

PROSPECTUS

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MERRILL LYNCH & CO., INC.  
6 1/2% STRYPES(SM) DUE AUGUST 15, 1998  
PAYABLE WITH SHARES OF COMMON STOCK OF MGIC INVESTMENT CORPORATION  
(OR CASH WITH AN EQUAL VALUE)  
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On July 26, 1995, Merrill Lynch & Co., Inc. (the "Company") issued 5,000,000 of its Structured Yield Product Exchangeable for Stock(SM), 6 1/2% STRYPES(SM) Due August 15, 1998 (each, a "STRYPES"). The issue price of each STRYPES was \$48.00, which amount was equal to the last sale price of the common stock, par value \$1.00 per share (the "MGIC Common Stock"), of MGIC Investment Corporation, a Wisconsin corporation ("MGIC Investment"), on July 20, 1995, as reported on the New York Stock Exchange (the "Initial Price"). The STRYPES will mature on August 15, 1998 (the "Maturity Date"). Interest on the STRYPES, at the rate of 6 1/2% of the issue price per annum, is payable in cash quarterly in arrears on February 15, May 15, August 15 and November 15, beginning November 15, 1995, and on the Maturity Date. The STRYPES are not subject to redemption or any sinking fund prior to maturity. The STRYPES are unsecured obligations of the Company ranking pari passu with all of its other unsecured and unsubordinated indebtedness. See "Description of the STRYPES-Ranking." On the Maturity Date, the Company will pay and discharge each STRYPES by delivering to the holder thereof a number of shares of MGIC Common Stock (or, at the Company's option, which may be exercised with respect to all, but not less than all, shares of MGIC Common Stock deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following formula (the "Payment Rate Formula"), subject to certain adjustments: (a) if the Maturity Price is greater than or equal to \$57.60 per share of MGIC Common Stock (the "Threshold Appreciation Price"), .8333 shares of MGIC Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a number of shares of MGIC Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) equals the Initial Price and (c) if the Maturity Price is less than or equal to the Initial Price, one share of MGIC Common Stock per STRYPES. The "Maturity Price" means the average Closing Price (as defined herein) per share of MGIC Common Stock on the 20 Trading Days (as defined herein) immediately prior to the second Trading Day preceding the Maturity Date. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE AMOUNT RECEIVABLE BY HOLDERS OF THE STRYPES ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF THE STRYPES. IF THE MATURITY PRICE OF THE MGIC COMMON STOCK IS LESS THAN THE INITIAL PRICE, SUCH AMOUNT RECEIVABLE ON THE MATURITY DATE WILL BE LESS THAN THE ISSUE PRICE PAID FOR THE STRYPES, IN WHICH CASE AN INVESTMENT IN STRYPES WILL RESULT IN A LOSS. See "Description of the STRYPES."

MGIC Investment is not affiliated with the Company and has no obligation with respect to the STRYPES.

SEE "RISK FACTORS" ON PAGE 3 FOR CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE STRYPES.

The STRYPES have been listed on the New York Stock Exchange ("NYSE") under the symbol "MML."

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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. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.  
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This Prospectus has been prepared in connection with the STRYPES and is to be used by Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a wholly-owned subsidiary of the Company, in connection with offers and sales related to market-making transactions in the STRYPES. MLPF&S may act as principal or agent in such transactions. The STRYPES may be offered on the NYSE or off such exchange in negotiated transactions, or otherwise. Sales will be made at prices related to prevailing prices at the time of sale. The distribution of the STRYPES will conform to the requirements set forth in the applicable sections of Rule 2720 of the Rules of Conduct of the National Association of Securities Dealers, Inc.

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MERRILL LYNCH & CO.  
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The date of this Prospectus is August 14, 1996.

(SM) Service Mark of Merrill Lynch & Co., Inc.

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

#### AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy and information statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: Midwest Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and Northeast Regional Office, Seven World Trade Center, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Reports, proxy and information statements and other information concerning the Company may also be inspected at the offices of the NYSE, the American Stock Exchange, the Chicago Stock Exchange and the Pacific Stock Exchange. The Commission maintains a Web site at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants, including the Company, that file electronically with the Commission.

The Company has filed a Registration Statement on Form S-3 (the "Registration Statement") with the Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), covering the STRYPES. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits thereto, to which reference is hereby made.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 29, 1995, Quarterly Reports on Form 10-Q for the periods ended March 29, 1996 and June 28, 1996, and Current Reports on Form 8-K dated January 17, 1996, January 22, 1996, February 7, 1996, February 29, 1996, March 1, 1996, March 12, 1996, March 18, 1996, April 1, 1996, April 15, 1996, May 1, 1996, May 13, 1996, May 15, 1996 and May 28, 1996 (as amended by Form 8-K/A filed June 7, 1996), July 9, 1996 and July 16, 1996 filed pursuant to Section 13 of the Exchange Act, are hereby incorporated by reference into this Prospectus.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the maturity of the securities shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, ON THE WRITTEN OR ORAL REQUEST OF SUCH PERSON, A COPY (WITHOUT EXHIBITS OTHER THAN EXHIBITS SPECIFICALLY INCORPORATED BY REFERENCE) OF ANY OR ALL DOCUMENTS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. REQUESTS FOR SUCH COPIES SHOULD BE DIRECTED TO MR. GREGORY T. RUSSO, SECRETARY, MERRILL LYNCH & CO., INC., 100 CHURCH STREET, 12TH FLOOR, NEW YORK, NEW YORK 10080-6512; TELEPHONE NUMBER (212) 602-8435.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY

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SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANY PERSON IN ANY JURISDICTION WHERE SUCH OFFER WOULD BE UNLAWFUL. THE DELIVERY OF THIS PROSPECTUS AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

#### RISK FACTORS

COMPARISON TO OTHER DEBT SECURITIES; RELATIONSHIP TO MGIC COMMON STOCK

The terms of the STRYPES differ from those of ordinary debt securities in that the value of the MGIC Common Stock (or, pursuant to the option of the Company, the amount of cash) that a holder of a STRYPES will receive on the Maturity Date is not fixed, but is based on the Maturity Price of the MGIC Common Stock (see "Description of the STRYPES"). THERE CAN BE NO ASSURANCE THAT SUCH AMOUNT RECEIVABLE BY THE HOLDER ON THE MATURITY DATE WILL BE EQUAL

TO OR GREATER THAN THE ISSUE PRICE OF THE STRYPES. IF THE MATURITY PRICE OF THE MGIC COMMON STOCK IS LESS THAN THE INITIAL PRICE, SUCH AMOUNT RECEIVABLE ON THE MATURITY DATE WILL BE LESS THAN THE ISSUE PRICE PAID FOR THE STRYPES, IN WHICH CASE AN INVESTMENT IN STRYPES WILL RESULT IN A LOSS. ACCORDINGLY, A HOLDER OF STRYPES ASSUMES THE RISK THAT THE MARKET VALUE OF THE MGIC COMMON STOCK MAY DECLINE, AND THAT SUCH DECLINE COULD BE SUBSTANTIAL.

#### LIMITATIONS ON OPPORTUNITY FOR EQUITY APPRECIATION

The opportunity for equity appreciation afforded by an investment in the STRYPES is less than the opportunity for equity appreciation afforded by a direct investment in the MGIC Common Stock, because the amount receivable by a holder of a STRYPES on the Maturity Date will only exceed the issue price of such STRYPES if the Maturity Price of the MGIC Common Stock exceeds the Threshold Appreciation Price (which represents an appreciation of 20% over the Initial Price). Moreover, holders of the STRYPES will only be entitled to receive on the Maturity Date 83.33% (the percentage equal to the Initial Price divided by the Threshold Appreciation Price) of any appreciation of the value of MGIC Common Stock in excess of the Threshold Appreciation Price. Because the price of the MGIC Common Stock is subject to market fluctuations, the value of the MGIC Common Stock (or, pursuant to the option of the Company, the amount of cash) received by a holder of a STRYPES on the Maturity Date, determined as described herein, may be more or less than the issue price of the STRYPES.

#### FACTORS AFFECTING TRADING PRICES

The trading prices of the STRYPES in the secondary market will be directly affected by the trading prices of the MGIC Common Stock in the secondary market. It is impossible to predict whether the price of MGIC Common Stock will rise or fall. Trading prices of MGIC Common Stock will be influenced by MGIC Investment's operating results and prospects and by economic, financial and other factors and market conditions that can affect the capital markets generally, including the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of MGIC Common Stock in the market subsequent to the offering of the STRYPES or the perception that such sales could occur.

#### NO STOCKHOLDER RIGHTS

Holders of the STRYPES will not be entitled to any rights with respect to the MGIC Common Stock (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof) unless and until such time, if any, as the Company shall have delivered shares of MGIC Common Stock for STRYPES on the Maturity Date and, unless the applicable record date, if any, for the exercise of such rights occurs after such date. For example, in the event that an amendment is proposed to the Articles of Incorporation or By-Laws of MGIC Investment and the record date for determining the stockholders of record entitled to vote on such amendment occurs prior to such delivery, holders of the STRYPES will not be entitled to vote on such amendment.

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#### NO AFFILIATION BETWEEN THE COMPANY AND MGIC INVESTMENT

The Company has no affiliation with MGIC Investment, and MGIC Investment has no obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any obligation to take the needs of the Company or of holders of the STRYPES into consideration for any reason. MGIC Investment is not responsible for, and will not participate in, the determination or calculation of the amount receivable by holders of the STRYPES at maturity. MGIC Investment is not involved with the administration or trading of the STRYPES and has no obligations with respect to the amount receivable by holders of the STRYPES at maturity.

#### PURCHASE FROM THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

The Company has entered into a contract (the "Purchase Contract"), pursuant to which the Company will purchase from The Northwestern Mutual Life Insurance Company ("NML") immediately prior to the Maturity Date of the STRYPES, at an aggregate purchase price equal to the total issue price for the STRYPES, less the total underwriting discount, plus an adjustment for an interest differential factor, a number of shares of MGIC Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES. See "Certain Arrangements With NML." NML will be obligated to deliver such shares of MGIC Common Stock pursuant to the Purchase Contract only upon payment by the Company of the consideration therefor. In lieu of delivering shares of MGIC Common Stock, NML has the option, exercisable in its sole discretion, to require that obligations under the Purchase Contract be satisfied by a cash payment or net cash settlement based upon the value of such number of shares of MGIC Common Stock at the Maturity Price. Such option, if exercised by NML, must be exercised with respect to all shares of MGIC Common Stock deliverable pursuant to the Purchase Contract. The Company has agreed to pay and discharge the STRYPES by delivering to the holders

thereof on the Maturity Date the form of consideration that it receives from NML under the Purchase Contract.

The Company has no affiliation with NML, and NML has no obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any obligation to take the needs of the Company or of holders of the STRYPES into consideration in determining whether to deliver shares of MGIC Common Stock or cash or for any other reason. NML is not responsible for the determination or calculation of the amount receivable by holders of the STRYPES at maturity. The Purchase Contract between the Company and NML is a commercial transaction and does not create any rights in, or for the benefit of, any third party, including any holder of STRYPES.

In the event NML does not perform under the Purchase Contract, the Company will be required to otherwise acquire shares of MGIC Common Stock for delivery to the holders of the STRYPES, unless it elects to exercise its option to deliver cash with an equal value.

#### TAX MATTERS

Because of an absence of authority as to the proper characterization of the STRYPES, their ultimate tax treatment is uncertain. Accordingly, no assurances can be given that any particular characterization and treatment of the STRYPES will be accepted by the Internal Revenue Service ("IRS") or upheld by a court. The Indenture (as defined below) under which the STRYPES were issued requires that any holder subject to U.S. Federal income tax include currently in income, for U.S. Federal income tax purposes, payments denominated as interest that are made with respect to a STRYPES in accordance with such holder's regular method of tax accounting. The Indenture also requires the Company and holders to treat each STRYPES for tax purposes as a unit (a "Unit") consisting of (i) a debt instrument (the "Debt Instrument") with a fixed principal amount unconditionally payable on the Maturity Date equal to the issue price of the STRYPES and bearing interest at the stated interest rate on the STRYPES and (ii) a forward purchase contract (the "Forward Contract") pursuant to which the holder agrees to use the principal payment due on the Debt Instrument to purchase on the Maturity Date the MGIC Common Stock which the Company is obligated under the STRYPES to deliver at that time (subject to the Company's right to deliver cash with an equal value in lieu of the MGIC Common Stock). The Indenture also requires that upon the acquisition of a STRYPES and upon a holder's sale or other disposition of a STRYPES prior to the Maturity Date, the amount

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paid or realized by the holder be allocated by the holder between the Debt Instrument and the Forward Contract based upon their relative fair market values (as determined on the date of acquisition or disposition). As previously mentioned, the appropriate character and timing of income, gain or loss to be recognized on a STRYPES is uncertain and investors should consult their own tax advisers 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 STRYPES arising under the laws of any other taxing jurisdiction.

#### DILUTION OF MGIC COMMON STOCK

The number of shares of MGIC Common Stock (or cash with an equal value) that holders of the STRYPES are entitled to receive on the Maturity Date is subject to adjustment for certain events arising from stock splits and combinations, stock dividends and certain other actions of MGIC Investment that modify its capital structure. See "Description of the STRYPES-Dilution Adjustments." Such number of shares of MGIC Common Stock (or cash amount) to be received by such holders on the Maturity Date will not be adjusted for other events, such as offerings of MGIC Common Stock for cash or in connection with acquisitions. MGIC Investment is not restricted from issuing additional MGIC Common Stock during the term of the STRYPES and has no obligation to consider the interests of the holders of the STRYPES for any reason. Additional issuances may materially and adversely affect the price of the MGIC Common Stock and, because of the relationship of the number of shares (or cash amount) to be received on the Maturity Date to the price of the MGIC Common Stock, such other events may adversely affect the trading price of the STRYPES.

#### POSSIBLE ILLIQUIDITY OF THE SECONDARY MARKET

It is not possible to predict how the STRYPES will trade in the secondary market or whether such market will be liquid or illiquid. The STRYPES are novel securities and there is currently no secondary market for the STRYPES. The STRYPES have been listed on the NYSE. However, there can be no assurance that an active trading market for the STRYPES will develop, that such listing will provide the holders of the STRYPES with liquidity of investment, or that the STRYPES will not later be delisted or that trading of the STRYPES on the NYSE will not be suspended. In the event of a delisting or suspension of trading on the NYSE, the Company will apply for listing of the STRYPES on another national securities exchange or for quotation on another trading

market. If the STRYPES are not listed or traded on any securities exchange or trading market, or if trading of the STRYPES is suspended, pricing information for the STRYPES may be more difficult to obtain and the liquidity of the STRYPES may be adversely affected.

HOLDING COMPANY STRUCTURE

Since the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including the holders of the STRYPES), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized. In addition, dividends, loans and advances from certain subsidiaries, including MLPF&S, to the Company are restricted by net capital requirements under the Exchange Act and under rules of certain exchanges and other regulatory bodies.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, insurance, and related services on a global basis. Its principal subsidiary, MLPF&S, one of the largest securities firms in the world, is a leading broker in securities, options contracts, and commodity and financial futures contracts; a leading dealer in options and in corporate and municipal securities; a leading investment banking firm that provides advice to, and raises capital for, its clients; and an underwriter of selected insurance

products. Other subsidiaries provide financial services on a global basis similar to those of MLPF&S and are engaged in such other activities as international banking, lending, and providing other investment and financing services. Merrill Lynch International, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies. Merrill Lynch Asset Management LP and Fund Asset Management LP together constitute one of the largest mutual fund managers in the world and provide investment advisory services. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products, Inc., and Merrill Lynch Capital Markets PLC are the Company's primary derivative product dealers and enter into interest rate and currency swaps and other derivative transactions as intermediaries and as principals. The Company's insurance underwriting operations consist of the underwriting of life insurance and annuity products. Banking, trust, and mortgage lending operations conducted through subsidiaries of the Company include issuing certificates of deposit, offering money market deposit accounts, making secured loans, and providing foreign exchange facilities and other related services.

The principal executive office of the Company is located at World Financial Center, North Tower, 250 Vesey Street, New York, New York 10281; its telephone number is (212) 449-1000.

RATIO OF EARNINGS TO FIXED CHARGES

	YEAR ENDED LAST FRIDAY IN DECEMBER					SIX MONTHS ENDED
	1991	1992	1993	1994	1995	JUNE 28, 1996
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Ratio of earnings to fixed charges	1.2	1.3	1.4	1.2	1.2	1.2

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.

MGIC INVESTMENT CORPORATION

MGIC Investment Corporation is a holding company which, through its indirect wholly owned subsidiary, Mortgage Guaranty Insurance Corporation, is a leading provider of private mortgage insurance coverage in the United States to mortgage bankers, savings institutions, commercial banks, mortgage brokers, credit unions and other lenders. Private mortgage insurance covers residential first mortgage loans and expands home ownership opportunities by enabling people to purchase homes with less than 20% down payments. If the home owner defaults, private mortgage reduces and, in some instances, eliminates the loss to the insured institution. Private mortgage insurance also facilitates the sale of low down payment mortgage loans in the secondary mortgage market, principally to the Federal National Mortgage Association and

the Federal Home Loan Mortgage Corporation. In addition to mortgage insurance, MGIC Investment, through other subsidiaries, provides various underwriting and contract services related to home mortgage lending.

MGIC Investment is subject to the informational requirements of the Exchange Act. Accordingly, MGIC Investment files reports, proxy and information statements and other information with the Commission. Copies of such material can be inspected and copied at the public reference facilities maintained by the Commission at the addresses specified under "Available Information." Reports, proxy and information statements and other information concerning MGIC Investment may also be inspected at the offices of the NYSE.

THE COMPANY IS NOT AFFILIATED WITH MGIC INVESTMENT, AND MGIC INVESTMENT HAS

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NO OBLIGATIONS WITH RESPECT TO THE STRYPES. THIS PROSPECTUS RELATES ONLY TO THE STRYPES OFFERED HEREBY AND DOES NOT RELATE TO MGIC INVESTMENT OR THE MGIC COMMON STOCK. MGIC INVESTMENT HAS FILED A REGISTRATION STATEMENT ON FORM S-3 WITH THE COMMISSION COVERING THE SHARES OF MGIC COMMON STOCK THAT MAY BE RECEIVED BY A HOLDER OF STRYPES ON THE MATURITY DATE. THE PROSPECTUS OF MGIC INVESTMENT (THE "MGIC PROSPECTUS") CONSTITUTING A PART OF SUCH REGISTRATION STATEMENT INCLUDES INFORMATION RELATING TO MGIC INVESTMENT AND THE MGIC COMMON STOCK, INCLUDING CERTAIN RISK FACTORS RELEVANT TO AN INVESTMENT IN MGIC COMMON STOCK. THE MGIC PROSPECTUS DOES NOT CONSTITUTE A PART OF THIS PROSPECTUS, NOR IS IT INCORPORATED BY REFERENCE HEREIN.

#### DESCRIPTION OF THE STRYPES

The STRYPES are a series of Senior Debt Securities issued under an indenture dated as of April 1, 1983 and restated as of April 1, 1987, as amended and supplemented as of July 1, 1995 (the indenture dated as of April 1, 1983 and restated as of April 1, 1987, as amended and supplemented from time to time, the "Indenture") between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee (the "Trustee"). The following summary of certain provisions of the Indenture does not purport to be complete and is qualified in its entirety by reference to the Indenture, a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part. All capitalized terms not otherwise defined herein have the meanings specified in the Indenture. Whenever defined terms of the Indenture are referred to herein, such defined terms are incorporated by reference herein.

#### GENERAL

Each STRYPES, which was issued at a price of \$48.00, bears interest at the rate of 6 1/2% of the issue price per annum (or \$3.12 per annum) from July 26, 1995, or from the most recent Interest Payment Date to which interest has been paid or provided for until the Maturity Date or such earlier date on which the issue price of such STRYPES is repaid pursuant to the terms thereof. Interest on the STRYPES is payable in cash quarterly in arrears on February 15, May 15, August 15 and November 15, commencing November 15, 1995, and on the Maturity Date (each, an "Interest Payment Date"), to the persons in whose names the STRYPES are registered at the close of business on the last day (whether or not a Business Day) of the calendar month immediately preceding such Interest Payment Date. Interest on the STRYPES will be computed on the basis of a 360-day year of twelve 30-day months. If an Interest Payment Date falls on a day that is not a Business Day, the interest payment to be made on such Interest Payment Date will be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, and no additional interest will accrue as a result of such delayed payment.

The STRYPES will mature on August 15, 1998. On the Maturity Date, the Company will pay and discharge each STRYPES by delivering to the holder thereof a number of shares (such number of shares being hereinafter referred to as the "Payment Rate") of MGIC Common Stock (or, at the Company's option, which may be exercised with respect to all, but not less than all, shares of all MGIC Common Stock deliverable on the Maturity Date, cash with an equal value) determined in accordance with the Payment Rate Formula. The "Payment Rate Formula" is, subject to adjustment as a result of certain dilution events: the Payment Rate equals (a) if the Maturity Price (as defined below) per share of MGIC Common Stock is greater than or equal to the Threshold Appreciation Price, .8333 shares of MGIC Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a number of shares of MGIC Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) is equal to the Initial Price and (c) if the Maturity Price is less than or equal to the Initial Price, one share of MGIC Common Stock per STRYPES. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE AMOUNT RECEIVABLE BY HOLDERS OF THE STRYPES ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF THE STRYPES. IF THE MATURITY PRICE OF THE MGIC COMMON STOCK IS LESS THAN THE INITIAL PRICE, SUCH AMOUNT RECEIVABLE ON THE MATURITY DATE WILL BE LESS THAN THE ISSUE

PRICE PAID FOR THE STRYPES, IN WHICH CASE AN INVESTMENT IN STRYPES WILL RESULT IN A LOSS. The numbers of shares of MGIC Common Stock per STRYPES specified in clauses (a) and (c) of the Payment Rate Formula are hereinafter referred to as the "Share Components."

Notwithstanding the foregoing, the Company may, at its option, in lieu of delivering shares of MGIC Common Stock, deliver cash in an amount equal to the value of such number of shares of MGIC Common Stock at the Maturity Price, subject to the Company's agreement contained in the Purchase Contract to deliver on the Maturity Date the form of consideration that it receives from NML. Such option, if exercised by the Company, must be exercised with respect to all shares of MGIC Common Stock otherwise deliverable on the Maturity Date in payment of all outstanding STRYPES. On or prior to the sixth Business Day prior to the Maturity Date, the Company will notify the Trustee and publish a notice in "The Wall Street Journal" or another daily newspaper of national circulation stating whether the STRYPES will be paid and discharged with shares of MGIC Common Stock or cash. At the time such notice is published, the Maturity Price will not have been determined. If the Company elects to deliver shares of MGIC Common Stock, holders of the STRYPES will be responsible for the payment of any and all brokerage costs upon their subsequent sale of such stock.

The "Maturity Price" is defined as the average Closing Price per share of MGIC Common Stock on the 20 Trading Days immediately prior to, but not including, the second Trading Day preceding the Maturity Date. The "Closing Price" of any security on any date of determination means the closing sale price (or, if no closing price is reported, the last reported sale price) of such security on the NYSE on such date or, if such security is not listed for trading on the NYSE on any such date, as reported in the composite transactions for the principal United States securities exchange on which such security is so listed, or if such security is not so listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System, or, if such security is not so reported, the last quoted bid price for such security in the over-the-counter market as reported by the National Quotation Bureau or similar organization, or, if such bid price is not available, the market value of such security on such date as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company. In the event that the Payment Rate is adjusted as described under "-Dilution Adjustments" below, the Maturity Price is subject to adjustment to reflect the average Closing Price per share of MGIC Common Stock on a pre-adjusted basis. A "Trading Day" is defined as a day on which the security the Closing Price of which is being determined (A) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (B) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of such security.

For illustrative purposes only, the following chart shows the number of shares of MGIC Common Stock or the amount of cash that a holder of STRYPES would receive for each STRYPES at various Maturity Prices. The table assumes that there will be no dilution adjustments to the Payment Rate Formula as described below. There can be no assurance that the Maturity Price will be within the range set forth below. Given the Initial Price of \$48.00 and the Threshold Appreciation Price of \$57.60, a STRYPES holder would receive on the Maturity Date the following number of shares of MGIC Common Stock or amount of cash (if the Company elects to pay and discharge the STRYPES with cash) per STRYPES:

Maturity Price of MGIC Common Stock	Number of Shares of MGIC Common Stock	Amount of Cash
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\$38.00	1.0000	\$38.00
43.00	1.0000	43.00
48.00	1.0000	48.00
53.00	0.9057	48.00
57.60	0.8333	48.00
63.00	0.8333	52.50

#### DILUTION ADJUSTMENTS

The Payment Rate Formula is subject to adjustment if MGIC Investment shall: (i) pay a stock dividend or make a distribution with respect to MGIC Common Stock in shares of such stock; (ii) subdivide or split the outstanding shares of MGIC Common Stock into a greater number of shares; (iii) combine the outstanding shares of MGIC Common Stock into a smaller number of shares; (iv) issue by reclassification of shares of MGIC Common Stock any shares of common stock of MGIC Investment; (v) issue rights or warrants to all holders of MGIC Common Stock entitling them to subscribe for or purchase shares of

MGIC Common Stock at a price per share less than the then current market price of the MGIC Common Stock (other than rights to purchase MGIC Common Stock pursuant to a plan for the reinvestment of dividends or interest); or (vi) pay a dividend or make a distribution to all holders of MGIC Common Stock of evidences of its indebtedness or other assets (excluding any stock dividends or distributions referred to in clause (i) above or any cash dividends other than any Extraordinary Cash Dividends (as defined below)) or issue to all holders of MGIC Common Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (v) above). In the case of the events referred to in clauses (i), (ii), (iii) and (iv) above, the Payment Rate Formula shall be adjusted so that each holder of any STRYPES shall thereafter be entitled to receive, upon payment and discharge of such STRYPES on the Maturity Date, the number of shares of MGIC Common Stock which such holder would have owned or been entitled to receive immediately following any event described above had such STRYPES been paid and discharged immediately prior to such event or any record date with respect thereto. Nevertheless, the Maturity Price shall equal the average Closing Price per share of MGIC Common Stock on the 20 Trading Days immediately prior to, but not including, the second Trading Day preceding the Maturity Date. In the case of the event referred to in clause (v) above, the Payment Rate Formula shall be adjusted by multiplying each of the Share Components in the Payment Rate Formula in effect immediately prior to the date of issuance of the rights or warrants referred to in clause (v) above, by a fraction, of which the numerator shall be the number of shares of MGIC Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional shares of MGIC Common Stock offered for subscription or purchase pursuant to such rights or warrants, and of which the denominator shall be the number of shares of MGIC Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional shares of MGIC Common Stock which the aggregate offering price of the total number of shares of MGIC Common Stock so offered for subscription or purchase pursuant to such rights or warrants would purchase at the market price (determined as the average Closing Price per share of MGIC Common Stock on the 20 Trading Days immediately prior to the date such rights or warrants are issued), which shall be determined by multiplying such total number of shares by the exercise price of such rights or warrants and dividing the product so obtained by such market price. To the extent that shares of MGIC Common Stock are not delivered after the expiration of such rights or warrants, the Payment Rate Formula shall be readjusted to the Payment Rate Formula which would then be in effect had such adjustments for the issuance of such rights or warrants been made upon the basis of delivery of only the number of shares of MGIC Common Stock actually delivered. In the case of the event referred to in clause (vi) above, the Payment Rate Formula shall be adjusted by multiplying each of the Share Components in the Payment Rate Formula in effect on the record date, by a fraction of which the numerator shall be the market price per share of the MGIC Common Stock on the record date for the determination of stockholders entitled to receive the dividend or distribution referred

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to in clause (vi) above (such market price being determined as the average Closing Price per share of MGIC Common Stock on the 20 Trading Days immediately prior to such record date), and of which the denominator shall be such market price per share of MGIC Common Stock less the fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive, and described in a resolution adopted with respect thereto) as of such record date of the portion of the assets or evidences of indebtedness so distributed or of such subscription rights or warrants applicable to one share of MGIC Common Stock. An "Extraordinary Cash Dividend" means, with respect to any consecutive 12-month period, all cash dividends on the MGIC Common Stock during such period to the extent such dividends exceed on a per share basis 10% of the average Closing Price of the MGIC Common Stock over such period (less any such dividends for which a prior adjustment to the Payment Rate Formula was previously made). All adjustments to the Payment Rate Formula will be calculated to the nearest 1/10,000th of a share of MGIC Common Stock (or if there is not a nearest 1/10,000th of a share to the next lower 1/10,000th of a share). No adjustment in the Payment Rate Formula shall be required unless such adjustment would require an increase or decrease of at least one percent therein; provided, however, that any adjustments which by reason of the foregoing are not required to be made shall be carried forward and taken into account in any subsequent adjustment. If an adjustment is made to the Payment Rate Formula as described above, an adjustment will also be made to the Maturity Price solely to determine which of clauses (a), (b) or (c) of the Payment Rate Formula will apply on the Maturity Date. The required adjustment to the Maturity Price will be made by multiplying each of the Closing Prices used in determining the Maturity Price by a fraction of which the numerator shall be the Share Component in clause (c) of the Payment Rate Formula immediately after such adjustment described above and of which the denominator shall be the Share Component in clause (c) of the Payment Rate Formula immediately before such adjustment described above. Each such adjustment to the Payment Rate Formula shall be made successively.

In the event of (A) any consolidation or merger of MGIC Investment, or any surviving entity or subsequent surviving entity of MGIC Investment (a "MGIC Successor"), with or into another entity (other than a merger or consolidation in which MGIC Investment is the continuing corporation and in which the MGIC Common Stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of MGIC Investment or another corporation), (B) any sale, transfer, lease or conveyance to another corporation of the property of MGIC Investment or any MGIC Successor as an entirety or substantially as an entirety, (C) any statutory exchange of securities of MGIC Investment or any MGIC Successor with another corporation (other than in connection with a merger or acquisition) or (D) any liquidation, dissolution or winding up of MGIC Investment or any MGIC Successor (any such event described in clause (A), (B), (C) or (D), a "Reorganization Event"), the Payment Rate Formula used to determine the amount payable on the Maturity Date for each STRYPES will be adjusted to provide that each holder of STRYPES will receive on the Maturity Date for each STRYPES cash in an amount equal to (a) if the Transaction Value (as defined below) is greater than or equal to the Threshold Appreciation Price, .8333 multiplied by the Transaction Value, (b) if the Transaction Value is less than the Threshold Appreciation Price but greater than the Initial Price, the Initial Price and (c) if the Transaction Value is less than or equal to the Initial Price, the Transaction Value. "Transaction Value" means (i) for any cash received in any such Reorganization Event, the amount of cash received per share of MGIC Common Stock, (ii) for any property other than cash or securities received in any such Reorganization Event, an amount equal to the market value on the Maturity Date of such property received per share of MGIC Common Stock as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company and (iii) for any securities received in any such Reorganization Event, an amount equal to the average Closing Price per unit of such securities on the 20 Trading Days immediately prior to the second Trading Day preceding the Maturity Date multiplied by the number of such securities received for each share of MGIC Common Stock. Notwithstanding the foregoing, in the event that property or securities, or a combination of cash, on the one hand, and property or securities, on the other, are received in such Reorganization Event, the Company may, at its option, in lieu of delivering cash as described above, deliver the amount of cash, securities and other property, received per share of MGIC Common Stock in such Reorganization Event determined in accordance with clause (i), (ii) or (iii) above, as applicable. If the Company elects to deliver securities or other property, holders of the STRYPES will be responsible for the payment of any and all brokerage and other transaction costs upon any subsequent sale of such securities or other property. The kind and amount of securities with which the STRYPES shall be paid and

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discharged after consummation of such transaction shall be subject to adjustment as described in the immediately preceding paragraph following the date of consummation of such transaction.

No adjustments will be made for certain other events, such as offerings of MGIC Common Stock by MGIC Investment for cash or in connection with acquisitions. Likewise, no adjustments will be made for any sales of MGIC Common Stock by NML.

The Company is required, within ten Business Days following the occurrence of an event that requires an adjustment to the Payment Rate Formula (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), to provide written notice to the Trustee and to the holders of the STRYPES of the occurrence of such event and a statement in reasonable detail setting forth the adjusted Payment Rate Formula and the method by which the adjustment to the Payment Rate Formula was determined, provided that, in respect of any adjustment to the Maturity Price, such notice will only disclose the factor by which each of the Closing Prices used in determining the Maturity Price is to be multiplied in order to determine the Payment Rate on the Maturity Date. Until the Maturity Date, the Payment Rate itself cannot be determined.

#### FRACTIONAL SHARES

No fractional shares of MGIC Common Stock will be delivered if the Company pays and discharges the STRYPES by delivering shares of MGIC Common Stock. In lieu of any fractional share otherwise deliverable in respect of all STRYPES of any holder on the Maturity Date, such holder shall be entitled to receive an amount in cash equal to the value of such fractional share at the Maturity Price.

#### REDEMPTION, SINKING FUND AND PAYMENT PRIOR TO MATURITY

The STRYPES are not subject to redemption by the Company prior to the Maturity Date and do not contain sinking fund or other mandatory redemption provisions. The STRYPES are not subject to payment prior to the Maturity Date at the option of the holder.

## RANKING

The STRYPES are unsecured obligations and rank "pari passu" with all other unsecured and unsubordinated indebtedness of the Company.

There are no contractual restrictions on the ability of the Company or its subsidiaries to incur additional secured or unsecured debt. However, borrowings by certain subsidiaries, including MLPF&S, are restricted by net capital requirements under the Exchange Act and under rules of certain exchanges and other regulatory bodies.

Since the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including the holders of the STRYPES), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized. In addition, dividends, loans and advances from certain subsidiaries, including MLPF&S, to the Company are restricted by net capital requirements under the Exchange Act and under rules of certain exchanges and other regulatory bodies.

## PURCHASE CONTRACT

Pursuant to the Purchase Contract described under "Certain Arrangements With NML," the Company will purchase from NML immediately prior to the Maturity Date of the STRYPES a number of shares of MGIC Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES. In lieu

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of delivering shares of MGIC Common Stock, NML has the option, exercisable in its sole discretion, to require that obligations under the Purchase Contract be satisfied by a cash payment or net cash settlement based upon the value of such number of shares of MGIC Common Stock at the Maturity Price. Such option, if exercised by NML, must be exercised with respect to all shares of MGIC Common Stock deliverable pursuant to the Purchase Contract.

In the event NML does not perform under the Purchase Contract, the Company will be required to otherwise acquire shares of MGIC Common Stock for delivery to the holders of the STRYPES, unless it elects to exercise its option to deliver cash with an equal value.

## SECURITIES DEPOSITORY

Upon issuance, all STRYPES were represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note was deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), and registered in the name of the Securities Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for STRYPES in definitive form under the limited circumstances described below, no Global Note may be transferred except as a whole by the Securities Depository to a nominee of such Securities Depository or by a nominee of such Securities Depository to such Securities Depository or another nominee of such Securities Depository or by such Securities Depository or any such nominee to a successor of such Securities Depository or a nominee of such successor.

The Securities Depository has advised the Company as follows: The Securities Depository 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 Exchange Act. The Securities Depository 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. The Securities Depository's Participants include securities brokers and dealers (including MLPF&S), banks, trust companies, clearing corporations, and certain other organizations.

The Securities Depository 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 Securities Depository 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 STRYPES must be made by or through Participants, which will receive a credit on the records of the Securities Depository. The ownership interest of each actual purchaser of each STRYPES ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records.

Beneficial Owners will not receive written confirmations from the Securities Depository of their purchase, but Beneficial Owners are expected to receive written confirmation 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 interest in such Global Note will be shown on, and the transfer of such ownership interests will be effected only through, records maintained by the Securities Depository (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 Notes.

So long as the Securities Depository, or its nominee, is the registered owner of a Global Note, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or holder of the STRYPES represented by such Global Note for all purposes under the Indenture. Except as provided below, Beneficial Owners

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in a Global Note will not be entitled to have the STRYPES represented by such Global Notes registered in their names, will not receive or be entitled to receive physical delivery of the STRYPES in definitive form and will not be considered the owners or holders thereof under the Indenture. Accordingly, each Person owning a beneficial interest in a Global Note must rely on the procedures of the Securities Depository 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 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 Note desires to give or take any action which a holder is entitled to give or take under the Indenture, the Securities Depository 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 the Securities Depository 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 any amount with respect to STRYPES registered in the name of the Securities Depository or its nominee will be made to the Securities Depository or its nominee, as the case may be, as the holder of the Global Notes representing such STRYPES. 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 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 the Securities Depository, upon receipt of any payment in respect of a Global Note, will credit the accounts of the Participants with payment in amounts proportionate to their respective holdings of beneficial interest in such Global Note as shown on the records of the Securities Depository. 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) the Securities Depository is at any time unwilling or unable to continue as Securities 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 Notes shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the STRYPES, the Company will issue STRYPES in definitive form in exchange for all of the Global Notes representing the STRYPES. Such definitive STRYPES shall be registered in such name or names as the Securities Depository shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the Securities Depository from Participants with respect to ownership of beneficial interests in such Global Notes.

#### MERGER AND CONSOLIDATION

The Company may consolidate or merge with or into any other corporation, and the Company may sell, lease or convey all or substantially all of its assets to any corporation, provided that (i) the corporation (if other than the Company) formed by or resulting from any such consolidation or merger or which shall have received such assets shall be a corporation organized and existing under the laws of the United States of America or a state thereof and shall assume the due and punctual delivery or payment of the shares of MGIC Common Stock (or cash with an equal value) in respect of, and interest

on, the STRYPES and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed or observed by the Company, and (ii) the Company or such successor corporation, as the case may be, shall not immediately thereafter be in default under the Indenture.

Except as provided above, there are no "event risk" or similar provisions of the Indenture or the STRYPES that are intended to afford protection to holders in the event of a merger or other significant corporate event involving the Company.

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#### LIMITATIONS UPON LIENS

The Indenture provides that the Company may not, and may not permit any Subsidiary (defined in the Indenture as any corporation of which at the time of determination the Company and/or one or more Subsidiaries owns or controls directly or indirectly more than 50% of the shares of Voting Stock) to, create, assume, incur or permit to exist any indebtedness for borrowed money secured by a pledge, lien or other encumbrance (except for certain liens specifically permitted by the Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding STRYPES will be secured equally and ratably with such secured indebtedness.

#### LIMITATIONS ON DISPOSITION OF VOTING STOCK OF, AND MERGER AND SALE OF ASSETS BY, MLPF&S

The Indenture provides that the Company may not sell, transfer or otherwise dispose of any Voting Stock of MLPF&S or permit MLPF&S to issue, sell or otherwise dispose of any of its Voting Stock, unless, after giving effect to any such transaction, MLPF&S remains a Controlled Subsidiary (defined in the Indenture to mean a corporation more than 80% of the outstanding shares of Voting Stock of which are owned directly or indirectly by the Company). In addition, the Indenture provides that the Company may not permit MLPF&S to (i) merge or consolidate, unless the surviving company is a Controlled Subsidiary, or (ii) convey or transfer its properties and assets substantially as an entirety, except to one or more Controlled Subsidiaries.

#### EVENTS OF DEFAULT

Each of the following will constitute an Event of Default under the Indenture with respect to the STRYPES: (a) failure to pay and discharge the STRYPES with MGIC Common Stock or, if the Company so elects, to pay an equivalent amount in cash in lieu thereof when due; (b) failure to pay any interest on any STRYPES when due, continued for 30 days; (c) failure to perform any other covenant of the Company in the Indenture, continued for 60 days after written notice has been given to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 10% of the aggregate issue price of the Outstanding STRYPES, as provided in the Indenture; and (d) certain events in bankruptcy, insolvency or reorganization of the Company.

If an Event of Default (other than an Event of Default described in clause (d) of the immediately preceding paragraph) with respect to the STRYPES shall occur and be continuing, either the Trustee or the holders of at least 25% of the aggregate issue price of the Outstanding STRYPES by notice as provided in the Indenture may declare an amount equal to the issue price of all the STRYPES to be immediately due and payable in cash. If an Event of Default described in said clause (d) shall occur, an amount equal to the issue price of all the STRYPES will become immediately due and payable in cash without any declaration or other action on the part of the Trustee or any holder. After such acceleration, but before a judgment or decree based on acceleration, the holders of a majority of the aggregate issue price of the Outstanding STRYPES may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the non-payment of the amount equal to the issue price of all the STRYPES due by reason of such acceleration, have been cured or waived as provided in the Indenture. See "Modification and Waiver" below.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of STRYPES, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Subject to such provisions for the indemnification of the Trustee, the holders of a majority of the aggregate issue price of the STRYPES will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the STRYPES.

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The Company will be required to furnish to the Trustee annually a statement by certain of its officers as to whether or not the Company, to their knowledge, is in default in the fulfillment of any of its obligations under the Indenture and, if so, specifying all such known defaults.

The STRYPES and other series of Senior Debt Securities issued under the Indenture do not have the benefit of any cross-default provisions with other indebtedness of the Company.

#### MODIFICATION AND WAIVER

Modifications of and amendments to the Indenture affecting the STRYPES may be made by the Company and the Trustee with the consent of the holders of 66 2/3% of the aggregate issue price of the Outstanding STRYPES; provided, however, that no such modification or amendment may, without the consent of the holder of each Outstanding STRYPES affected thereby, (a) change the Maturity Date or the Stated Maturity of any installment of interest on any STRYPES or reduce the amount of MGIC Common Stock payable with respect to any STRYPES (or reduce the amount of cash payable in lieu thereof), (b) reduce the amount of interest payable on any STRYPES or reduce the amount of cash payable with respect to any STRYPES upon acceleration of the Maturity thereof, (c) change the place or currency of payment of interest on, or any amount of cash payable with respect to, any STRYPES, (d) impair the right to institute suit for the enforcement of any payment on or with respect to any STRYPES, including the payment of MGIC Common Stock with respect to any STRYPES, (e) reduce the percentage of the aggregate issue price of Outstanding STRYPES, the consent of whose holders is required to modify or amend the Indenture, (f) reduce the percentage of the aggregate issue price of Outstanding STRYPES necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (g) modify such provisions with respect to modification and waiver.

The holders of a majority of the aggregate issue price of the STRYPES may waive compliance by the Company with certain restrictive provisions of the Indenture. The holders of a majority of the aggregate issue price of the STRYPES may waive any past default under the Indenture, except a default in the payment of MGIC Common Stock with respect to any STRYPES, or the payment of cash payable in lieu thereof, or in the payment of interest and certain covenants and provisions of the Indenture which cannot be amended without the consent of the holder of each Outstanding STRYPES affected.

#### GOVERNING LAW

The Indenture and the STRYPES will be governed by, and construed in accordance with, the laws of the State of New York.

#### LISTING

The STRYPES have been listed on the NYSE under the symbol "MML."

#### CERTAIN ARRANGEMENTS WITH NML

Pursuant to the Purchase Contract, the Company is obligated to purchase from NML immediately prior to maturity of the STRYPES, at an aggregate purchase price equal to the total issue price for the STRYPES, less the total underwriting discount, plus an adjustment for an interest differential factor, a number of shares of MGIC Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES. In lieu of delivering shares of MGIC Common Stock, NML has the option, exercisable in its sole discretion, to require that obligations under the Purchase Contract be satisfied by a cash payment or net cash settlement based upon the value of such number of shares of MGIC Common Stock at the Maturity Price. Such option, if exercised by NML, must be exercised with respect to all shares of MGIC Common Stock deliverable pursuant to the Purchase Contract. The Company has agreed with NML that, without the prior consent of NML, it will not amend the Indenture to

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increase the consideration that NML is obligated to deliver pursuant to the Purchase Contract. The Company has also agreed to pay and discharge the STRYPES by delivering to the holders thereof on the Maturity Date the form of consideration that it receives from NML under the Purchase Contract.

The Purchase Contract does not contain any restriction on the ability of NML to sell, pledge or otherwise convey all or any portion of the MGIC Common Stock held by it, and no such shares of MGIC Common Stock will be pledged or otherwise held in escrow for use at maturity of the STRYPES. In the event of a significant sale, pledge or conveyance by NML, or an insolvency or liquidation of NML (in which case the MGIC Common Stock, if any, owned by NML will be subject to the claims of policyholders and/or creditors of NML), the Company may be more likely to deliver to a holder of STRYPES cash in lieu of MGIC Common Stock.

Until such time, if any, as NML shall have delivered shares of MGIC Common Stock to the Company at maturity of the STRYPES pursuant to the terms of the Purchase Contract, NML will retain all ownership rights with respect to the MGIC Common Stock held by it (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof).

NML has no obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any obligation to take the needs of the Company or of holders of the STRYPES into consideration in determining whether to deliver shares of MGIC Common Stock or cash or for any other reason. The Purchase Contract between the Company and NML is a commercial transaction and does not create any rights in, or for the benefit of, any third party, including any holder of STRYPES.

In the event NML does not perform under the Purchase Contract, the Company will be required to otherwise acquire shares of MGIC Common Stock for delivery to the holders of the STRYPES, unless it elects to exercise its option to deliver cash with an equal value.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included or incorporated by reference in the Company's 1995 Annual Report on Form 10-K and incorporated by reference in this Prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports incorporated by reference herein. The Selected Financial Data under the captions "Operating Results," "Financial Position" and "Common Share Data" for each of the five years in the period ended December 29, 1995 included in the 1995 Annual Report to Stockholders of the Company and incorporated by reference herein, have been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such Summary Financial Information and Selected Financial Data incorporated by reference in this Prospectus and the Registration Statement of which this Prospectus is a part, have been incorporated herein by reference in reliance upon such reports of Deloitte & Touche LLP given upon their authority as experts in accounting and auditing.

With respect to unaudited interim financial information for the periods included in any of the Quarterly Reports on Form 10-Q which may be incorporated herein by reference, Deloitte & Touche LLP have applied limited procedures in accordance with professional standards for a review of such information. However, as stated in their report included in any such Quarterly Report on Form 10-Q and incorporated by reference herein, they did not audit and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act for any such report on unaudited interim financial information because any such report is not a "report" or a "part" of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Securities Act.