

PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED JULY 26, 1996)

[LOGO]

3,500,000 UNITS

MERRILL LYNCH & CO., INC.

TOP TEN YIELD MARKET INDEX TARGET-TERM SECURITIES (SERVICE MARK) DUE

AUGUST 15, 2006

"MITTS (REGISTERED SERVICE MARK)"

An aggregate principal amount of \$35,000,000 of Top Ten Yield Market Index Target-Term Securities (Service Mark) due August 15, 2006 (the "Securities" or "MITTS (Registered Service Mark)") of Merrill Lynch & Co., Inc. (the "Company") are being offered hereby. Each \$10 principal amount of Securities will be deemed to be a "Unit" for purposes of trading and transfer. Units will be transferable by the Depository (as hereinafter defined), as more fully described below. The Securities are debt securities of the Company, which are being issued in denominations of \$10 and integral multiples thereof, will bear no periodic payments of interest and will mature on August 15, 2006. At maturity, a beneficial owner of a Security will be entitled to receive, with respect to each Security, the principal amount thereof plus an interest payment (the "Supplemental Redemption Amount") based on the percentage increase, if any, in the Top Ten Yield Index (the "Index") over the Starting Index Value. The Supplemental Redemption Amount will in no event be less than \$2.40 per \$10 principal amount of the Securities (the "Minimum Supplemental Redemption Amount"), representing a minimum yield-to-maturity of 2.16% per annum calculated on a semi-annual bond equivalent basis. The Index will reflect the price movements and cash dividends on a portfolio of ten common stocks with the highest dividend yields in the Dow Jones Industrial Average* (the "DJIA") on July 26, 1996 that will be reconstituted annually to reflect the stocks having the highest dividend yields in the DJIA (the "Top Ten Yield Stocks"), as more particularly described herein. Subject to certain exceptions, the Index will be reduced each calendar quarter by a value equal to 0.4375% of the then current Index value. The Securities are not redeemable or callable by the Company prior to maturity. While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount there will be no other payment of interest, periodic or otherwise.

The Supplemental Redemption Amount payable with respect to a Security at maturity will equal the product of (A) the principal amount of the applicable Security, and (B) the percentage increase from the Starting Index Value to the Ending Index Value, however, in no event will the Supplemental Redemption Amount be less than the Minimum Supplemental Redemption Amount. The Starting Index Value, as more particularly described herein, was set to 100 on the date the Securities were priced by the Company for initial sale to the public ("the Pricing Date"). The Ending Index Value, as more particularly described herein, will be the average (arithmetic mean) of the closing values of the Index on certain days, or, if certain events occur, the closing value of the Index on a single day prior to the maturity of the Securities.

FOR INFORMATION AS TO THE CALCULATION OF THE SUPPLEMENTAL REDEMPTION AMOUNT WHICH WILL BE PAID AT MATURITY, THE CALCULATION AND THE COMPOSITION OF THE INDEX, AND CERTAIN TAX CONSEQUENCES TO BENEFICIAL OWNERS OF THE SECURITIES, SEE "DESCRIPTION OF SECURITIES", "THE INDEX", AND "CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS", RESPECTIVELY, IN THIS PROSPECTUS SUPPLEMENT. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE S-6 OF THIS PROSPECTUS SUPPLEMENT.

Ownership of the Securities will be maintained in book-entry form by or through the Depository. Beneficial owners of the Securities will not have the right to receive physical certificates evidencing their ownership except under the limited circumstances described herein.

The Securities have been approved for listing on the American Stock Exchange under the symbol "MTT" subject to official notice of issuance.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

PRICE TO PUBLIC UNDERWRITING DISCOUNT PROCEEDS TO THE COMPANY (1)

<S>	<C>	<C>	<C>
Per Unit.....	\$10	\$.35	\$9.65

Total.....	\$35,000,000	\$1,225,000	\$33,775,000
</TABLE>			

(1) Before deduction of expenses payable by the Company.

The Securities are offered by the Underwriter, subject to prior sale, when, as, and if issued by the Company and accepted by the Underwriter and subject to certain other conditions. The Underwriter reserves the right to reject orders in whole or in part. It is expected that delivery of the Securities will be made in New York, New York on or about August 12, 1996.

This Prospectus Supplement and the accompanying Prospectus may be used by the Underwriter in connection with offers and sales related to market-making transactions in the Securities. The Underwriter may act as principal or agent in such transactions. Such sales will be made at prices related to prevailing market prices at the time of sale.

MERRILL LYNCH & CO.

The date of this Prospectus Supplement is August 8, 1996.

"MITTS" is a registered service mark and "Market Index Target-Term Securities" is a service mark owned by Merrill Lynch & Co., Inc.

* The name "Dow Jones Industrial Average" is the property of Dow Jones & Company, Inc. which is not affiliated with the Company, has not participated in any way in the creation of the Securities or in the selection of stocks included in the Top Ten Yield Portfolio and has not reviewed or approved any information contained in this Prospectus Supplement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE AMERICAN STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Commissioner of Insurance of The State of North Carolina has not approved or disapproved the offering of the Securities made hereby nor has the Commissioner passed upon the accuracy or adequacy of this Prospectus Supplement or Prospectus.

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SUMMARY

"The following summary does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus Supplement and the accompanying Prospectus."

ISSUER..... Merrill Lynch & Co., Inc.

SECURITIES OFFERED..... 3,500,000 Units of Top Ten Yield Market Index Target-Term Securities due August 15, 2006. The Securities are to be issued as a series of Senior Debt Securities under the 1983 Indenture described herein.

LISTING..... The Securities have been approved for listing on the American Stock Exchange under the symbol "MTT", subject to official notice of issuance.

DENOMINATIONS..... A Unit consisting of \$10 principal amount of Securities and integral multiples thereof.

MATURITY..... August 15, 2006.

PAYMENT AT MATURITY..... At maturity, a beneficial owner of a Security will be entitled to receive (i) the principal amount thereof and (ii) the Supplemental Redemption Amount equal to:

Principal Amount X Ending Index Value--Starting Index Value

Starting Index Value

provided, however, that in no event will the Supplemental Redemption Amount be less than \$2.40 per \$10 principal amount of the Securities (i.e., the Minimum Supplemental Redemption Amount). The Minimum Supplemental Redemption Amount is equivalent to a rate of return of 2.16% per annum calculated on a semi-annual bond equivalent basis. The Starting Index Value was set to 100 on the Pricing Date. The Ending Index Value will equal the average (arithmetic mean) of the closing value of the Index on certain days prior to the maturity of the Securities, or, if Market Disruption Events (as defined below) occur on certain days, then the Ending Index Value will equal the closing value of the Index on a single day.

INDEX..... The Index on any Index Business Day (as defined below) will be calculated and disseminated by the American Stock Exchange, or any successor thereto (the "AMEX"), and will equal the Top Ten Yield Portfolio Value plus the Current Quarter Dividends as of such Index Business Day. The Top Ten Yield Portfolio Value will equal the sum of the products of the most recently available market price and the applicable Share Multiplier (as defined below) for each Top Ten Yield Stock. The Current Quarter Dividends will equal the cash dividends paid on the stocks contained in the Top Ten Yield Portfolio during the then current calendar quarter adjusted for the number of shares of each such stock contained in the Top Ten Yield Portfolio. At the end of each

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calendar quarter, the Current Quarter Dividends for such calendar quarter will be assumed to be reinvested into the value of the Index by adjusting the Share Multipliers to reflect such Current Quarter Dividends. The AMEX has initially constituted the Top Ten Yield Portfolio to include approximately equal dollar amounts of the ten common stocks in the DJIA having the highest ordinary cash dividend yields as of July 26, 1996. As of the close of business on the second Index Business Day prior to each anniversary date of the date the Securities are initially issued, subject to adjustment as described herein, the ten common stocks in the DJIA then having the highest ordinary cash dividend yields will be determined and on the succeeding anniversary date the content of the Top Ten Yield Portfolio will be adjusted so as to represent approximately an equal dollar-weighted portfolio of such ten common stocks. At the end of each calendar quarter, the Index will be reduced by a value equal to 0.4375% of the then current Index, provided that (i) there will be no reduction at the end of the calendar quarter ending in September 1996 and the reduction at the end of the calendar quarter ending in December 1996 will be increased to reflect the quarterly rate of 0.4375% prorated for the period from the date of the issuance of the Securities through the end of the calendar quarter in December 1996 and (ii) the Index will be reduced at the close of business on July 31, 2006 by a value equal to 0.1507% of the closing value of the Index on such date to reflect the quarterly rate of 0.4375% for the period from July 1, 2006 through July 31, 2006. The DJIA is comprised of 30 common stocks chosen by the editors of "The Wall Street Journal" (the "WSJ") as representative of the broad market and of American industry generally. The companies are major factors in their industries and their stocks are typically widely held by individuals and institutional investors. Changes in the composition of the DJIA are made entirely by the editors of the WSJ without consultation with the companies, any stock exchange or any official agency or the Company. Dow Jones & Company, Inc., publisher of the WSJ, is not affiliated with the Company, has not participated in any

way in the creation of the Securities or in the selection of stocks to be included in the Top Ten Yield Portfolio and has not reviewed or approved any information included in this Prospectus Supplement. The AMEX will calculate and disseminate the value of the Index based on the most recently reported prices of the stocks underlying the Index (as reported by the exchange or trading system on which such underlying stocks are listed or traded), at approximately 15-second intervals during the AMEX's business hours and the end of each Index Business Day via the Consolidated Tape Association's Network B.

TOP TEN YIELD PORTFOLIO..... The portfolio underlying the Index will consist of the Top Ten Yield Stocks as adjusted annually.

INDEX SYMBOL ON REPORTING
SERVICES OPERATED BY
BLOOMBERG, L.P. XMT

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RISK FACTORS..... The Securities are subject to certain special considerations. A beneficial owner of the Securities may receive a Supplemental Redemption Amount at maturity equal only to the Minimum Supplemental Redemption Amount, and such Minimum Supplemental Redemption Amount is below what the Company would pay as interest as of the date hereof if the Company issued non-callable senior debt securities with a similar maturity as that of the Securities. The return of principal of the Securities at maturity and the payment of the Supplemental Redemption Amount may not reflect the full opportunity costs implied by inflation or other factors relating to the time value of money. The yield based on the Index to the maturity of the Securities will not produce the same yield as purchasing and holding for a similar period the stocks underlying the Index. Although the Index is based on stocks which are selected based on dividends paid, the Securities will not pay any interest, periodic or otherwise, prior to their maturity.

There is little precedent to indicate how the Securities will trade in the secondary market or whether such market will be liquid. It is expected that the secondary market for the Securities will be affected by the creditworthiness of the Company and by a number of other factors. The trading value of the Securities is expected to depend substantially on the extent of the appreciation, if any, of the Index over the Starting Index Value. See "The Index--Historical Data on the Index" in this Prospectus Supplement for historical values of the Index. If, however, Securities are sold prior to the maturity date at a time when the Index exceeds the Starting Index Value, the sale price may be at a substantial discount from the amount expected to be payable to the beneficial owner if such excess of the Index over the Starting Index Value were to prevail until maturity of the Securities because of the possible fluctuation of the Index between the time of such sale and the time that the Ending Index Value is determined. Furthermore, the price at which a beneficial owner will be able to sell Securities prior to maturity may be at a discount, which could be substantial, from the principal amount thereof, if, at such time the Index is below, equal to or not sufficiently above the Starting Index Value. A discount could also result from rising interest rates.

The value of the Index and the Supplemental Redemption Amount, if any, may be adversely affected by political, economic and other developments that affect the stocks underlying the Index.

It is suggested that prospective investors who consider purchasing the Securities should reach an investment decision only after carefully considering the suitability of the Securities in light of their particular circumstances.

Investors should also consider the tax consequences of investing in the Securities. See "Certain United States Federal Income Tax Considerations" in this Prospectus Supplement.

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RISK FACTORS

PAYMENT AT MATURITY

"Supplemental Redemption Amount May Equal Minimum Supplemental Redemption Amount." Investors should be aware that if the Ending Index Value does not exceed the Starting Index Value by more than 24%, beneficial owners of the Securities will receive at maturity only the principal amount thereof and the Minimum Supplemental Redemption Amount, even if the value of the Index at some point between the issue date and the maturity date of the Securities exceeded such amounts.

"Yield may be Below Market Interest Rates on the Pricing Date." The Minimum Supplemental Redemption Amount is below what the Company would pay as interest as of the Pricing Date if the Company issued non-callable senior debt securities with a similar maturity as that of the Securities. The return of principal of the Securities at maturity and the payment of the Minimum Supplemental Redemption Amount may not reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

"Yield on Securities will not Reflect Yield on Securities Underlying the Index." While the Index does reflect the payment of dividends on the stocks underlying the Index as described in more detail below, the yield based on the Index to the maturity of the Securities will not produce the same yield as if such underlying stocks were purchased and held for a similar period. At the end of each calendar quarter, the dividends accrued on the stocks underlying the Index will be incorporated into the Index by adjusting the Share Multipliers of such stocks and such amounts will thereafter be subject to the price movements of such stocks. In addition, as described in more detail below, at the end of each calendar quarter, an amount equal to 0.4375% of the current value of the Index will be deducted from the value of the Index, provided that (i) there will be no deduction at the end of the calendar quarter ending in September 1996 and the deduction at the end of the calendar quarter ending in December 1996 will be increased to reflect the quarterly rate of 0.4375% prorated for the period from the date of the issuance of the Securities through the end of the calendar quarter in December 1996, and (ii) there will be a prorated amount deducted on July 31, 2006 equal to 0.1507% of the then current Index value to reflect the quarterly rate of 0.4375% for the period from July 1, 2006 through July 31, 2006. Although the Index is based on stocks which are selected based on dividends paid, the Securities will not pay any interest, periodic or otherwise, prior to their maturity.

"State Law Limit on Interest Paid." Because the 1983 Indenture provides that the Securities will be governed by and construed in accordance with the laws of New York, certain usury laws of New York State may apply. 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 Securities in which \$2,500,000 or more has been invested. While the Company believes that New York law would be given effect by a state or Federal court sitting outside of New York, state laws frequently regulate the amount of interest that may be charged to and paid by a borrower (including, in some cases, corporate borrowers). It is suggested that prospective investors consult their personal advisors with respect to the applicability of such laws. The Company will covenant for the benefit of the Holders of the Securities, to the extent permitted by law, not to claim voluntarily the benefits of any laws concerning usurious rates of interest against a Holder of the Securities.

TRADING

The Securities have been approved for listing on the AMEX under the symbol "MTT," subject to official notice of issuance. There is little precedent to indicate how the Securities will trade in the secondary market or whether such market will be liquid. It is expected that the secondary market for the Securities will be affected by the creditworthiness of the Company and by a number of other factors.

The trading value of the Securities is expected to depend substantially on the extent of the appreciation, if any, of the Index over the Starting Index Value. See "The Index--Historical Data on the Index" in this Prospectus Supplement for historical values of the Index. If, however, Securities are sold prior to the maturity date at a time when the Index exceeds the Starting

Index Value, the sale price may be at a substantial discount from the amount expected to be payable to the beneficial owner if such excess of the Index over the Starting

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Index Value were to prevail until maturity of the Securities because of the possible fluctuation of the Index between the time of such sale and the time that the Ending Index Value is determined. Furthermore, the price at which a beneficial owner will be able to sell Securities prior to maturity may be at a discount, which could be substantial, from the principal amount thereof, if, at such time, the Index is below, equal to, or not sufficiently above the Starting Index Value. A discount could also result from rising interest rates.

In addition to the value of the Index, the trading value of the Securities may be affected by a number of interrelated factors, including the creditworthiness of the Company and those factors listed below. The relationship among these factors is complex, including how these factors affect the relative value of the principal amount of the Securities to be repaid at maturity and the value of the Supplemental Redemption Amount. Accordingly, investors should be aware that factors other than the level of the Index are likely to affect the Securities' trading value. The expected effect on the trading value of the Securities of each of the factors listed below, assuming in each case that all other factors are held constant, is as follows:

"Interest Rates." Because the Securities repay at a minimum the principal amount thereof at maturity, the trading value of the Securities will likely be affected by changes in interest rates. In general, if U.S. interest rates increase, the trading value of the Securities is expected to decrease. If U.S. interest rates decrease, the trading value of the Securities is expected to increase. Interest rates may also affect the U.S. economy, and, in turn, the value of the Index. Rising interest rates may lower the value of the Index and, thus, may decrease the trading value of the Securities. Falling interest rates may increase the value of the Index and, thus, may increase the trading value of the Securities.

"Volatility of the Index." If the volatility of the Index increases, the trading value of the Securities is expected to increase. If the volatility of the Index decreases, the trading value of the Securities is expected to decrease.

"Time Remaining to Maturity." The Securities may trade at a value above that which may be inferred from the level of interest rates and the Index. This difference will reflect a "time premium" due to expectations concerning the value of the Index during the period prior to maturity of the Securities. As the time remaining to maturity of the Securities decreases, however, this time premium is expected to decrease, thus decreasing the trading value of the Securities. In addition, the price at which a beneficial owner may be able to sell Securities prior to maturity may be at a discount, which may be substantial, from the principal amount of the Securities if the value of the Index is below, equal to, or not sufficiently above the Starting Index Value.

The impact of the factors specified above, excluding the value of the Index, may offset, partially or in whole, any increase in the trading value of the Securities that is attributable to an increase in the value of the Index. For example, an increase in U.S. interest rates may cause the Securities to trade at a discount from their initial offering price, even if the Index has appreciated significantly. In general, assuming all relevant factors are held constant, the effect on the trading value of the Securities of a given change in interest rates and/or Index volatility is expected to be less if it occurs later in the term of the Securities than if it occurs earlier in the term of the Securities. The effect on the trading value of the Securities of a given appreciation of the Index in excess of the Starting Index Value is expected to be greater if it occurs later in the term of the Securities than if it occurs earlier in the term of the Securities, assuming all other relevant factors are held constant.

THE INDEX

The value of the Index and the Supplemental Redemption Amount, if any, may be adversely affected by political, economic and other developments that affect the Top Ten Yield Stocks. The stocks underlying the Index will be adjusted annually as more fully described below, see "The Index" in this Prospectus Supplement.

OTHER CONSIDERATIONS

It is suggested that prospective investors who consider purchasing the Securities should reach an investment decision only after carefully considering the suitability of the Securities in light of their particular circumstances.

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Investors should also consider the tax consequences of investing in the Securities. See "Certain United States Federal Income Tax Considerations" in this Prospectus Supplement.

Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") or its affiliates may from time to time engage in transactions involving the Top Ten Yield Stocks underlying the Index for their proprietary accounts and for other accounts under their management, which may influence the value of such stocks and therefore the value of the Securities. MLPF&S and its affiliates will also be the counterparties to the hedge of the Company's obligations under the Securities. See "Use of Proceeds" herein. Accordingly, under certain circumstances, conflicts of interest may arise between MLPF&S's responsibilities as Calculation Agent with respect to the Securities and its obligations under its hedge and its status as a subsidiary of the Company. Under certain circumstances, the duties of MLPF&S as Calculation Agent in determining the existence of Market Disruption Events could conflict with the interests of MLPF&S as an affiliate of the issuer of the Securities, Merrill Lynch & Co., Inc., and with the interests of the holders of the Securities.

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RECENT DEVELOPMENTS

The following summary of consolidated financial information was derived from, and is qualified in its entirety by reference to, the financial statements and other information and data contained in the Company's Annual Report on Form 10-K for the year ended December 29, 1995 and the Current Reports on Form 8-K dated July 16, 1996 and July 31, 1996 (the "Current Reports"). The Current Reports (which include unaudited preliminary results of operations and certain balance sheet information for the period ended June 28, 1996) will be superceded in their entirety by the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 28, 1996. See "Incorporation of Certain Documents by Reference" in the accompanying Prospectus. The condensed consolidated financial statements contained in the Quarterly Report are unaudited; however, in the opinion of management of the Company, all adjustments (consisting only of normal recurring accruals) necessary for a fair statement of the results of operations have been included.

The Company conducts its business in highly volatile markets. Consequently, the Company's results can be affected by many factors, including general market conditions, the liquidity of secondary markets, the level and volatility of interest rates and currency values, the valuation of securities positions, competitive conditions, and the size, number, and timing of transactions. In periods of unfavorable market activity, profitability can be adversely affected because certain expenses remain relatively fixed. As a result, net earnings and revenues can vary significantly from period to period.

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	
	JUNE 30, 1995	JUNE 28, 1996
INCOME STATEMENT INFORMATION		

(IN MILLIONS, EXCEPT RATIOS)		
<S>		
Revenues.....	<C> \$ 10,789	<C> \$ 12,209
Net revenues(1).....	\$ 4,970	\$ 6,641
Earnings before income taxes.....	\$ 843	\$ 1,369
Net earnings.....	\$ 510	\$ 843
Ratio of earnings to fixed charges(2).....	1.1	1.2
<CAPTION>		
AT DECEMBER 29, AT JUNE 28,		
1995 1996		

BALANCE SHEET INFORMATION(3)		

(IN MILLIONS)		
<S>		
Total assets.....	<C> \$176,857	<C> \$205,175
Long-term borrowings.....	\$ 17,340	\$ 22,640
Stockholders' equity.....	\$ 6,141	\$ 6,514

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- (1) Net Revenues are revenues net of interest expense.
 - (2) For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consists of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consists of interest costs, amortization of debt expense, preferred stock dividend requirements of majority-owned subsidiaries, and that portion of rentals estimated to be representative of the interest factor.
 - (3) To finance its diverse activities, the Company and certain of its subsidiaries borrow substantial amounts of short-term funds on a regular basis. Although the amount of short-term borrowings significantly varies with the level of general business activity, on June 28, 1996, \$2,696

million of bank loans and \$18,393 million of commercial paper were outstanding. In addition, certain of the Company's subsidiaries lend securities and enter into repurchase agreements to obtain financing. At June 28, 1996, cash deposits for securities loaned and securities sold under agreements to repurchase amounted to \$3,591 million and \$62,865 million, respectively. From June 29, 1996 to August 5, 1996, long-term borrowings, net of repayments and repurchases, increased by approximately \$250 million.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 28, 1996

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

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Net earnings for the first six months of 1996 were a record \$843 million, up 65% from \$510 million reported in the 1995 first half. Earnings per common share were \$4.22 primary and \$4.21 fully diluted, compared with \$2.48 primary and \$2.46 fully diluted in the 1995 first half. Total revenues for the first six months of 1996 were a record \$12,209 million, up 13% from the 1995 first half. Net revenues (revenues after interest expense) totaled \$6,641 million, up 34% from the year-ago period.

Commissions revenues rose 35% to a record \$1,959 million from \$1,450 million in the 1995 first half. Commissions revenues from listed securities increased due to higher trading volumes on most major U.S. and international exchanges. Mutual fund commissions revenues rose to a record level due to strong sales of U.S. and offshore funds and higher distribution fees.

Interest and dividend revenues decreased to \$6,050 million from \$6,325 million in the 1995 first half. Interest expense, which includes dividend expense, decreased to \$5,568 million from \$5,819 million in the year-ago period. Net interest and dividend profit declined to \$482 million from \$506 million in the 1995 first half as a result of reduced levels of interest-earning assets.

Principal transactions revenues rose to a record \$1,891 million, up 47% from the 1995 first half as increased client activity led to higher revenues in most product categories. Equities and equity derivatives trading revenues were up 62% to \$637 million. International equities trading revenues benefited from the addition of trading activity related to Smith New Court PLC ("Smith New Court"), which was acquired in the 1995 third quarter. Over-the-counter equity trading revenues rose due to increased client order flow. Taxable fixed-income trading revenues rose 73% to \$509 million primarily due to higher revenues from mortgage-backed products and corporate bonds. Mortgage-backed securities trading revenues advanced due primarily to improved liquidity and increased customer demand compared with the year-ago period. Trading revenues for corporate bonds advanced due primarily to higher demand for U.S. and U.K. debt products. Trading revenues from interest rate and currency swaps increased 18% to \$505 million due to higher revenues from both U.S. and non-U.S. dollar-denominated transactions. Municipal securities revenues increased 19% to \$168 million largely due to increased investor demand for tax-exempt investments. Foreign exchange and commodities trading revenues, in the aggregate, rose 125% from the 1995 first half to \$72 million. Strong customer activity fueled by increased volatility in exchange rates led to higher foreign exchange trading revenues.

Investment banking revenues for the 1996 six-month period were a record \$958 million, up 64% from \$584 million in the 1995 first half due to increased transaction volumes as well as improved market shares for strategic services. Revenues from equity, high-yield debt, and corporate bond and preferred stock underwritings were approximately double those of the 1995 first half. Strategic services revenues benefited from increased fees from mergers and acquisitions.

Asset management and portfolio service fees were \$1,090 million, up 19% from \$913 million in the first half of 1995, primarily as a result of strong inflows of client assets. Other revenues were \$261 million, up 15% from \$228 million reported in the 1995 first half, primarily due to gains on sales from Real Estate Mortgage Investment Conduit ("REMIC") transactions.

Non-interest expenses were \$5,272 million, up 28% from \$4,127 million in the year-ago period. Compensation and benefits expense, which represented approximately 65% of non-interest expenses, increased 33% from the 1995 first half due primarily to higher variable compensation related to increased profitability and business volume. Compensation and benefits expense as a percentage of net revenues was 51.7% in the 1996 first half compared with 51.9% in the year-ago period.

Occupancy cost increased 4% from the 1995 first half due to international growth, including the addition of Smith New Court facilities. Other facilities-related costs, which include communications and equipment rental

expense and depreciation and amortization expense, rose 15% primarily due to increased levels of business activity, as well as higher depreciation expense from the purchase of technology-related assets over the past year.

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Professional fees increased 32% from the year-ago period primarily as a result of higher systems development costs related to upgrading technology and processing capabilities. Advertising and market development expenses rose 31% from the 1995 first half largely due to higher international travel, advertising and client promotion costs. Brokerage, clearing, and exchange fees increased 17% from the 1995 first half as a result of higher trading volumes, particularly in international equity markets. Other expenses increased 20% from the 1995 first half, primarily due to provisions related to various business activities and amortization of goodwill.

Income tax expense totaled \$526 million for the first half of 1996. The effective tax rate for the first six months of 1996 was 38.4%, compared with 39.5% in the year-ago period. The decrease in the effective tax rate was primarily attributable to lower state taxes and expanded international business activities.

CERTAIN BALANCE SHEET INFORMATION AS OF JUNE 28, 1996

The Company believes that its equity base is adequate relative to the level and composition of its assets and the mix of its business.

In the normal course of business, the Company underwrites, trades, and holds non-investment grade securities in connection with its investment banking, market making, and derivative structuring activities. These activities are 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 in investment grade instruments.

At June 28, 1996, the fair value of long and short non-investment grade trading inventories amounted to \$8,452 million and \$1,282 million, respectively, and in the aggregate (i.e. the sum of long and short trading inventories) represented 9.0% of aggregate consolidated trading inventories.

At June 28, 1996, the carrying value of extensions of credit provided to corporations entering into leveraged transactions aggregated \$293 million (excluding unutilized revolving lines of credit and other lending commitments of \$117 million), consisting primarily of senior term and subordinated financings to 37 medium-sized corporations. At June 28, 1996, the Company had no bridge loans outstanding. A \$90 million bridge loan outstanding on March 29, 1996 was repaid during the 1996 second quarter, and a \$100 million bridge loan commitment made after March 29, 1996 was canceled before June 28, 1996. Subsequent to June 28, 1996, the Company entered into a bridge loan commitment for \$135 million to a non-investment grade counterparty. The Company intends to syndicate the loan, if extended, and may retain a residual portion. Direct equity investments made in conjunction with the Company's investment and merchant banking activities aggregated \$161 million at June 28, 1996, representing investments in 62 enterprises. At June 28, 1996, the Company held interests in partnerships, totaling \$79 million (recorded on the cost basis), that invest in highly leveraged transactions and non-investment grade securities. At June 28, 1996, the Company also committed to invest an additional \$80 million in partnerships that invest in leveraged transactions.

The Company's insurance subsidiaries hold non-investment grade securities. Non-investment grade securities were 5.0% of total insurance investments at June 28, 1996. Non-investment grade securities of insurance subsidiaries are classified as available-for-sale and are carried at fair value.

At June 28, 1996, the largest non-investment grade concentration consisted of various sovereign and corporate issues of a South American sovereign totaling \$861 million, which primarily represented hedges of other financial instruments. No one industry sector accounted for more than 27% of total non-investment trade positions. At June 28, 1996, the Company held an aggregate carrying value of \$140 million in debt and equity securities of issuers in various stages of bankruptcy proceedings or in default, of which 70% resulted from the Company's market making activities in such securities.

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DESCRIPTION OF SECURITIES

GENERAL

The Securities are to be issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "1983 Indenture", which is more fully described in the accompanying Prospectus. The Securities will mature on August 15, 2006.

While at maturity a beneficial owner of a Security will receive the

principal amount of such Security plus the Supplemental Redemption Amount there will be no other payment of interest, periodic or otherwise. (See "Payment at Maturity" below.)

The Securities are not subject to redemption by the Company or at the option of any beneficial owner prior to maturity. Upon the occurrence of an Event of Default with respect to the Securities, beneficial owners of the Securities may accelerate the maturity of the Securities, as described under "Description of Securities--Events of Default and Acceleration" in this Prospectus Supplement and "Description of Debt Securities--General-- Events of Default" in the accompanying Prospectus.

The Securities are to be issued in denominations of whole Units.

PAYMENT AT MATURITY

At maturity, a beneficial owner of a Security will be entitled to receive the principal amount thereof plus a Supplemental Redemption Amount all as provided below. If the Ending Index Value does not exceed the Starting Index Value by more than 24%, a beneficial owner of a Security will be entitled to receive only the principal amount thereof and the Minimum Supplemental Redemption Amount.

At maturity, a beneficial owner of a Security will be entitled to receive, with respect to each such Security, (i) the principal amount thereof (\$10 for each Unit), and (ii) the Supplemental Redemption Amount equal in amount to:

$$\text{Principal Amount} \times \frac{\text{Ending Index Value} - \text{Starting Index Value}}{\text{Starting Index Value}}$$

provided, however, that in no event will the Supplemental Redemption Amount be less than \$2.40 per \$10 principal amount of the Securities. The Minimum Supplemental Redemption Amount is equivalent to a rate of return of 2.16% per annum calculated on a semi-annual bond equivalent basis. The Starting Index Value was set to 100 on the Pricing Date. The Ending Index Value will be determined by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Calculation Agent") and will equal the average (arithmetic mean) of the closing values of the Index determined on each of the first five Calculation Days during the Calculation Period. If there are fewer than five Calculation Days, then the Ending Index Value will equal the average (arithmetic mean) of the closing values of the Index on such Calculation Days, and if there is only one Calculation Day, then the Ending Index Value will equal the closing value of the Index on such Calculation Day. If no Calculation Days occur during the Calculation Period because of Market Disruption Events, then the Ending Index Value will equal the closing value of the Index determined on the last scheduled Index Business Day in the Calculation Period, regardless of the occurrence of a Market Disruption Event on such day. The "Calculation Period" means the period from and including the seventh scheduled Index Business Day prior to the maturity date to and including the second scheduled Index Business Day prior to the maturity date. "Calculation Day" means any Index Business Day during the Calculation Period on which a Market Disruption Event has not occurred. For purposes of determining the Ending Index Value, an "Index Business Day" is a day on which the New York Stock Exchange and American Stock Exchange are open for trading and trading generally occurs in the over-the-counter market for equity securities and the Index is calculated and published by the AMEX. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, absent a determination by the Calculation Agent of a manifest error, shall be conclusive for all purposes and binding on the Company and beneficial owners of the Securities.

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The following table illustrates, for a range of hypothetical Ending Index Values, (i) the total amount payable at maturity for each \$10 principal amount of Securities, (ii) the pretax annualized rate of return to beneficial owners of Securities, and (iii) the pretax annualized rate of return of an investment in the stocks underlying the Index, as adjusted from time to time, that experience the same price changes and dividend payments necessary to produce the indicated hypothetical Ending Index Value (which reflects a deduction from the value of the Index at the end of each calendar quarter equal to 0.4375% of the then current Index value). The pretax annualized rate of return of the stocks underlying the Index illustrated below is intended to reflect the return that might be earned by an investor who seeks to replicate the Index return by trading in the actual stocks underlying the Index and differs from the pretax annualized rate of return on the Securities because of the percentage deducted from the value of the Index each calendar quarter equal to 0.4375% of the then current Index value. Investors seeking to replicate the Index return by trading in the actual underlying stocks would not incur this periodic deduction although they might incur commissions and other transaction-related costs.

<TABLE>

<CAPTION>

TOTAL PRETAX PRETAX ANNUALIZED

HYPOTHETICAL ENDING INDEX VALUE	PERCENTAGE CHANGE OVER THE STARTING INDEX VALUE	AMOUNT PAYABLE AT MATURITY	ANNUALIZED RATE OF RETURN ON THE SECURITIES (1)	RATE OF RETURN OF STOCK UNDERLYING INDEX (1) (2)
<S>	<C>	<C>	<C>	<C>
50	-50%	\$12.40	2.16%	-5.09%
60	-40%	\$12.40	2.16%	-3.31%
70	-30%	\$12.40	2.16%	-1.80%
80	-20%	\$12.40	2.16%	-0.47%
90	-10%	\$12.40	2.16%	0.70%
100	0%	\$12.40	2.16%	1.75%
110	10%	\$12.40	2.16%	2.71%
120	20%	\$12.40	2.16%	3.59%
130	30%	\$13.00	2.64%	4.41%
140	40%	\$14.00	3.39%	5.16%
150	50%	\$15.00	4.10%	5.87%
160	60%	\$16.00	4.76%	6.53%
170	70%	\$17.00	5.38%	7.15%
180	80%	\$18.00	5.97%	7.74%
190	90%	\$19.00	6.52%	8.30%
200	100%	\$20.00	7.05%	8.84%
210	110%	\$21.00	7.56%	9.35%
220	120%	\$22.00	8.04%	9.83%
230	130%	\$23.00	8.50%	10.30%
240	140%	\$24.00	8.94%	10.74%
250	150%	\$25.00	9.37%	11.17%
260	160%	\$26.00	9.78%	11.58%
270	170%	\$27.00	10.17%	11.98%
280	180%	\$28.00	10.56%	12.37%
290	190%	\$29.00	10.93%	12.74%
300	200%	\$30.00	11.28%	13.10%
310	210%	\$31.00	11.63%	13.44%
320	220%	\$32.00	11.97%	13.78%
330	230%	\$33.00	12.29%	14.11%
340	240%	\$34.00	12.61%	14.43%
350	250%	\$35.00	12.92%	14.74%
360	260%	\$36.00	13.22%	15.04%
370	270%	\$37.00	13.51%	15.33%
380	280%	\$38.00	13.80%	15.62%
390	290%	\$39.00	14.07%	15.90%
400	300%	\$40.00	14.34%	16.17%

</TABLE>

(1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.

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(2) This rate of return assumes, in addition to the price changes and dividend payments described above, (i) an initial investment of a fixed amount in the Top Ten Yield Stocks with the allocation of such amount reflecting an equal dollar-weighted portfolio of such stocks in the Index; (ii) a reconstruction of this portfolio investment on each Anniversary Date so as to be an equal-dollar weighted portfolio of the ten common stocks in the DJIA having the highest Dividend Yield on the second scheduled Index Business Day prior to each such Anniversary Date; (iii) a compounded quarterly rate of return on the stocks which is greater than the compounded quarterly return on the Index by 0.4375% (the amount of the quarterly deduction applied to the Index), with dividends being reinvested on a quarterly basis; (iv) no transaction fees or expenses; (v) an investment term equal to the term of the Securities; and (vi) a final Index value equal to the Ending Index Value.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein. Historical data regarding the Index is included in this Prospectus Supplement under "The Index--Historical Data on the Index".

ADJUSTMENTS TO THE INDEX; MARKET DISRUPTION EVENTS

If at any time the method of calculating the Index, or the value thereof, is changed in any material respect, or if the Index is in any other way modified so that such Index does not, in the opinion of the Calculation Agent, fairly represent the value of the Index had such changes or modifications not been made, then, from and after such time, the Calculation Agent shall, at the close of business in New York, New York, on each date that the closing value with respect to the Ending Index Value is to be calculated, make such adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a calculation of a value of a stock index comparable to the Index as if such changes or modifications had not been made, and calculate such closing value with reference to the Index, as adjusted. Accordingly, if the method of calculating the Index is modified so that the value of such Index is a fraction or a multiple of what it would have been if

it had not been modified (e.g., due to a split in the Index), then the Calculation Agent shall adjust such Index in order to arrive at a value of the Index as if it had not been modified (e.g., as if such split had not occurred).

"Market Disruption Event" means either of the following events, as determined by the Calculation Agent:

(i) the suspension or material limitation (limitations pursuant to New York Stock Exchange Rule 80A (or any applicable rule or regulation enacted or promulgated by the New York Stock Exchange or any other self regulatory organization or the Securities and Exchange Commission of similar scope as determined by the Calculation Agent) on trading during significant market fluctuations shall be considered "material" for purposes of this definition), in the trading of one or more of the Top Ten Yield Stocks (as defined below) on any exchange in the United States or in the over-the-counter market for more than two hours of trading or during the period one-half hour prior to the close of such trading, or

(ii) the suspension or material limitation (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in option contracts related to one or more of the Top Ten Yield Stocks traded on any exchange for more than two hours of trading or during the period one-half hour prior to the close of such trading.

For the purposes of this definition, a limitation on the hours in a trading day and/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.

DISCONTINUANCE OF THE INDEX

If the AMEX discontinues publication of the Index and the AMEX or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to such Index (any such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's

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notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by the AMEX or such other entity for the Index and calculate the Ending Index Value as described above under "Payment at Maturity". Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be given to Holders of the Securities.

If the AMEX discontinues publication of the Index and a Successor Index is not selected by the Calculation Agent or is no longer published on any of the Calculation Days, the value to be substituted for the Index for any such Calculation Day used to calculate the Supplemental Redemption Amount at maturity will be a value computed by the Calculation Agent for each Calculation Day in accordance with the procedures last used to calculate the Index prior to any such discontinuance. If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the Index as described below, such Successor Index or value shall be substituted for the Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If the AMEX discontinues publication of the Index prior to the period during which the Supplemental Redemption Amount is to be determined and the Calculation Agent determines that no Successor Index is available at such time, then on each Business Day until the earlier to occur of (i) the determination of the Ending Index Value and (ii) a determination by the Calculation Agent that a Successor Index is available, the Calculation Agent shall determine the value that would be used in computing the Supplemental Redemption Amount as described in the preceding paragraph as if such day were a Calculation Day. The Calculation Agent will cause notice of each such value to be published not less often than once each month in the WSJ (or another newspaper of general circulation), and arrange for information with respect to such values to be made available by telephone. Notwithstanding these alternative arrangements, discontinuance of the publication of the Index may adversely affect trading in the Securities.

EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Securities shall have occurred and be continuing, the amount payable to a beneficial owner of a Security upon any acceleration permitted by the Securities, with respect to each \$10 principal amount thereof, will be equal to: (i) the initial issue price (\$10), plus (ii) an additional amount of contingent interest calculated as though the date of early repayment were the maturity date of the Securities. The Minimum Supplemental Redemption Amount with respect to any such early redemption date will be an amount equal to the interest which would

have accrued on the Securities from and including the date of original issuance to but excluding the date of early redemption at an annualized rate of 2.16%, calculated on a semi-annual bond equivalent basis. See "Description of Securities--Payment at Maturity" in this Prospectus Supplement. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the beneficial owner of a Security may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Security plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Securities.

In case of default in payment at the maturity date of the Securities (whether at their stated maturity or upon acceleration), from and after the maturity date the Securities shall bear interest, payable upon demand of the beneficial owners thereof, at the rate of 7.76% per annum (to the extent that payment of such interest shall be legally enforceable) on the unpaid amount due and payable on such date in accordance with the terms of the Securities to the date payment of such amount has been made or duly provided for.

DEPOSITORY

Upon issuance, all Securities will be represented by one or more fully registered global securities (the "Global Securities"). Each such Global Security will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), as Depository, registered in the name of DTC or a nominee thereof. Unless and until it is exchanged in whole or in part for Securities in definitive form, no Global Security may be transferred except as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such

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Depository or another nominee of such Depository or by such Depository or any such nominee to a successor of such Depository or a nominee of such successor.

DTC has advised the Company as follows: DTC is a limited-purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants ("Participants") and to facilitate the clearance and settlement of securities transactions among its Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need for physical movement of securities certificates. DTC's Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is owned by a number of Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants").

Purchases of Securities must be made by or through Participants, which will receive a credit on the records of DTC. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Ownership of beneficial interests in such Global Security will be shown on, and the transfer of such ownership interests will be effected only through, records maintained by DTC (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons held through Participants). The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in Global Securities.

"So long as DTC, or its nominee, is the registered owner of a Global Security, DTC or its nominee, as the case may be, will be considered the sole owner or Holder of the Securities represented by such Global Security for all purposes under the 1983 Indenture. Except as provided below, Beneficial Owners in a Global Security will not be entitled to have the Securities represented by such Global Securities registered in their names, will not receive or be entitled to receive physical delivery of the Securities in definitive form and will not be considered the owners or Holders thereof under the 1983 Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the 1983 Indenture." Accordingly, each Person owning a beneficial interest in a Global Security must rely on the procedures of DTC and, if such Person is not a Participant, on the procedures of the Participant through which such Person owns its interest, to exercise any rights of a

Holder under the 1983 Indenture. The Company understands that under existing industry practices, in the event that the Company requests any action of Holders or that an owner of a beneficial interest in such a Global Security desires to give or take any action which a Holder is entitled to give or take under the 1983 Indenture, DTC would authorize the Participants holding the relevant beneficial interests to give or take such action, and such Participants would authorize Beneficial Owners owning through such Participants to give or take such action or would otherwise act upon the instructions of Beneficial Owners. Conveyance of notices and other communications by DTC to Participants, by Participants to Indirect Participants, and by Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of the principal of, and any Supplemental Redemption Amount with respect to, Securities registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the Holder of the Global Securities representing such Securities. None of the Company, the Trustee or any other agent of the Company or agent of the Trustee will have any responsibility or liability for any aspect of the records

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relating to or payments made on account of beneficial ownership interests or for supervising or reviewing any records relating to such beneficial ownership interests. The Company expects that DTC, upon receipt of any payment of principal or any Supplemental Redemption Amount in respect of a Global Security, will credit the accounts of the Participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in such Global Security as shown on the records of DTC. The Company also expects that payments by Participants to Beneficial Owners will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants.

If (x) any 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 the Global Securities shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Securities, the Global Securities will be exchangeable for Securities in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$10 and integral multiples thereof. Such definitive Securities shall be registered in such name or names as the Depository shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the Depository from Participants with respect to ownership of beneficial interests in such Global Securities.

SAME-DAY SETTLEMENT AND PAYMENT

Settlement for the Securities will be made by the Underwriter in immediately available funds. All payments of principal and the Supplemental Redemption Amount, if any, will be made by the Company in immediately available funds so long as the Securities are maintained in book-entry form.

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THE INDEX

TOP TEN YIELD INDEX

The value of the Index on any Index Business Day will be calculated and disseminated by the AMEX and will equal the Top Ten Yield Portfolio Value plus the Current Quarter Dividends (as defined below) as of such Index Business Day. The Top Ten Yield Portfolio Value will equal the sum of the products of the most recently available market price and the applicable Share Multiplier for each Top Ten Yield Stock. The AMEX will generally calculate and disseminate the value of the Index based on the most recently reported prices of the stocks underlying the Index (as reported by the exchange or trading system on which such underlying stocks are listed or traded), at approximately 15-second intervals during the AMEX's business hours and the end of each Index Business Day via the Consolidated Tape Association's Network B.

"Initial Determination of Top Ten Yield Portfolio"

The initial stocks in the Top Ten Yield Portfolio and their respective Dividend Yields and Share Multipliers are shown below, and have been determined by the AMEX to be the ten common stocks in the DJIA having the highest Dividend Yield on July 26, 1996 (the "Initial Stocks"). "Dividend Yield" for each common stock is determined by the AMEX by annualizing the last quarterly or semi-annual ordinary cash dividend for which the ex-dividend date has occurred, excluding any extraordinary dividend as determined by the AMEX in its sole discretion, and dividing the result by the last available sale price for each stock on its primary exchange on the date such Dividend Yield

is to be determined.

<TABLE>

<CAPTION>

NAME OF ISSUER -----	DIVIDEND YIELD	
	ON JULY 26, 1996	INITIAL SHARE MULTIPLIER
<S>	<C>	<C>
Philip Morris Companies, Inc.....	3.92%	0.09479
Texaco Inc.....	3.80	0.11511
Exxon Corporation.....	3.80	0.12121
J.P. Morgan & Co. Incorporated.....	3.79	0.11111
Chevron Corporation.....	3.46	0.17021
General Motors Corporation.....	3.35	0.19656
Minnesota Mining & Manufacturing Company.....	2.85	0.15094
E.I. Du Pont de Nemours and Company.....	2.83	0.11994
International Paper Company.....	2.64	0.25157
AT&T Company.....	2.55	0.18141

</TABLE>

The average (mean) dividend yield of the ten Initial Stocks contained in the Index as of July 26, 1996 was 3.30%.

The initial Share Multiplier for each Initial Stock was determined by the AMEX and indicates the number of shares of each such Initial Stock, or portion thereof, given the closing market price of such Initial Stock on the Pricing Date, required to be included in the calculation of the original Top Ten Yield Portfolio Value so that each Initial Stock represents approximately an equal percentage of the starting value of the Index (i.e., 100) as of the Pricing Date. The respective Share Multipliers will remain constant unless adjusted for certain corporate events, quarterly dividend adjustments and annual reconstitutions as described below. The initial Share Multipliers for each of the Initial Stocks are set forth in the above table.

"Annual Top Ten Yield Portfolio Reconstitution"

As of the close of business on each Anniversary Date through the applicable Anniversary Date in 2005, the content of the Top Ten Yield Portfolio shall be reconstituted so as to include the ten common stocks in the DJIA having the highest Dividend Yield (the "New Stocks") on the second scheduled Index Business Day prior to such Anniversary Date (the "Annual Determination Date"), provided, however that the AMEX will only add a stock having characteristics as of such Annual Determination Date that will permit the Index to remain within

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certain criteria specified in the AMEX rules and within the applicable rules of the Securities and Exchange Commission. Such criteria and rules will apply only on an Annual Determination Date to exclude a proposed New Stock. If a proposed New Stock does not meet such criteria or rules, the AMEX will replace it with the common stock in the DJIA with the next highest Dividend Yield which does meet such criteria and rules. These criteria currently provide, among other things, (1) that each component stock must have a minimum market value of at least \$75 million, except that up to 10% of the component securities in the Index may have a market value of \$50 million; (2) that each component stock must have an average monthly trading volume in the preceding six months of not less than 1,000,000 shares, except that up to 10% of the component stocks in the Index may have an average monthly trading volume of 500,000 shares or more in the last six months; (3) 90% of the Index's numerical Index value and at least 80% of the total number of component stocks will meet the then current criteria for standardized option trading set forth in the rules of the AMEX; and (4) all component stocks will either be listed on the AMEX, the New York Stock Exchange, or traded through the facilities of the National Association of Securities Dealers Automated Quotation System and reported as National Market System securities.

The Share Multiplier for each New Stock will be determined by the AMEX and will indicate the number of shares of each New Stock, given the closing market price of such New Stock on the Anniversary Date, required to be included in the calculation of the Top Ten Yield Portfolio Value so that each New Stock represents approximately an equal percentage of a value equal to the Index in effect at the close of business on such Anniversary Date. As an example, if the Index in effect at the close of business on an Anniversary Date equaled 200, then each of the ten New Stocks relating to such Anniversary Date would be allocated a portion of the value of the Index equal to 20 and if the closing market price of one such New Stock on the Anniversary was 40, the applicable Share Multiplier would be 0.5. If the Index equaled 80, then each of the ten New Stocks would be allocated a portion of the value of the Index equal to 8 and if the closing market price of one such New Stock on the Anniversary was 40, the applicable Share Multiplier would be 0.2. The last Anniversary Date on which such reconstitution will occur will be the Anniversary Date in 2005, which will be approximately one year prior to the

maturity date of the Securities. "Anniversary Date" shall mean the anniversary date of the date the Securities are initially issued; provided, however, that if such date is not an Index Business Day or a Market Disruption Event occurs on such date, then the Anniversary Date for such year shall mean the immediately succeeding Index Business Day on which a Market Disruption Event does not occur. "Top Ten Yield Stock" at any time shall mean the stocks contained in the Top Ten Yield Portfolio at such time.

DOW JONES INDUSTRIAL AVERAGE

The DJIA is comprised of 30 common stocks chosen by the editors of the WSJ as representative of the broad market of American industry generally. The companies are major factors in their industries and their stocks are typically widely held by individuals and institutional investors. Changes in the composition of the DJIA are made entirely by the editors of the WSJ without consultation with the companies, the stock exchange or any official agency or the Company. For the sake of continuity, changes are made infrequently. Most substitutions have been the result of mergers, but from time to time, changes may be made to achieve a better representation. The components of the DJIA may be changed at any time for any reason. Dow Jones & Company, Inc., publisher of the WSJ, is not affiliated with the Company, has not participated in any way in the creation of the Securities or in the selection of stocks to be included in the Top Ten Yield Portfolio and has not reviewed or approved any information included in this Prospectus Supplement.

The first DJIA, consisting of 12 stocks, was published in the WSJ in 1896. The list grew to 20 stocks in 1916 and to 30 stocks on October 1, 1928. For two periods of 17 consecutive years each, there were no changes to the list; March 15, 1939-July 2, 1956 and June 2, 1959-August 8, 1976.

The Company or its affiliates may presently or from time to time engage in business with one or more of the issuers of the Top Ten Yield Portfolio stocks, including extending loans to, or making equity investments in, such issuers or providing advisory services to such issuers, including merger and acquisition advisory services. In the course of such business, the Company or its affiliates may acquire non-public information with respect to such issuers and, in addition, one or more affiliates of the Company may publish research reports with respect to such issuers. The Company does not make any representation to any purchaser of Securities with respect to any matters whatsoever relating to such issuers. Any prospective purchaser of Securities should undertake an independent investigation of the issuers of the Top Ten Yield Portfolio stocks as in its judgment is appropriate to make an informed decision with respect to an investment in the Securities. The composition of the Index does not reflect any investment or sell recommendations of the Company or its affiliates.

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CASH DIVIDENDS

"Current Quarter Dividend"

As described above, the value of the Index will include an amount reflecting Current Quarter Dividends. "Current Quarter Dividends" for any day will be determined by the AMEX and will equal the sum of the Dividend Payment for each Top Ten Yield Stock. The "Dividend Payment" with respect to a Top Ten Yield Stock for any day will equal the sum of the products of (i) each dividend paid by the issuer of such Top Ten Yield Stock on one share of such Top Ten Yield Stock during the Current Quarter (not including any reinvestment thereof) multiplied by (ii) the Share Multiplier applicable to such Top Ten Yield Stock at the time each such dividend is paid. A dividend will be considered paid by an issuer at the open of business on the ex-dividend date (i.e., generally, the trading day on which the market price of the stock reflects the payment of the dividend). "Current Quarter" shall mean the period from and including August 9, 1996 through December 31, 1996, and after December 31, 1996, from and including the first day of the then current calendar quarter containing the day on which the applicable Dividend Payment is being determined to and including the day on which the applicable Dividend Payment is being determined.

"Quarterly Stock Dividend"

As of the first day of the start of each calendar quarter, the AMEX will allocate the Current Quarter Dividends as of the end of the immediately preceding calendar quarter to each then outstanding Top Ten Yield Stock. The amount of the Current Quarter Dividends allocated to each Top Ten Yield Stock will equal the percentage of the value of such Top Ten Yield Stock contained in the Top Ten Yield Portfolio relative to the value of the entire Top Ten Yield Portfolio based on the closing market price on the last Index Business Day in the immediately preceding calendar quarter. The Share Multiplier of each such outstanding Top Ten Yield Stock will be increased to reflect the number of shares, or portion of a share, that the amount of the Current Quarter Dividend allocated to such Top Ten Yield Stock can purchase of each such Top Ten Yield Stock based on the closing market price on the last Index

Business Day in the immediately preceding calendar quarter.

"Quarterly Deduction"

At the end of each calendar quarter, the Index will be reduced by a value equal to 0.4375% of the then current Index, provided that (i) there will be no deduction at the end of the calendar quarter ending in September 1996 and the deduction at the end of the calendar quarter ending in December 1996 will be increased to reflect the quarterly rate of 0.4375% prorated for the period from the date of the issuance of the Securities through the end of the calendar quarter in December 1996 and (ii) the Index will be reduced at the close of business on July 31, 2006 by a value equal to 0.1507% of the closing value of the Index on such date. With respect to the period ending December 31, 1996, the quarterly rate of 0.4375% will be prorated by multiplying it by a factor equal to the result of dividing the number of days in the period from the date the Securities are issued through the calendar quarter ending in December 1996 by 90.

ADJUSTMENTS TO THE SHARE MULTIPLIER AND TOP TEN YIELD PORTFOLIO

The Share Multiplier with respect to any Top Ten Yield Stock and the Top Ten Yield Portfolio will be adjusted as follows:

1. If a Top Ten Yield Stock is subject to a stock split or reverse stock split, then once such split has become effective, the Share Multiplier relating to such Top Ten Yield Stock will be adjusted to equal the product of the number of shares issued with respect to one such share of such Top Ten Yield Stock and the prior multiplier.

2. If a Top Ten Yield Stock is subject to a stock dividend (issuance of additional shares of the Top Ten Yield Stock) that is given equally to all holders of shares of the issuer of such Top Ten Yield Stock, then once the dividend has become effective and such Top Ten Yield Stock is trading ex-dividend, the Share Multiplier will be adjusted so that the new Share Multiplier shall equal the former Share Multiplier plus the product of the number of shares of such Top Ten Yield Stock issued with respect to one such share of such Top Ten Yield Stock and the prior multiplier.

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3. If the issuer of a Top Ten Yield Stock is being liquidated or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, such Top Ten Yield Stock will continue to be included in the Top Ten Yield Portfolio so long as a Market Price for such Top Ten Yield Stock is available. If a market price is no longer available for a Top Ten Yield Stock for whatever reason, including the liquidation of the issuer of such Top Ten Yield Stock or the subjection of the issuer of such Top Ten Yield Stock to a proceeding under any applicable bankruptcy, insolvency or other similar law, then the value of such Top Ten Yield Stock will equal zero in connection with calculating the Top Ten Yield Portfolio Value for so long as no market price is available, and no attempt will be made to immediately find a replacement stock or increase the value of the Top Ten Yield Portfolio to compensate for the deletion of such Top Ten Yield Stock. If a market price is no longer available for a Top Ten Yield Stock as described above, the Top Ten Yield Portfolio Value will be computed based on the remaining Top Ten Yield Stocks for which market prices are available and no new stock will be added to the Top Ten Yield Portfolio until the annual reconstitution of the Top Ten Yield Portfolio. As a result, there may be periods during which the Top Ten Yield Portfolio contains fewer than ten Top Ten Yield Stocks.

4. If the issuer of a Top Ten Yield Stock has been subject to a merger or consolidation and is not the surviving entity or is nationalized, then a value for such Top Ten Yield Stock will be determined at the time such issuer is merged or consolidated or nationalized and will equal the last available market price for such Top Ten Yield Stock and that value will be constant until the Top Ten Yield Portfolio is reconstituted. At such time, no adjustment will be made to the Share Multiplier of such Top Ten Yield Stock.

5. If the issuer of a Top Ten Yield Stock issues to all of its shareholders equity securities that are publicly traded of an issuer other than the issuer of the Top Ten Yield Stock, then such new equity securities will be added to the Top Ten Yield Portfolio as a new Top Ten Yield Stock. The Share Multiplier for such new Top Ten Yield Stock will equal the product of the original Share Multiplier with respect to the Top Ten Yield Stock for which the new Top Ten Yield Stock is being issued (the "Original Top Ten Yield Stock") and the number of shares of the new Top Ten Yield Stock issued with respect to one share of the Original Top Ten Yield Stock.

No adjustments of any Share Multiplier of a Top Ten Yield Stock will be required unless such adjustment would require a change of at least 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 ten-thousandth

with five hundred-thousandths being rounded upward.

The AMEX expects that no adjustments to the Share Multiplier of any Top Ten Yield Stock or to the Top Ten Yield Portfolio will be made other than those specified above, however, the AMEX may at its discretion make adjustments to maintain the value of the Index if certain events would otherwise alter the value of the Index despite no change in the market prices of the Top Ten Yield Stocks.

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HISTORICAL DATA ON THE INDEX

The following table sets forth the hypothetical level of the Index at the end of each month (the "Historical Month-End Closing Level"), in the period from December 1990 through July 1996. All historical data presented in the following table were calculated by the AMEX and are presented as if the Index had existed during such periods. Such closing levels have been calculated hypothetically on the same basis that the Index will be calculated in the future. The Historical Month-End Closing Level was set to 100 on December 31, 1990 to provide an illustration of past movements of the Historical Month-End Closing Level only. The Starting Index Value was set to 100 on the Pricing Date. These historical data on the Index are not necessarily indicative of the future performance of the Index or what the value of the Securities may be. Any historical upward or downward trend in the level of the Index during any period set forth below is not any indication that the Index is more or less likely to increase or decrease at any time during the term of the Securities.

<TABLE>
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<S>	HISTORICAL MONTH-END CLOSING LEVEL -----	<C>
1990		
December.....	100.000	
1991		
January.....	105.017	
February.....	109.378	
March.....	112.316	
April.....	111.611	
May.....	120.019	
June.....	119.357	
July.....	127.480	
August.....	130.556	
September.....	128.730	
October.....	131.882	
November.....	124.176	
December.....	132.077	
1992		
January.....	135.960	
February.....	139.752	
March.....	137.901	
April.....	144.984	
May.....	146.354	
June.....	146.185	
July.....	148.778	
August.....	144.956	
September.....	143.682	
October.....	134.859	
November.....	139.183	
December.....	139.263	
1993		
January.....	143.793	
February.....	149.681	
March.....	155.556	
April.....	155.560	
May.....	161.113	
June.....	162.360	
July.....	164.893	

</TABLE>

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<TABLE>
<CAPTION>

<S>	HISTORICAL MONTH-END CLOSING LEVEL -----	<C>
August.....	171.989	
September.....	171.541	
October.....	176.273	

November.....	174.022
December.....	172.954
1994	
January.....	184.201
February.....	173.171
March.....	161.583
April.....	168.558
May.....	172.321
June.....	167.535
July.....	173.081
August.....	184.392
September.....	182.675
October.....	184.698
November.....	175.399
December.....	177.193
1995	
January.....	180.949
February.....	188.948
March.....	199.454
April.....	203.920
May.....	211.468
June.....	209.433
July.....	211.050
August.....	208.037
September.....	220.240
October.....	219.307
November.....	235.317
December.....	238.268
1996	
January.....	245.639
February.....	245.700
March.....	250.238
April.....	254.413
May.....	260.989
June.....	261.964
July.....	261.806

</TABLE>

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The following graph sets forth the hypothetical historical performance of the Index at the end of each month from December 1990 through July 1996. Past movements of the Index are not necessarily indicative of the future Index values.

HYPOTHETICAL HISTORICAL MONTH-END CLOSING LEVELS

[The graph sets forth the hypothetical historical month-end closing levels of the Index from December 1990 through July 1996, with the vertical axis specifying the month-end closing level of the Index in a range from 0 to 300 in increments of 20 and the horizontal axis specifying the time period in increments of 3 months from December 1990 to July 1996.]

Source: Prepared by the Company from data obtained from the AMEX.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Set forth in full below is the opinion of Brown & Wood LLP, counsel to the Company, as to certain United States Federal income tax consequences of the purchase, ownership and disposition of the Securities. Such opinion is based upon laws, regulations, rulings and decisions now in effect (or, in the case of certain regulations, in final form but not yet effective), all of which are subject to change (including retroactive changes in effective dates) or possible differing interpretations. The discussion below deals only with Securities 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, tax-exempt entities, or persons holding Securities as a hedge against currency risks or as a position in a "straddle" for tax purposes. It also does not deal with holders other than original purchasers (except where otherwise specifically noted herein). The following discussion also assumes that the issue price of the Securities, as determined for United States Federal income tax purposes, equals the principal amount thereof. Persons considering the purchase of the Securities should consult their own tax advisors concerning the application of the United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Securities arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Security that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other

entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate or trust the income of which is subject to United States Federal income taxation regardless of its source or (iv) any other person whose income or gain in respect of a Security is effectively connected with the conduct of a United States trade or business. As used herein, the term "non-U.S. Holder" means a beneficial owner of a Security that is not a U.S. Holder.

GENERAL

There are no statutory provisions, regulations (except possibly the Final Regulations as described below), published rulings or judicial decisions addressing or involving the characterization, for United States Federal income tax purposes, of the Securities or securities with terms substantially the same as the Securities. However, although the matter is not free from doubt, under current law, each Security should be treated as a debt instrument of the Company for United States Federal income tax purposes. The Company currently intends to treat each Security as a debt instrument of the Company for United States Federal income tax purposes and, where required, intends to file information returns with the Internal Revenue Service ("IRS") in accordance with such treatment, in the absence of any change or clarification in the law, by regulation or otherwise, requiring a different characterization of the Securities. Prospective investors in the Securities should be aware, however, that the IRS is not bound by the Company's characterization of the Securities as indebtedness and the IRS could possibly take a different position as to the proper characterization of the Securities for United States Federal income tax purposes. The following discussion of the principal United States Federal income tax consequences of the purchase, ownership and disposition of the Securities is based upon the assumption that each Security will be treated as a debt instrument of the Company for United States Federal income tax purposes. If the Securities are not in fact treated as debt instruments of the Company for United States Federal income tax purposes, then the United States Federal income tax treatment of the purchase, ownership and disposition of the Securities could differ from the treatment discussed below with the result that the timing and character of income, gain or loss recognized in respect of a Security could differ from the timing and character of income, gain or loss recognized in respect of a Security had the Securities in fact been treated as debt instruments of the Company for United States Federal income tax purposes.

U.S. HOLDERS

Under general principles of current United States Federal income tax law, payments of interest on a debt instrument generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting). Despite the

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foregoing, nonperiodic payments of interest on a debt instrument generally will be treated as original issue discount, for United States Federal income tax purposes, and will be includible in income by a U.S. Holder as ordinary interest as it accrues over the term of the debt instrument under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of the U.S. Holder's regular method of tax accounting. Under these principles, the Minimum Supplemental Redemption Amount (i.e., a nonperiodic payment of interest) generally would be treated as original issue discount, for United States Federal income tax purposes, and would be includible in income by a U.S. Holder as ordinary interest as it accrues over the entire term of the Securities under a constant yield method in advance of receipt of the Supplemental Redemption Amount, regardless of the U.S. Holder's regular method of tax accounting. The excess of the Supplemental Redemption Amount over the Minimum Supplemental Redemption Amount (the "Additional Interest Amount"), if any, would be treated as contingent interest and generally would be includible in income by a U.S. Holder as ordinary interest on the date the Supplemental Redemption Amount is accrued (i.e., generally when the Supplemental Redemption Amount becomes fixed in amount and becomes unconditionally payable) or when such amount is received (in accordance with the U.S. Holder's regular method of tax accounting). In addition, if the amount payable at maturity with respect to a Security exceeds the sum of the principal amount thereof and the Minimum Supplemental Redemption Amount, then such Security would be treated as having been retired at maturity in exchange for an amount equal to the sum of the principal amount thereof and the Minimum Supplemental Redemption Amount.

Upon the sale, exchange or retirement of a Security, a U.S. Holder generally would recognize taxable gain or loss in an amount equal to the difference, if any, between the amount realized on the sale, exchange or retirement and such U.S. Holder's adjusted tax basis in the Security. A U.S. Holder's adjusted tax basis in a Security generally will equal such U.S. Holder's initial investment in the Security increased by any original issue discount included in income by the U.S. Holder. Such gain or loss generally should be capital gain or loss and should be long-term capital gain or loss if the Security has been held by the U.S. Holder for more than one year (subject to the market discount rules, as discussed below). It is possible, however, that the IRS could assert that

any amounts realized upon the sale or exchange of a Security prior to its maturity in excess of the sum of the principal amount thereof and the amount of original issue discount that has accrued on the Security as of the date of such sale or exchange constitutes ordinary interest income (subject to the bond premium rules, as discussed below). Nonetheless, although the matter is not free from doubt, under current law, any gain realized upon the sale or exchange of a Security prior to its maturity should be treated entirely as capital gain (subject to the market discount rules, as discussed below).

Prospective investors in the Securities should be aware that on June 11, 1996, the Treasury Department issued final regulations (the "Final Regulations") concerning the proper United States Federal income tax treatment of contingent payment debt instruments such as the Securities. The Final Regulations, however, only apply to debt instruments issued on or after August 13, 1996. Accordingly, since the Securities will have been issued on or prior to August 12, 1996, the Final Regulations will not apply to the Securities. In general, the Final Regulations would cause the timing and character of income, gain or loss reported on a contingent payment debt instrument to substantially differ from the timing and character of income, gain or loss reported on a contingent payment debt instrument under general principles of current United States Federal income tax law (as described above). Specifically, the Final Regulations generally require a U.S. Holder of such an instrument to include future contingent and noncontingent interest payments in income as such interest accrues based upon a projected payment schedule. Moreover, in general, under the Final Regulations, any gain recognized by a U.S. Holder on the sale, exchange, or retirement of a contingent payment debt instrument will be treated as ordinary income and all or a portion of any loss realized could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances). The Final Regulations provide no definitive guidance as to whether or not an instrument is properly characterized as a debt instrument for United States Federal income tax purposes.

The Company, where required, currently intends to file information returns with the IRS treating each Security as a debt instrument of the Company for United States Federal income tax purposes (as discussed above)

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and reporting contingent and noncontingent interest on, if any, and gross proceeds received upon the sale, exchange or retirement of each Security in accordance with general principles of current United States Federal income tax law (as described above), in the absence of any change or clarification in the law, by regulation or otherwise, requiring a different treatment of the Securities.

MARKET DISCOUNT AND PREMIUM

Under current law, if a U.S. Holder purchases a Security for an amount that is less than the Security's issue price (i.e., the Security's stated principal amount), or, in the case of a subsequent purchaser, its adjusted issue price as of the purchase date (i.e., the Security's stated principal amount increased by any previously accrued original issue discount), the amount of the difference will be treated as "market discount," unless such difference is less than a specified "de minimis" amount.

Under the market discount rules, a U.S. Holder will be required to treat any gain realized on the sale, exchange, retirement or other disposition of a Security as ordinary income to the extent of the lesser of (i) the amount of such realized gain or (ii) the market discount which has not previously been included in income and is treated as having accrued on such Security at the time of such disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the Security's maturity, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Security with market discount until the Security's maturity or certain earlier dispositions of the Security, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of the Security and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest for United States Federal income tax purposes and a U.S. Holder would increase its tax basis in the Security by the amount of any such currently included market discount. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Under current law, a U.S. Holder that purchases a Security for an amount that is greater than its adjusted issue price as of the purchase date will be

considered to have purchased the Note at an "acquisition premium". The "adjusted issue price" of a Security equals the sum of the issue price of the Security plus the amount of original issue discount that has previously accrued with respect to the Security. Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such Security for any taxable year (or portion thereof in which the U.S. Holder holds the Security) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

Under current law, if a U.S. Holder purchases a Security for an amount that is greater than its stated redemption price at maturity (i.e., the sum of the Security's stated principal amount and the Minimum Supplemental Redemption Amount), such U.S. Holder will be considered to have purchased the Security with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the Security and may offset interest otherwise required to be included in respect of the Security during any taxable year by the amortized amount of such excess for the taxable year. A U.S. Holder generally will reduce its tax basis in the Security by the amount of any interest offset taken. Such election, if made, would apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which such election applies and to all debt instruments acquired by such U.S. Holder thereafter. Such election would also be irrevocable once made, unless the U.S. Holder making such an election obtains the express consent of the IRS to revoke such election. If a U.S. Holder does not elect to amortize premium on a Security until a taxable year after the taxable year in which the U.S. Holder acquires the

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Security, the amount of bond premium must be reduced as if it had been amortized from the acquisition date (with no corresponding reduction to the U.S. Holder's tax basis). In such event, such a reduction in the bond premium could result in a capital loss upon the sale, exchange or retirement of the Security. In addition, it is not entirely clear under the bond premium rules as to whether a U.S. Holder may use amortized premium allocable to a particular taxable year as an offset to interest required to be included in respect of a Security during any subsequent taxable year.

NON-U.S. HOLDERS

A non-U.S. Holder will not be subject to United States Federal income taxes on payments of principal, premium (if any) or interest (including original issue discount, if any) on a Security, unless such non-U.S. Holder is a direct or indirect 10% or greater shareholder of the Company, a controlled foreign corporation related to the Company or a bank receiving interest described in section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended. However, income allocable to non-U.S. Holders will generally be subject to annual tax reporting on IRS Form 1042S. For a non-U.S. Holder to qualify for the exemption from taxation, the last United States payor in the chain of payment prior to payment to a non-U.S. Holder (the "Withholding Agent") must have received in the year in which a payment of interest or principal occurs, or in either of the two preceding calendar years, a statement that (i) is signed by the beneficial owner of the Security under penalties of perjury, (ii) certifies that such owner is not a U.S. Holder and (iii) provides the name and address of the beneficial owner. The statement may be made on an IRS Form W-8 or a substantially similar form, and the beneficial owner must inform the Withholding Agent of any change in the information on the statement within 30 days of such change. If a Security is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide a signed statement to the Withholding Agent. However, in such case, the signed statement must be accompanied by a copy of the IRS Form W-8 or the substitute form provided by the beneficial owner to the organization or institution. The Treasury Department is considering implementation of further certification requirements aimed at determining whether the issuer of a debt obligation is related to holders thereof.

Generally, a non-U.S. Holder will not be subject to Federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a Security, provided the gain is not effectively connected with the conduct of a trade or business in the United States by the non-U.S. Holder. Certain other exceptions may be applicable, and a non-U.S. Holder should consult its tax advisor in this regard.

Under current law, a Security will not be includible in the estate of a non-U.S. Holder unless the individual is a direct or indirect 10% or greater shareholder of the Company or, at the time of such individual's death, payments in respect of such Security would have been effectively connected with the conduct by such individual of a trade or business in the United States.

BACKUP WITHHOLDING

Backup withholding of United States Federal income tax at a rate of 31% may

apply to payments made in respect of the Securities to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Securities to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

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In addition, upon the sale of a Security to (or through) a broker, the broker must withhold 31% of the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller provides, in the required manner, certain identifying information and, in the case of a non-U.S. Holder, certifies that such seller is a non-U.S. Holder (and certain other conditions are met). Such a sale must also be reported by the broker to the IRS, unless either (i) the broker determines that the seller is an exempt recipient or (ii) the seller certifies its non-U.S. status (and certain other conditions are met). Certification of the registered owner's non-U.S. status would be made normally on an IRS Form W-8 under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

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.

USE OF PROCEEDS

The net proceeds from the sale of the Securities will be used as described under "Use of Proceeds" in the attached Prospectus and to hedge market risks of the Company affecting the value of the Supplemental Redemption Amount.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") has agreed, subject to the terms and conditions of the Underwriting Agreement and a Terms Agreement, to purchase from the Company \$35,000,000 aggregate principal amount of Securities. The Underwriting Agreement provides that the obligations of the Underwriter are subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Securities if any are purchased.

The Underwriter has advised the Company that it proposes initially to offer all or part of the Securities directly to the public at the offering price set forth on the cover page of this Prospectus Supplement. After the initial public offering, the public offering price and concession may be changed.

The underwriting of the Securities will conform to the requirements set forth in the applicable sections of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc.

VALIDITY OF SECURITIES

The validity of the Securities will be passed upon for the Company and for the Underwriter by Brown & Wood LLP, New York, New York.

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NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY THE UNDERWRITER. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS NOR ANY SALE MADE HEREUNDER AND THEREUNDER SHALL UNDER ANY CIRCUMSTANCE CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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[LOGO]

3,500,000 UNITS

MERRILL LYNCH & CO., INC.

TOP TEN YIELD MARKET INDEX
TARGET-TERM SECURITIES (SERVICE MARK)
DUE AUGUST 15, 2006
"MITTS (REGISTERED SERVICE MARK) "

PROSPECTUS SUPPLEMENT

MERRILL LYNCH & CO.

AUGUST 8, 1996

"MITTS" IS A REGISTERED SERVICE MARK AND "MARKET INDEX TARGET-TERM SECURITIES" IS A SERVICE MARK OWNED BY MERRILL LYNCH & CO., INC.

