

Subject to Completion

Preliminary Pricing Supplement dated June 21, 2000

PRICING SUPPLEMENT

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(To prospectus supplement and prospectus  
dated June 16, 2000 and June 15, 2000, respectively)

\$27,000,000

Merrill Lynch & Co., Inc.

Medium-Term Notes, Series B

7% Stock-Linked Notes due June , 2002

(Linked to the performance of the common stock of The Gap, Inc.)

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The notes:

- . The issue price for each note equals its principal amount, plus accrued interest, if any, from June , 2000.
- . We will pay you interest on the principal amount of the notes semi-annually at a rate per year equal to 7%.
- . At maturity, for each \$1,000 principal amount of the notes you own, we will pay you an amount in US dollars based on the formula described in this pricing supplement.
- . The amount you receive at maturity will not exceed the Capped Value of \$ for each \$1,000 principal amount.
- . We will not redeem the notes prior to the maturity date.
- . The notes have been approved for listing on the American Stock Exchange under the trading symbol "GPG.A".

Payment formula:

- . For each \$1,000 principal amount of the notes you own, the amount you will receive at maturity will equal the lesser of:
  - . The Capped Value equal to \$ per \$1,000 principal amount, or
  - . the product of the exchange ratio and the average market price of the common stock of The Gap, Inc. determined as described in this pricing supplement.
- . At maturity, if the price of The Gap, Inc. common stock has decreased since the date of this pricing supplement you will receive less than the principal amount of your notes.
- . The exchange ratio initially equals and is subject to adjustment from time to time as described in this pricing supplement.

Investing in the notes involves risk.

See "Risk Factors" beginning on page PS-5 of this pricing supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved these securities or passed upon the adequacy or accuracy of this pricing supplement or the accompanying prospectus supplement and prospectus. Any representation to the contrary is a criminal offense.

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Merrill Lynch & Co.  
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The date of this pricing supplement is June , 2000.

Terms of the notes:

Notes..... 7% Stock-Linked Notes due June , 2002  
 (Linked to the performance of the common  
 stock of The Gap, Inc. ("Gap")),  
 Medium-Term Notes, Series B.

Aggregate principal amount..... \$27,000,000.

Issuer..... Merrill Lynch & Co., Inc.

References to "ML&Co.", "we", "us" and  
 "our" are to Merrill Lynch & Co., Inc.

Maturity date..... June , 2002.

Interest rate..... 7% per year. Interest on the note will be  
 computed on the basis of a 360-day year of  
 twelve 30-day months.

Interest payment dates..... June and December , commencing  
 December , 2000.

Issue price..... \$1,000 per note.

Original issue date..... June , 2000.

CUSIP number..... 59018Y AA9.

Form of notes..... Book-entry only.

Denominations..... We will issue and sell the notes in  
 denominations of \$1,000 and integral  
 multiples of \$1,000 in excess thereof.

Trustee..... The Chase Manhattan Bank.

Amount payable at maturity..... At maturity, in addition to accrued and  
 unpaid interest, you will receive for each  
 \$1,000 principal amount of the notes you  
 own, an amount equal to the lesser of:

- . The Capped Value equal to \$ per  
 \$1,000 principal amount, or
- . the product of the exchange ratio  
 and the average (arithmetic mean)  
 market price of the common stock  
 of Gap for the first five  
 Calculation Days during the  
 Calculation Period. If there are  
 fewer than five Calculation Days  
 in the Calculation Period with  
 respect to the Gap common stock,  
 then the amount payable at  
 maturity shall be calculated using  
 the average, arithmetic mean, of  
 the market prices of Gap common  
 stock on those Calculation Days,  
 and if there is only one  
 Calculation Day, then the amount  
 payable at maturity shall be  
 calculated using the market price  
 of Gap common stock on such

PS-2

Calculation Day. If no Calculation Days occur during the Calculation Period with respect to Gap common stock, then the amount payable at maturity shall be calculated using the market price of Gap common stock determined on the last scheduled Calculation Day in the Calculation Period, regardless of the occurrence of a Market Disruption Event on that day.

"Calculation Period" means the period from and including the eighth scheduled Calculation Day prior to the maturity date to and including the third scheduled

Calculation Day prior to the maturity date.

"Calculation Day" means, with respect to Gap common stock, any Trading Day during the Calculation Period on which a Market Disruption Event has not occurred.

- Exchange ratio..... The exchange ratio is equal to the product of and the share multiplier.
- Share multiplier..... The share multiplier initially will be set at 1.0, but will be subject to adjustment upon the occurrence of certain corporate events described in the section entitled "Dilution and Reorganization Adjustments".
- Market price..... The market price for any date of determination on any Trading Day means the official closing price, in the afternoon session of one share of Gap common stock as reported by the principal exchange in the United States on which the Gap common stock is traded on that date as determined by the calculation agent.
- If the official closing price is not available for any reason, including, without limitation, the occurrence of a Market Disruption Event, the market price for Gap common stock for any date will be the arithmetic mean, as determined by the calculation agent, of the bid prices for the security obtained from as many dealers in the security, but not exceeding three, as have made the bid prices available to the calculation agent after 3:00 p.m., local time in the principal market, on that date.
- Trading Day..... A day on which the NYSE, the AMEX and the Nasdaq Stock Market are open for trading as determined by the calculation agent.
- Business Day..... Any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.
- Calculation agent..... Merrill Lynch, Pierce, Fenner & Smith Incorporated.

References to "MLPF&S" are to Merrill Lynch, Pierce, Fenner & Smith Incorporated.

PS-3

All determinations made by the calculation agent shall be at the sole discretion of the calculation agent and, absent manifest error, shall be conclusive for all purposes and binding on ML&Co. and beneficial owners of the notes.

All percentages resulting from any calculation on the notes 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 this calculation will be rounded to the nearest cent with one-half cent being rounded upwards.

PS-4

#### RISK FACTORS

Your investment in the notes will involve certain risks, including risks not necessarily associated with similar investments in a conventional debt security. You should consider carefully the following discussion of risks before you decide that an investment in the notes is suitable for you.

Your investment may result in a loss

The notes may not repay their principal amount. Because the price of Gap common stock is subject to market fluctuations, the amount of cash you receive at maturity may be more or less than the principal amount of your notes.

Your yield may be lower than the yield on a standard debt security of comparable maturity

The amount we pay you at maturity and the interest to be paid on the notes may be less than the return you could earn on other investments. The terms of the notes differ from the terms of ordinary debt securities because the amount payable at maturity in excess of the principal amount, if any, is based substantially on the appreciation in price, if any, of the Gap common stock on the five scheduled Trading Days shortly prior to the maturity date. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of ML&Co. with the same stated maturity date. Your investment may not reflect the full opportunity cost to you when you consider the effect of factors that affect the time value of money.

Your return is capped and will not reflect the return of owning Gap common stock

You should understand that the opportunity to participate in the possible increases in the price of Gap common stock through an investment in the notes is limited because the amount that you receive on the maturity date will never exceed the Capped Value, which represents an appreciation of % over the initial issue price of the notes. However, in the event that the value of the Gap common stock declines over the term of the notes, you will realize the entire decline in value of the notes, and may lose all or a part of your initial investment. There is no assurance that the amount that you receive on the maturity date will be equal to or greater than the initial issue price of the notes. Accordingly, the value of the notes may decline and that decline could be substantial.

In addition, your return on the notes will not reflect the return you would realize if you actually owned Gap common stock and received the dividends, if any, paid on Gap common stock because the amount payable at maturity is calculated by reference to the prices of Gap common stock without taking into consideration the value of any normal dividends paid on Gap common stock.

Your return on the notes will not reflect the payment of dividends

The calculation of the market price of the Gap common stock and any amount payable to you at maturity does not take into consideration the value of cash dividends, if any, paid on the Gap common stock, other than as described in the section entitled "Dilution and Reorganization Adjustments". Your return will not be the same as the return you could earn by owning Gap common stock directly and receiving the dividends, if any, paid on such shares of common stock.

There may be an uncertain trading market for the notes

The notes have been approved for listing on the AMEX under the symbol "GPG.A", subject to official notice of issuance. There is no historical information to indicate how the notes will trade in the

PS-5

secondary market. Listing the notes on the AMEX does not necessarily ensure that a liquid trading market will develop for the notes. The development of a liquid trading market for the notes will depend on our financial performance and other factors such as the appreciation, if any, in the price of the Gap common stock. In addition, it is unlikely that the secondary market price of the notes will correlate exactly with the value of the Gap common stock.

If the trading market for the notes is limited, there may be a limited number of buyers when you decide to sell your notes if you do not wish to hold your investment until the maturity date. This may affect the price you receive.

Many factors affect the trading value of the notes; these factors interrelate in complex ways and the effect of any one factor may offset or magnify the effect of another factor

The trading value of the notes will be affected by factors that interrelate in complex ways. It is important for you to understand that the effect of one factor may offset the increase in the trading value of the notes caused by another factor and that the effect of one factor may exacerbate the decrease in the trading value of the notes caused by another factor. For example, an increase in interest rates may offset some or all of any increase in the trading value of the notes attributable to another factor, such as an increase in the value of the Gap common stock. The following paragraphs describe the expected impact on the market value of the notes given a change in a specific factor, assuming all other conditions remain constant.

The value of Gap common stock is expected to affect the trading value of the notes. The market value of the notes will depend substantially on the value

of Gap common stock. In general, the value of the notes will decrease as the value of Gap common stock decreases and the value of the notes will increase as the value of Gap common stock increases, subject to the Capped Value. However, as the value of Gap common stock increases or decreases, the value of the notes is not expected to increase or decrease at the same rate as the change in value of Gap common stock. Additionally, political, economic and other developments that can affect the capital markets generally and the market segment of which Gap is a part, and over which we have no control, may affect the value of Gap common stock and, consequently, may also affect the value of the notes. Because the value of the notes at maturity cannot be greater than the Capped Value, generally we do not expect the notes will trade above the Capped Value in the secondary market.

Changes in the levels of interest rates are expected to affect the trading value of the notes. In general, we anticipate that if U.S. interest rates increase, the trading value of the notes will decrease, and conversely, if U.S. interest rates decrease, the trading value of the notes will increase. In general, fluctuations in interest rates will affect the U.S. economy and, in turn, the value of Gap common stock. Rising interest rates may lower the value of Gap common stock and, as a result, the value of the notes. Falling interest rates may increase the value of Gap common stock and, as a result, may increase the value of the notes.

Changes in the volatility of Gap common stock are expected to affect the trading value of the notes. Volatility is the term used to describe the size and frequency of market price fluctuations. In general, if the volatility of Gap common stock increases, we expect that the trading value of the notes will decrease and if the volatility of Gap common stock decreases, we expect that the trading value of the notes will increase.

Changes in dividend yield on the Gap common stock are expected to affect the trading value of the notes. In general, if the dividend yield, if any, on Gap common stock increases, we expect that the

PS-6

value of the notes will decrease, and conversely, if the dividend yield, if any, on Gap common stock decreases, we expect that the value of the notes will increase.

Changes in our credit ratings may affect the trading value of the notes. Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings may affect the trading value of the notes. However, because your return on your notes is dependent upon factors in addition to our ability to pay our obligations under the notes, such as the percentage increase in the value of the Gap common stock, an improvement in our credit ratings will not reduce the investment risks related to the notes.

In general, assuming all relevant factors are held constant, we expect that the effect on the trading value of the notes of a given change in most of the factors listed above will be less if it occurs later in the term of the notes than if it occurs earlier in the term of the notes.

The amount payable at maturity is not subject to adjustment for all corporate events

The amount that you are entitled to receive on the maturity date is subject to adjustment for the specified corporate events affecting the Gap common stock described in the section entitled "Dilution and Reorganization Adjustments". However, these adjustments do not cover all corporate events that could affect the market price of the Gap common stock. The occurrence of any other event not described under "Dilution and Reorganization Adjustments" may adversely affect the determination of the market price and the trading value of the notes.

No affiliation between ML&Co. and The Gap, Inc.

We are not affiliated with Gap, and Gap has no obligations with respect to the notes or amounts to be paid to you, including any obligation to take the needs of ML&Co. or of beneficial owners of the notes into consideration for any reason. Gap will not receive any of the proceeds of the offering of the notes made hereby and is not responsible for, and has not participated in, the determination or calculation of the amount receivable by beneficial owners of the notes on the maturity date. In addition, Gap is not involved with the administration or trading of the notes and has no obligations with respect to the amount receivable by beneficial owners of the notes.

As a holder of the notes, you have no stockholder rights with respect to the Gap common stock

You will not be entitled to any rights with respect to the common stock of Gap including, without limitation, the right to receive dividends or other distributions, if any, on, to vote or to tender or exchange the shares of Gap common stock in any tender or exchange offer by the issuer of Gap common stock or any third party.

Amounts payable on the notes may be limited by state law

New York State law governs the 1993 Indenture under which ML&Co. will issue the notes. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes Notes like the notes. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to Notes in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be

PS-7

charged to and paid by a borrower. We will promise, for your benefit, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

Potential conflicts

The calculation agent for the notes is one of our subsidiaries. Under certain circumstances, MLPF&S' role as our subsidiary and its responsibilities as calculation agent for the notes could give rise to conflicts of interests between the calculation agent and the holders of the notes. These conflicts could occur, for instance, in connection with the calculation agent's determination as to whether a Market Disruption Event (as defined herein) has occurred or in connection with judgments that the calculation agent would be required to make with respect to certain anti-dilution and reorganization adjustments to the market price of the Gap common stock. MLPF&S is required to carry out its duties as calculation agent in good faith and using its reasonable judgment. However, you should be aware that because we control MLPF&S, potential conflicts of interest could arise.

We have entered into an arrangement with one of our subsidiaries to hedge the market risks associated with our obligation to pay the amounts due under the notes. Our subsidiary expects to make a profit in connection with this arrangement. We did not seek competitive bids for this arrangement from unaffiliated parties.

Uncertain tax consequences

You should also consider the tax consequences of investing in the notes, certain aspects of which are uncertain. See "United States Federal Income Taxation" below.

WHERE YOU CAN FIND MORE INFORMATION

ML&Co.

We file reports, proxy statements and other information with the SEC. Our SEC filings are also available over the Internet at the SEC's website at <http://www.sec.gov>. The address of the SEC's Interest site is provided solely for the information of prospective investors and is not intended to be an active link. You may also read and copy any document we file at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms and their copying charges. You may also inspect our SEC reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We will send you copies of our SEC filings, excluding exhibits, at no cost upon request. Please address your request to Lawrence M. Egan, Jr., Corporate Secretary's Office, Merrill Lynch & Co., Inc., 222 Broadway, 17th Floor, New York, New York 10038; telephone number (212) 670-0425.

The Gap, Inc.

Gap also files reports, proxy statements and other information with the SEC. Information provided to or filed with the SEC by Gap pursuant to the Exchange Act can be located at the SEC's facilities or accessed through the SEC's website by reference to SEC file number 1-7562. You may also inspect Gap's SEC reports and other information at the NYSE. In addition, information regarding Gap may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of the information or reports.

PS-8

DILUTION AND REORGANIZATION ADJUSTMENTS

The share multiplier used to calculate the exchange ratio on any date of determination is subject to adjustment by the calculation agent as a result of

the dilution and reorganization adjustments described in this section.

#### Stock splits and reverse stock splits

If Gap common stock is subject to a stock split or reverse stock split, then once any split has become effective, the share multiplier will be adjusted to equal the product of the prior share multiplier and the number of shares which a holder of one share of Gap common stock before the effective date of that stock split or reverse stock split would have owned or been entitled to receive immediately following the applicable effective date.

#### Stock dividends

If Gap common stock is subject to a stock dividend, i.e., issuance of additional shares of Gap common stock, that is given ratably to all holders of shares of Gap common stock, then once the shares are trading ex-dividend, the share multiplier will be adjusted so that the new share multiplier shall equal the prior share multiplier plus the product of:

- . the number of shares of Gap common stock issued with respect to one share of Gap common stock, and
- . the prior share multiplier.

#### Extraordinary dividends

There will be no adjustments to the share multiplier to reflect cash dividends or distributions paid, if any, with respect to Gap common stock other than distributions described under clause (e) of the section entitled "--Reorganization Events" below and Extraordinary Dividends as described below.

An "Extraordinary Dividend" means, with respect to a cash dividend or other distribution with respect to Gap common stock, the extent to which a dividend or other distribution exceeds the immediately preceding non-Extraordinary Dividend for Gap common stock by an amount equal to at least 10% of the market price of Gap common stock on the Trading Day preceding the ex-dividend date with respect to the Extraordinary Dividend (the "ex-dividend date"). If an Extraordinary Dividend occurs with respect to Gap common stock, the share multiplier will be adjusted on the ex-dividend date with respect to the Extraordinary Dividend so that the new share multiplier will equal the product of:

- . the then-current share multiplier, multiplied by
- . a fraction, the numerator of which is the closing price per share of Gap common stock on the Trading Day preceding the ex-dividend date, and the denominator of which is the amount by which the closing price on the Trading Day preceding the ex-dividend date exceeds the Extraordinary Dividend Amount.

The "Extraordinary Dividend Amount" with respect to an Extraordinary Dividend for the Gap common stock will equal:

PS-9

- . in the case of cash dividends or other distributions that constitute quarterly dividends, the amount per share of that Extraordinary Dividend minus the amount per share of the immediately preceding non-Extraordinary Dividend, or
- . in the case of cash dividends or other distributions that do not constitute quarterly dividends, the amount per share of that Extraordinary Dividend.

To the extent an Extraordinary Dividend is not paid in cash, the value of the non-cash component will be determined by the calculation agent, whose determination shall be conclusive. A distribution on Gap common stock described in clause (e) of the section entitled "--Reorganization Events" below that also constitutes an Extraordinary Dividend shall cause an adjustment to the share multiplier pursuant only to clause (e) under the section entitled "--Reorganization Events".

#### Issuance of transferable rights or warrants

If Gap issues transferable rights or warrants to all holders of Gap common stock to subscribe for or purchase Gap common stock, including new or existing rights to purchase Gap common stock pursuant to a shareholder's rights plan or arrangement, once a triggering event shall have occurred thereunder, at an exercise price per share less than the closing price of one share of Gap common stock on:

- . the date the exercise price of those rights or warrants is determined and
- . the expiration date of those rights or warrants,

then, in each case, if the expiration date of those rights or warrants precedes the maturity date, then the share multiplier will be adjusted to equal the product of the prior share multiplier and a fraction, the numerator of which shall be the number of shares of Gap common stock outstanding immediately prior to the issuance plus the number of additional shares of Gap common stock offered for subscription or purchase pursuant to those rights or warrants and the denominator of which shall be the number of shares of Gap common stock outstanding immediately prior to the issuance plus the number of additional shares of Gap common stock which the aggregate offering price of the total number of shares of Gap common stock so offered for subscription or purchase pursuant to those rights or warrants would purchase at the closing price of one share of Gap common stock on the expiration date of those rights or warrants, which shall be determined by multiplying the total number of shares offered by the exercise price of those rights or warrants and dividing the product so obtained by the closing price.

#### Reorganization events

If before the maturity date of the notes,

- (a) there occurs any reclassification or change of Gap common stock,
- (b) Gap, or any surviving entity or subsequent surviving entity of Gap (a "Successor Entity"), has been subject to a merger, combination or consolidation and is not the surviving entity,
- (c) any statutory exchange of securities of Gap or any Successor Entity with another corporation occurs, other than pursuant to clause (b) above,
- (d) Gap is liquidated,

PS-10

- (e) Gap issues to all of its shareholders equity securities of an issuer other than Gap, other than in a transaction described in clauses (b), (c) or (d) above (a "Spin-off Event"), or
- (f) a tender or exchange offer is consummated for all the outstanding shares of Gap (an event in clauses (a) through (f) a "Reorganization Event"),

the Market Price shall be equal to the Reorganization Event Value.

The "Reorganization Event Value" shall be determined by the calculation agent and shall equal:

- . the Transaction Value related to the relevant Reorganization Event, plus
- . in the event described in clause (1) below only, interest on the Transaction Value accruing from the date of the payment or delivery of the consideration, if any, received in connection with the Reorganization Event until the stated maturity date, at a fixed interest rate determined on the date of the payment equal to the interest rate that would be paid on a standard senior non-callable debt security of ML&Co. with a term equal to the remaining term of the notes.

"Transaction Value" means the sum of the following:

- (1) for any cash received in a Reorganization Event, an amount equal to the amount of cash received per share of Gap common stock multiplied by the share multiplier in effect on the date all of the holders of shares of Gap common stock have agreed or have become irrevocably obligated to exchange those shares,
- (2) for any property other than cash or securities received in a Reorganization Event, the market value, as determined by the calculation agent, of the property received for each share of Gap common stock at the date of the receipt of the property multiplied by the then current share multiplier,
- (3) for any security received in a Reorganization Event, an amount equal to (a) the average market price per share of that security for the five scheduled Trading Days ending on and including the third scheduled Trading Day immediately prior to the maturity date multiplied by (b) the quantity of that security received for each share of Gap common stock multiplied by the then current share multiplier, and
- (4) for any security received in the case of a Spin-off Event, in addition to the shares of Gap common stock, an amount equal to (a) the average market price per share of that security for



the five scheduled Trading Days ending on and including the third scheduled Trading Day immediately prior to the maturity date multiplied by (b) the quantity of that security received for each share of Gap common stock multiplied by the then current share multiplier. The share multiplier with respect to these securities shall equal the product of the share multiplier in effect for the Gap common stock at the time of the issuance of these securities multiplied by the number of shares of these securities issued with respect to one share of Gap common stock. The share multiplier of these securities will be subject to the same adjustments as that of the share multiplier of the Gap common stock.

"Exchange Property" means the securities, cash or any other assets distributed in a Reorganization Event, including, in the case of a Spin-off Event, the share of Gap common stock with respect to which the spun-off security was issued.

PS-11

For purposes of this section, in the case of a consummated tender or exchange offer for all Exchange Property of a particular type, Exchange Property shall be deemed to include the amount of cash or other property paid by the offeror in the tender or exchange offer for the Exchange Property, in an amount determined on the basis of the rate of exchange in that tender or exchange offer. In the event of a tender or exchange offer with respect to Exchange Property in which an offeree may elect to receive cash or other property, Exchange Property shall be deemed to include the kind and amount of cash and other property received by offerees who elect to receive cash.

Adjustments to the share multiplier

No adjustments to the share multiplier will be required unless the share multiplier adjustment would require a change of at least 0.1% in the share multiplier then in effect. The share multiplier resulting from any of the adjustments specified above will be rounded to the nearest one thousandth with five ten-thousandths being rounded upward.

No adjustments to the share multiplier will be required other than those specified above. However, ML&Co. may, at its sole discretion, cause the calculation agent to make additional adjustments to the share multiplier to reflect changes occurring in relation to Gap common stock or any other Exchange Property in other circumstances where ML&Co. determines that it is appropriate to reflect those changes. The required adjustments specified above do not cover all events that could affect the closing price of Gap common stock, including, without limitation, a partial tender or exchange offer for Gap common stock.

MLPF&S, as calculation agent, shall be solely responsible for the determination and calculation of any adjustments to the share multiplier and of any related determinations and calculations with respect to any distributions of stock, other securities or other property or assets, including cash, in connection with any corporate event described above, and its determinations and calculations shall be conclusive absent manifest error.

No adjustments will be made for certain other events, such as offerings of Gap common stock by Gap for cash or in connection with acquisitions or the occurrence of a partial tender or exchange offer for Gap common stock by Gap or any third party.

ML&Co. will, within ten Business Days following the occurrence of an event that requires an adjustment to the share multiplier, or if ML&Co. is not aware of this occurrence, as soon as practicable after becoming so aware, provide written notice to the Trustee, which shall provide notice to the holders of the notes of the occurrence of this event and, if applicable, a statement in reasonable detail setting forth the adjusted share multiplier.

PS-12

#### MARKET DISRUPTION EVENT

"Market Disruption Event" means:

(1) a suspension, absence, including the absence of an official closing price, or material limitation of trading of Gap common stock on the NYSE for more than two hours of trading or during the one-half hour period preceding or at the close of trading, as determined by the calculation agent in its sole discretion; or the suspension or material limitation on the primary market for trading in options contracts related to Gap common stock, if available, during the one-half hour period preceding or at the close of trading in the applicable market, in each case as determined by the calculation agent in its sole discretion; and

(2) a determination by the calculation agent in its sole discretion that the event described in clause (1) above materially interfered with the ability of ML&Co. or any of its affiliates to unwind all or a material

portion of the hedge with respect to the notes.

For purposes of determining whether a Market Disruption Event has occurred:

(1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange,

(2) a decision to permanently discontinue trading in the relevant options contract will not constitute a Market Disruption Event,

(3) limitations pursuant to any rule or regulation enacted or promulgated by the NYSE, or other regulatory organization with jurisdiction over the NYSE, on trading during significant market fluctuations will constitute a suspension or material limitation of trading in Gap common stock,

(4) a suspension of trading in an options contract on Gap common stock by the primary securities market trading in the options, if available, by reason of:

- . a price change exceeding limits set by the securities exchange or market
- . an imbalance of orders relating to the contracts or
- . a disparity in bid and ask quotes relating to the contracts will constitute a suspension or material limitation of trading in options contracts related to Gap common stock; and

(5) a suspension, absence or material limitation of trading on the primary securities market on which options contracts related to Gap common stock are traded will not include any time when that securities market is itself closed for trading under ordinary circumstances.

If the Transaction Value includes securities other than Gap common stock, then the above definition shall be revised to include each such security in the same manner as Gap common stock is considered in determining whether a Market Disruption Event exists. The definition of Market Disruption Event shall only consider those securities included in determining the Transaction Value, and thus if Gap common stock is not included in the determination of the Transaction Value, then the Gap common stock shall not be considered in determining whether a Market Disruption Event exists.

PS-13

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to the notes has occurred and is continuing, the amount payable to a beneficial owner of a note upon any acceleration permitted by the notes will be determined by the calculation agent as if the date of early repayment were the maturity date. If a bankruptcy proceeding is commenced in respect of ML&Co., the claim of the beneficial owner of a note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the note plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the notes.

#### THE GAP, INC. COMMON STOCK

The following information has been derived from publicly available documents published by Gap. We make no representation or warranty as to the accuracy or completeness of the following information. Gap is incorporated in the state of Delaware. Together with its subsidiaries, Gap is a global specialty retailer which operates stores selling casual apparel, personal care and other accessories for men, women and children under the Gap, Banana Republic and Old Navy brands. As of February 26, 2000, the Company operated 3,058 stores in the United States, Canada, the United Kingdom, France, Germany and Japan.

Information provided to or filed with the SEC by Gap can be located at the SEC's facilities or through the SEC's website by reference to SEC file number 1-7562 for Gap. See "Where You Can Find More Information". ML&Co. makes no representation or warranty as to the accuracy or completeness of the information or reports.

The selection of Gap common stock is not a recommendation to buy or sell Gap common stock and neither ML&Co. nor any of its affiliates make any representation to any purchaser of notes as to the performance of Gap common stock.

ML&Co. is not affiliated with Gap and Gap does not have any obligations with respect to the notes. This pricing supplement relates only to the notes and does not relate to Gap common stock or other securities of Gap. All disclosures contained in this pricing supplement regarding Gap are derived from the publicly available documents described in the preceding paragraph. Neither

ML&Co. nor MLPF&S has participated in the preparation of these documents or made any due diligence inquiry with respect to Gap in connection with the offering of the notes. Neither ML&Co. nor MLPF&S makes any representation that the publicly available documents or any other publicly available information regarding Gap are accurate or complete. Furthermore, there can be no assurance that all events occurring prior to the date hereof, including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph, that would affect the trading price of Gap common stock have been publicly disclosed. Subsequent disclosure of any events or the disclosure of or failure to disclose material future events concerning Gap could affect the amount received at maturity with respect to the notes and therefore the trading prices of the notes. Neither ML&Co. nor any of its affiliates make any representation to any purchaser of the notes as to the performance of the Gap common stock.

ML&Co. or its affiliates may presently or from time to time engage in business, directly or indirectly, with Gap including extending loans to, or making equity investments in, Gap or providing investment banking or advisory services to Gap, including merger and acquisition advisory services. In the course of such business, ML&Co. or its affiliates may acquire non-public information with respect to Gap and, in addition, one or more affiliates of ML&Co. may publish research reports with respect to Gap.

PS-14

Any prospective purchaser of a note should undertake an independent investigation of Gap as in its judgment is appropriate to make an informed decision with respect to an investment in the notes.

Historical Data

Gap common stock is principally traded on the NYSE. The following table sets forth the high and low closing prices during 1996, 1997, 1998, 1999 and during 2000 through June 21, 2000. On June 21, 2000, the last recorded transaction price on the NYSE of Gap common stock was \$29.63 per share. The closing prices and dividends per share listed below were obtained from Bloomberg Financial Markets. The historical closing prices of Gap common stock should not be taken as an indication of future performance, and no assurance can be given that the price of Gap common stock will not decrease. Nor can assurance be given that the price of Gap common stock will increase above the issue price so that at maturity the beneficial owners of the notes will receive cash in an amount in excess of the principal amount of the notes.

	High ----	Low ---	Dividends per Share/1/ -----
The Gap, Inc.			
1996			
First Quarter .....	\$ 8.61	\$ 6.37	0.022222
Second Quarter .....	\$ 10.63	\$ 7.65	0.022222
Third Quarter .....	\$ 10.70	\$ 8.48	0.022222
Fourth Quarter .....	\$ 9.89	\$ 7.93	0.022222
1997			
First Quarter .....	\$ 10.59	\$ 8.30	0.022222
Second Quarter .....	\$ 11.59	\$ 8.85	0.022222
Third Quarter .....	\$ 15.74	\$ 11.52	0.022222
Fourth Quarter .....	\$ 17.13	\$ 14.61	0.022222
1998			
First Quarter .....	\$ 20.95	\$ 15.53	0.022222
Second Quarter .....	\$ 27.78	\$ 19.86	0.022222
Third Quarter .....	\$ 29.67	\$ 21.33	0.022222
Fourth Quarter .....	\$ 40.46	\$ 21.39	0.022222
1999			
First Quarter .....	\$ 46.63	\$ 37.75	0.022222
Second Quarter .....	\$ 51.08	\$ 40.04	0.022222
Third Quarter .....	\$ 51.63	\$ 31.44	0.022222
Fourth Quarter .....	\$ 46.88	\$ 31.50	0.022222

PS-15

	High ----	Low ---	Dividends per Share/1/ -----
The Gap, Inc.			
2000			
First Quarter .....	\$ 52.88	\$ 39.75	0.022222
Second Quarter (through June 21, 2000)	\$ 51.05	\$ 29.63	0.022222

/1/ ML&Co. makes no representation as to the amount of dividends, if any, that issuer of the Gap common stock will pay in the future. Holders of the notes will not be entitled to receive dividends, if any, that may be payable on the Gap common stock.

#### USE OF PROCEEDS AND HEDGING

The net proceeds to be received by ML&Co. from the sale of the notes will be used for general corporate purposes and may, in part, by ML&Co. or one or more of its affiliates in connection with hedging ML&Co.'s obligations under the notes. See also "Use of Proceeds" in the accompanying prospectus.

In connection with ML&Co.'s obligations under the notes, ML&Co. has entered into hedging arrangements related to the Gap common stock with MLPF&S or an affiliate. MLPF&S or an affiliate has purchased shares of Gap common stock in secondary market transactions at or before the time of the pricing of the notes and may sell such shares of Gap common stock on or shortly prior to the maturity date. MLPF&S and other affiliates of ML&Co. may from time to time buy or sell the Gap common stock for their own accounts, for business reasons or in connection with hedging ML&Co.'s obligations under the notes. These transactions could affect the price of the Gap common stock.

#### UNITED STATES FEDERAL INCOME TAXATION

The following discussion is based upon the opinion of Brown & Wood LLP, counsel to ML&Co. ("Tax Counsel"). As the law applicable to the U.S. Federal income taxation of instruments such as the notes is technical and complex, the discussion below necessarily represents only a general summary. The following summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates) or possible differing interpretations. It deals only with notes held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding the notes as a hedge against currency risks, as a position in a "straddle" or as part of a "hedging" or "conversion" transaction for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers (except where otherwise specifically noted). Persons considering the purchase of the notes should consult their own tax advisors concerning the application of United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the notes arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a note that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation or a partnership (including an entity treated as a corporation or a partnership for United States Federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia (unless, in the case of a partnership, Treasury regulations are adopted that provide

PS-16

otherwise), (iii) an estate whose income is subject to United States Federal income tax regardless of its source (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (v) any other person whose income or gain in respect of a note is effectively connected with the conduct of a United States trade or business. Certain trusts not described in clause (iv) above in existence on August 20, 1996 that elect to be treated as a United States person will also be a U.S. Holder for purposes of the following discussion. As used herein, the term "non-U.S. Holder" means a beneficial owner of a note that is not a U.S. Holder.

#### General

There are no statutory provisions, regulations, published rulings or judicial decisions addressing or involving the characterization and treatment, for U.S. Federal income tax purposes, of the notes or securities with terms substantially the same as the notes. Accordingly, the proper U.S. Federal income tax characterization and treatment of the notes is uncertain. Pursuant to the terms of the notes, ML&Co. and every holder of a note agree (in the absence of an administrative determination or judicial ruling to the contrary) to characterize a note for all tax purposes as an investment unit consisting of the following components (the "Components"): (i) a debt instrument of ML&Co. (the "Debt Instrument") with a fixed principal amount unconditionally payable on the maturity date equal to the principal amount of the note and bearing stated interest at the Interest Rate and (ii) a contract (the "Forward Contract") pursuant to which the holder agrees to use the principal payment due on the Debt Instrument to make a payment to ML&Co. in exchange for the right to receive cash at maturity linked to the price of Gap common stock. In the opinion of Tax

Counsel, such characterization and tax treatment of the notes, although not the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the Internal Revenue Service (the "IRS"), will not result in the imposition of penalties. Furthermore, based on ML&Co.'s determination of the relative fair market values of the Components at the time of issuance of the notes, ML&Co. will allocate the entire issue price of the notes to the Debt Instrument and none of the issue price to the Forward Contract. ML&Co.'s allocation of the issue price will be binding on a U.S. Holder of a note, unless such U.S. Holder timely and explicitly discloses to the IRS that its allocation is different from ML&Co.'s. The treatment of the notes described above and ML&Co.'s allocation are not, however, binding on the IRS or the courts. No statutory, judicial or administrative authority directly addresses the characterization of the notes or instruments similar to the notes for U.S. Federal income tax purposes, and no ruling is being requested from the IRS with respect to the notes.

Due to the absence of authorities that directly address instruments that are similar to the notes, significant aspects of the U.S. Federal income tax consequences of an investment in the notes are not certain, and no assurance can be given that the IRS or the courts will agree with the characterization described above. Accordingly, prospective purchasers are urged to consult their tax advisors regarding the U.S. Federal income tax consequences of an investment in a note (including alternative characterizations of a note) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Unless otherwise stated, the following discussions are based on the assumption that the treatment and the allocation described above are accepted for U.S. Federal income tax purposes.

#### Tax Treatment of a Note

Interest on the Debt Instrument. As described above, the Debt Instrument is treated as bearing interest at a stated rate of 7% per annum. A U.S. Holder will include "qualified stated interest" equal to the stated interest on the notes in income in accordance with the U.S. Holder's method of accounting for U.S. Federal income tax purposes. Based on ML&Co.'s determination set forth above, the U.S. Holder's tax basis in the Debt Instrument will initially be 100% of the issue price.

PS-17

Settlement of the Forward Contract. Upon the final settlement of the Forward Contract, a U.S. Holder would, pursuant to the Forward Contract, be deemed to have applied an amount (the "Forward Contract Payment Amount") equal to the principal amount of the Debt Instrument toward the exchange for the cash payment of the Redemption Amount at maturity, and a U.S. Holder would recognize gain or loss. The amount of such gain or loss would be the extent to which the amount of such cash received differs from the Forward Contract Payment Amount.

U.S. Holders should note that it is uncertain whether any gain or loss recognized upon the final settlement of the Forward Contract for cash would be capital gain or loss or ordinary income or loss. The distinction between capital gain or loss and ordinary income or loss is potentially significant in several respects. For example, limitations apply to a U.S. Holder's ability to offset capital losses against ordinary income, and certain U.S. Holders may be subject to lower U.S. Federal income tax rates with respect to long-term capital gain than with respect to ordinary income. U.S. Holders should consult their tax advisors with respect to the treatment of gain or loss on a note.

#### Sale or Exchange of the Note

Upon a sale or exchange of a note prior to the maturity of the note, a U.S. Holder would recognize taxable gain or loss equal to the difference between the amount realized on such sale or exchange (as allocated among the Components in accordance with their relative fair market values) and such U.S. Holder's tax basis in the Components deemed so sold or exchanged. Any such gain or loss would generally be long-term or short-term capital gain or loss (depending on the U.S. Holder's holding period for the notes). For these purposes, the amount realized does not include any amount attributable to accrued interest on the Debt Instrument, which would be taxed as described under "Tax Treatment of a note--Interest on the Debt Instrument" above.

#### Possible Alternative Tax Treatments of an Investment in a Note

Due to the absence of authorities that directly address the proper characterization of the notes, no assurance can be given that the IRS will accept, or that a court will uphold, the characterization and tax treatment described above. In particular, the IRS could seek to analyze the U.S. Federal income tax consequences of owning a note under Treasury regulations governing contingent payment debt instruments (the "Contingent Payment Regulations").

ML&Co. will take the position that the Contingent Payment Regulations do not apply to the notes. If the IRS were successful in asserting that the Contingent Payment Regulations applied to the notes, the timing and character of income thereon would be significantly affected. Among other things, a U.S. Holder would be required to accrue as OID, subject to the adjustments described

below, income at a "comparable yield" on the issue price, regardless of the U.S. Holder's usual method of accounting for U.S. Federal income tax purposes. In addition, the Contingent Payment Regulations require that a projected payment schedule, which results in such a "comparable yield," be determined, and that adjustments to income accruals be made to account for differences between actual payments and projected amounts (including upon receipt of the Redemption Amount at maturity). Furthermore, any gain realized with respect to a note would generally be treated as ordinary income, and any loss realized would generally be treated as ordinary loss to the extent of the U.S. Holder's prior ordinary income inclusions (which were not previously reversed) with respect to the notes.

Even if the Contingent Payment Regulations do not apply to the notes, other alternative U.S. Federal income characterizations or treatments of the notes are also possible, which may also affect the timing and the character of the income or loss with respect to the notes. Accordingly, prospective

PS-18

purchasers are urged to consult their tax advisors regarding the U.S. Federal income tax consequences of an investment in a note.

#### Non-U.S. Holders

Based on the treatment of each note as an investment unit consisting of the Debt Instrument and the Forward Contract, in the case of a non-U.S. Holder, payments of interest made with respect to the notes will not be subject to United States withholding tax, provided that such non-U.S. Holder complies with applicable certification requirements and that such payments are not effectively connected with a United States trade or business of such non-U.S. Holder. Any capital gain realized upon the sale or other disposition of a note by a non-U.S. Holder will generally not be subject to United States Federal income tax if (i) such gain is not effectively connected with a United States trade or business of such non-U.S. Holder and (ii) in the case of an individual non-U.S. Holder, such individual is not present in the United States for 183 days or more in the taxable year of the sale or other disposition, or the gain is not attributable to a fixed place of business maintained by such individual in the United States and such individual does not have a "tax home" (as defined for United States Federal income tax purposes) in the United States.

As discussed above, alternative characterizations of the notes for United States Federal income tax purposes are possible. Should an alternative characterization of the notes, by reason of a change or clarification of the law, by regulation or otherwise, cause payments with respect to the notes to become subject to withholding tax, ML&Co. will withhold tax at the statutory rate. Prospective non-U.S. Holders of the notes should consult their own tax advisors in this regard.

#### Backup Withholding and Information Reporting

A beneficial owner of a note may be subject to information reporting and to backup withholding at a rate of 31% of certain amounts paid to the beneficial owner unless such beneficial owner provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the IRS.

#### New Withholding Regulations

On October 6, 1997, the Treasury Department issued new regulations which make certain modifications to the withholding, backup withholding and information reporting rules described above. The new regulations attempt to unify certification requirements and modify reliance standards. The new regulations will generally be effective for payments made after December 31, 2000, subject to certain transitional rules. Prospective investors are urged to consult their own tax advisors regarding the new regulations.

PS-19