#### (a) Selection of Benchmark Funds. In the event that the Deferred Award is

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subject to accelerated vesting based upon ML & Co.'s achievement of a specified cumulative return on equity ("ROE Target"), the ML & Co. Director of Human Resources shall, no less than 90 days prior to the end of the Fiscal Year in which such ROE Target may be reached, notify you to designate your Selected Benchmark Funds on the Benchmark Election Form that will accompany such notification, which shall be filed with the Director of Human Resources within 30 days of receipt of such notice. If no such accelerated vesting shall occur, you must designate your Benchmark Return Options no less than 90 days prior to the end of ML & Co.'s 1997 Fiscal Year. You must choose the funds from a list of Class A Shares of the mutual funds identified in the Benchmark Election Form that will be provided to you at the time you are required to make your election. All allocations shall be in multiples of 5 percent. The allocations that you select will be defined herein as the "Selected Benchmark Fund Amounts." The Selected Benchmark Fund Amounts will be treated as if they had been invested in the Selected Benchmark Funds at Net Asset Value in proportion to the percentages chosen by you from the time the Account is established pursuant to Section 3 hereof until the Account Balance becomes payable pursuant to Section 8 hereof. THE SELECTED BENCHMARK FUNDS YOU CHOOSE WILL NOT REPRESENT AN ACTUAL OWNERSHIP INTEREST IN THE SELECTED BENCHMARK FUNDS. The Selected Benchmark Fund Amounts will earn a Return in accordance with the increase or decrease in the Net Asset Value of the Selected Benchmark Funds plus amounts attributable to the reinvestment of dividends or distributions generated by such Selected Benchmark Funds.

#### (b) The Account Balance. After the establishment of the Account in

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accordance with Section 3, you will receive quarterly statements that report on the Account Balance as follows: an amount equal to the Net Asset Value of each of the Selected Benchmark Fund Amounts as of the end of the Fund's prior quarter, plus amounts attributable to the reinvestment of dividends or distributions generated by such Selected Benchmark Fund.

### 5. RESCISSION OF DEFERRAL

A deferral 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 federal, state or local income taxation and the time for appeal from this determination has expired, and (ii) the MDCC, in its sole discretion, decides, upon your request and upon evidence of the occurrence of the events described in (i) hereof that it finds persuasive, to rescind the deferral. Upon such rescission, the Account Balance, including any Return, will be paid to you as soon as practicable.

### 6. NO TRUST OR FUND CREATED; GENERAL CREDITOR STATUS.

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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 you, your beneficiary or estate, or any other person. Title to and beneficial ownership of any funds represented by the 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 Agreement, have any interest whatsoever in any specific assets of ML & Co., including any such funds. TO THE EXTENT THAT ANY PERSON ACQUIRES A RIGHT TO RECEIVE PAYMENTS FROM ML & CO. UNDER THIS AGREEMENT, SUCH RIGHT WILL BE NO GREATER THAN THE RIGHT OF ANY UNSECURED GENERAL CREDITOR OF ML & CO.

### 7. NON-ASSIGNABILITY

Your right or the right of any other person to the Account Balance or any other benefits hereunder cannot be assigned, alienated, sold, garnished, transferred, pledged, or encumbered except by a written designation of beneficiary under this Agreement, by written will, or by the laws of descent and distribution.

8. PAYMENT DATE.

The Account Balance will be paid to you (or, in the case of death, to your beneficiary) either (i) in a lump sum as soon as practicable after the end of the Fiscal Year during which your employment terminates for any reason (including retirement or death) or (ii) at your election, which election must be delivered in writing by you to the Director of Human Resources prior to the end of such Fiscal Year, in the number of annual installments chosen by you not to exceed fifteen, with the first installment being paid at the same time as the lump sum would have otherwise been paid. The Account Balance will include the Return as of the end of such Fiscal Year. If your employment terminates at any time prior to the establishment of an Account, any payment to you will be governed by the terms of LTICP.

9. WITHHOLDING OF TAXES.

ML & Co. will deduct or withhold from any payment to be made or deferred hereunder any Federal, state, local or employment taxes required by law to be withheld or require you or your beneficiary to pay any amount, or the balance of any amount, required to be withheld.

10. BENEFICIARY

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(a) Designation of Beneficiary. You may designate, in a writing delivered -----  
to ML & Co. before your death, a beneficiary to receive payments in the event of your death. You may also designate a contingent beneficiary to receive payments in accordance with this Agreement if the primary beneficiary does not survive you. You may designate more than one person as your beneficiary or contingent beneficiary, in which case such persons would receive payments as joint tenants with a right of survivorship. If you die without a surviving beneficiary, then your estate will be considered your beneficiary.

(b) Change in Beneficiary. You may change your beneficiary or contingent -----  
beneficiary (without the consent of any prior beneficiary) in a writing delivered to ML & Co. before your death. Unless you state otherwise in writing, any change in beneficiary or contingent beneficiary will automatically revoke prior such designations of your beneficiary or of your contingent beneficiary, as the case may be, under this Agreement only; and any designations under other deferral agreements or plans of ML & Co. will remain unaffected.

(c) If the Beneficiary Dies Before Payment. If a beneficiary who is -----  
designated hereunder dies before payment is made and if there is no surviving joint tenant or contingent beneficiary, the Account Balance will be paid as soon as practicable in one lump sum to such beneficiary's estate.

11. POWERS OF THE MDCC.

The MDCC has full power and authority to interpret, construe, and administer this Agreement so as to ensure that it provides deferred compensation for you as a member of a select group of management or highly compensated employees within the meaning of Title I of ERISA. The MDCC'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 MDCC will not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement unless attributable to its willful misconduct or lack of good faith.

12. CORPORATE BOOKS AND RECORDS CONTROLLING.

The books and records of ML & Co. will be controlling in the event a question arises hereunder concerning the amount of a Deferred Award, the Account Balance, Return, the designation of a beneficiary, or any similar matters.

13. AGREEMENT BINDING ON SUCCESSORS AND ASSIGNS.

This Agreement will be binding upon and inure to the benefit of ML & Co. and its successors and assigns; you and your heirs, executors, administrators, and legal

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representatives; and your designated beneficiary and his or her heirs, executors, administrators, and legal representatives.

14. INVALIDITY OF PROVISIONS.

If any provision of this Agreement or the application thereof shall for any reason be invalid or unenforceable, such provision shall be limited only to the extent necessary in the circumstances to make it valid and enforceable. In any event, the remaining provisions of this Agreement will continue in full force and effect.

15. TAX LITIGATION.

ML & Co. shall have the right to contest, at its expense, any tax ruling or decision, administrative or judicial, on an issue that is related to the Agreement and that ML & Co. believes to be important to participants in the Agreement, and to conduct any such contest or any litigation arising therefrom to a final decision.

16. HEADINGS ARE NOT CONTROLLING.

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

17. GOVERNING LAW.

This Agreement 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.

18. CONTINUATION OF THE AGREEMENT.

ML & Co. reserves the right to terminate this Agreement at any time.

IN WITNESS WHEREOF, ML & Co. and you have entered into this Agreement by executing Schedule I (attached hereto).

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SCHEDULE I  
MERRILL LYNCH & CO., INC.  
1994 DEFERRED RESTRICTED UNIT AGREEMENT  
FOR EXECUTIVE OFFICERS

I have read and agreed to all of the provisions of the Merrill Lynch & Co., Inc. 1994 Deferred Compensation Agreement for Executive Officers (the "Agreement"), which are hereby incorporated herein by reference, and understand the following:

1. The terms used herein have the same meaning as in the Agreement.
2. No trust or other separate fund will be created on my behalf under the Agreement and my rights thereunder will be no greater than those of a general unsecured creditor of ML & Co. and are not assignable.
3. By entering into this Agreement, I agree that payment of any Restricted Unit Award that I am granted in February 1994 under the Merrill Lynch Long Term Compensation Plan ("LTICP") will be deferred until the year after termination of my employment with ML & Co. for any reason. Except as provided in the Agreement, the deferral is irrevocable.
4. My right to receive a Restricted Unit Award, if any, under LTICP remains contingent and subject to the terms of LTICP despite my entry into this Agreement.
5. I understand that, if more than one person is named as my primary or contingent beneficiary, those persons will take jointly with a right of survivorship. If the primary beneficiary does not survive me, payment will be made to the contingent beneficiary. If the primary beneficiary dies before payment is made, and if there is no surviving joint tenant or contingent beneficiary, the remaining payment will be made in one lump sum to that beneficiary's estate. If no beneficiary survives me, the Account Balance will be paid to my estate.
6. I designate as my primary beneficiary(ies) the person(s) listed below if such person(s) is (are) living at the date of my death (please print):

Beneficiary Name(s)	Social Security #
_____	_____
_____	_____

7. I designate as my contingent beneficiary(ies) to take in the event the primary beneficiary(ies) listed above does (do) not survive me (please print):

Beneficiary Name(s)	Social Security #
_____	_____

\_\_\_\_\_  
In witness whereof, I have hereunto set my hand and ML & Co. has caused this Agreement to be executed in its name by as of the date set forth below.

\_\_\_\_\_  
Name of Participant  
(Please Print)

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Signature of Participant

MERRILL LYNCH & CO., INC.

By: \_\_\_\_\_  
Signature

Dated as of February 1, 1994

## MERRILL LYNCH &amp; CO., INC. AND SUBSIDIARIES

## COMPUTATION OF PER COMMON SHARE EARNINGS

(In Thousands, Except Per Share Amounts)

&lt;TABLE&gt;

&lt;CAPTION&gt;

	For the Three Months Ended	
	April 1, 1994 (A)	March 26, 1993 (A) (B)
<S>	<C>	<C>
Primary:		
Earnings before cumulative effect of change in accounting principle.....	\$371,759	\$342,386
Cumulative effect of change in accounting principle.....	-	(35,420)
Net earnings.....	371,759	306,966
Remarketed Preferred stock dividends.....	(1,336)	(1,396)
Net earnings applicable to common stockholders..	\$370,423	\$305,570
Weighted average shares outstanding:		
Common stock.....	202,774	208,674
Assuming issuance of shares relating to employee incentive plans.....	17,859	17,240
Total shares.....	220,633	225,914
Per common share amounts:		
Earnings before cumulative effect of change in accounting principle.....	\$ 1.68	\$ 1.51
Cumulative effect of change in accounting principle.....	-	(0.16)
Net earnings.....	\$ 1.68	\$ 1.35
Fully diluted:		
Earnings before cumulative effect of change in accounting principle.....	\$371,759	\$342,386
Cumulative effect of change in accounting principle.....	-	(35,420)
Net earnings.....	371,759	306,966
Remarketed Preferred stock dividends.....	(1,336)	(1,396)
Net earnings applicable to common stockholders..	\$370,423	\$305,570
Weighted average shares outstanding:		
Common stock.....	202,774	208,674
Assuming issuance of shares relating to employee incentive plans.....	17,859	17,240
Total shares.....	220,633	225,914
Per common share amounts:		
Earnings before cumulative effect of change in accounting principle.....	\$ 1.68	\$ 1.51
Cumulative effect of change in accounting principle.....	-	(0.16)
Net earnings.....	\$ 1.68	\$ 1.35

&lt;/TABLE&gt;

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

(B) 1993 results have been restated to reflect the adoption of Statement of Financial Accounting Standards No. 112.



MERRILL LYNCH & CO., INC. AND SUBSIDIARIES  
 -----  
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES  
 -----  
 (Dollars In Thousands)

&lt;TABLE&gt;

&lt;CAPTION&gt;

	For the Three Months Ended	
	April 1, 1994	March 26, 1993
<S>	<C>	<C>
Pretax earnings from continuing operations....	\$ 652,208	\$ 590,321
Deduct equity in undistributed net earnings of unconsolidated subsidiaries.....	(3,048)	(1,098)
Total pretax earnings from continuing operations.....	649,160	589,223
Add: Fixed Charges (A)		
Interest.....	1,899,427	1,343,347
Amortization of debt expense.....	797	1,146
Total interest.....	1,900,224	1,344,493
Interest factor in rents.....	33,564	36,933
Total fixed charges.....	1,933,788	1,381,426
Pretax earnings before fixed charges.....	\$2,582,948	\$1,970,649
Ratio of earnings to fixed charges.....	1.34	1.43

&lt;/TABLE&gt;

(A) There was no capitalized interest for the 1994 and 1993 first quarters.



May 13, 1994

Merrill Lynch & Co., Inc.  
World Financial Center  
North Tower  
New York, N.Y. 10281-1332

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 April 1, 1994 and for the three-month periods ended April 1, 1994 and March 26, 1993 as indicated in our report dated May 13, 1994; 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 April 1, 1994, 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. 33-48846 (401(k) Savings and Investment 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))

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  
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)

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

New York, New York