

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

FORM S-3  
 REGISTRATION STATEMENT  
 AND  
 POST-EFFECTIVE AMENDMENTS  
 UNDER  
 THE SECURITIES ACT OF 1933

MERRILL LYNCH & CO., INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)	DELAWARE (STATE OF INCORPORATION)	13-2740599 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
MERRILL LYNCH PREFERRED FUNDING V, L.P. (EXACT NAME OF REGISTRANT AS SPECIFIED IN CERTIFICATE OF LIMITED PARTNERSHIP)	DELAWARE (STATE OF ORGANIZATION)	13-3983474 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
MERRILL LYNCH PREFERRED CAPITAL TRUST V (EXACT NAME OF REGISTRANT AS SPECIFIED IN CERTIFICATE OF TRUST)	DELAWARE (STATE OF ORGANIZATION)	13-7140866 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)

WORLD FINANCIAL CENTER  
 NORTH TOWER  
 NEW YORK, NEW YORK 10281-1334  
 (212) 449-1000  
 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF  
 REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

MARK B. GOLDFUS, ESQ.  
 ASSOCIATE GENERAL COUNSEL  
 MERRILL LYNCH & CO., INC.  
 WORLD FINANCIAL CENTER  
 NORTH TOWER  
 NEW YORK, NEW YORK 10281-1334  
 (212) 449-6990  
 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,  
 OF AGENT FOR SERVICE)

COPIES TO:  
 NORMAN D. SLONAKER, ESQ. DONALD R. CRAWSHAW, ESQ. RICHARD T. PRINS, ESQ.  
 BROWN & WOOD LLP SULLIVAN & CROMWELL SKADDEN, ARPS, SLATE, MEAGHER &  
 ONE WORLD TRADE CENTER 125 BROAD STREET FLOM LLP  
 NEW YORK, NEW YORK NEW YORK, NEW YORK 10004 919 THIRD AVENUE  
 10048 NEW YORK, NEW YORK 10022

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time  
 to time after the effective date of this Registration Statement as determined  
 by market conditions.

If the only securities being registered on this Form are being offered  
 pursuant to dividend or interest reinvestment plans, please check the  
 following box.

If any of the securities being registered on this Form are to be offered on  
 a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
 1933, other than securities offered only in connection with dividend or  
 interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering  
 pursuant to Rule 462(b) under the Securities Act, please check the following  
 box and list the Securities Act registration statement number of the earlier  
 effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
 under the Securities Act, check the following box and list the Securities Act  
 registration statement number of the earlier effective registration statement  
 for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
 please check the following box.

CALCULATION OF REGISTRATION FEE

<TABLE>  
 <CAPTION>

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED(1)	AMOUNT TO BE REGISTERED(2) (3)	PROPOSED MAXIMUM		AMOUNT OF REGISTRATION FEE
		PRICE PER UNIT(4)	MAXIMUM AGGREGATE OFFERING PRICE(4)	
<S>	<C>	<C>	<C>	<C>
Debt Securities and Warrants(5).....		--		
Preferred Stock, par value \$1.00 per share(5).....		--		
Depository Shares representing				

Preferred Stock(6).....		--		
Common Stock, par value \$1.33 1/3 per share (including preferred share purchase Rights) (7) (8).....		--		
Trust Originated Preferred Securities of Merrill Lynch Preferred Capital Trust V (the "Trust") (the "Trust Preferred Securities").....	\$20,000,000,000	N/A	\$20,000,000,000	\$5,900,000
Partnership Preferred Securities of Merrill Lynch Preferred Funding V, L.P. (the "Partnership") (the "Partnership Preferred Securities") (9).....		--		
Guarantees of Merrill Lynch & Co., Inc. with respect to Trust Preferred Securities.....		--		
Guarantees of Merrill Lynch & Co., Inc. with respect to Partnership Preferred Securities.....		--		
Guarantees of Merrill Lynch & Co., Inc. with respect to certain debentures of its wholly owned subsidiaries (the "Affiliate Debentures").....		--		
Subordinated Debentures of Merrill Lynch & Co., Inc. to be issued with respect to Trust Originated Preferred Securities.....		--		
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Totals.....	\$20,000,000,000		\$20,000,000,000	\$5,900,000

</TABLE>

(Footnotes on next page)

(Footnotes from previous page)

- (1) This Registration Statement also registers delayed delivery contracts which may be issued by Merrill Lynch & Co., Inc. (the "Company") under which the counterparty may be required to purchase Debt Securities, Preferred Stock, Depositary Shares and/or Warrants. Such contracts would be issued with the Debt Securities, Preferred Stock, Depositary Shares and/or Warrants covered hereby. In addition, securities registered hereunder may be sold separately, together or as units with other securities registered hereunder.
- (2) Such amount shall be increased, if any Debt Securities are issued at an original issue discount, by an amount such that the net proceeds to be received by the Company shall be equal to the above amount to be registered. Any offering of securities denominated other than in U.S. dollars will be treated as the equivalent in U.S. dollars based on the official exchange rate applicable to the purchase of such securities from the Company. Pursuant to Rule 429 under the Securities Act of 1933, the Prospectus included in this Post-Effective Amendment relates to the remaining unsold securities which were previously registered by the Registrants under Registration Statement No. 333-44173 on Form S-3. The following registration statements, each having the original effective date indicated parenthetically, are amended hereby (the number of such post-effective amendment applicable to a registration statement being also indicated parenthetically), all as follows: 2-78338 (July 23, 1982-No. 24); 2-83477 (May 9, 1983-No. 23); 2-89519 (February 23, 1984-No. 22); 2-96315 (March 20, 1985-No. 20); 33-03079 (February 6, 1986-No. 19); 33-03602 (April 15, 1986-No. 16); 33-05125 (April 28, 1986-No. 8); 33-09910 (November 5, 1986-No. 17); 33-16165 (August 11, 1987-No. 16); 33-17965 (November 5, 1987-No. 15); 33-19820 (January 29, 1988-No. 15); 33-23605 (August 16, 1988-No. 14); 33-27512 (March 20, 1989-No. 13); 33-27594 (March 20, 1989-No. 13); 33-35456 (August 10, 1990-No. 13); 33-38879 (February 12, 1991-No. 12); 33-42041 (August 16, 1991-No. 12); 33-45327 (February 12, 1992-No. 11); 33-54218 (November 19, 1992-No. 10); 33-49947 (August 25, 1993-No. 9); 33-51489 (January 14, 1994-No. 8); 33-52647 (March 22, 1994-No. 7); 33-61559 (August 23, 1995-No. 6); 33-65135 (January 12, 1996-No. 10); 333-13649 (November 25, 1996-No. 2); 333-25255 (April 30, 1997-No. 3), 333-28537 (June 13, 1997-No. 2) and 333-44173 (January 28, 1998-No. 1). Each such post-effective amendment shall hereafter become effective concurrently with the effectiveness of this Registration Statement in accordance with Section 8(c) of the Securities Act of 1933.
- (3) This Registration Statement also registers, where required, an indeterminate amount of securities to be sold by Merrill Lynch, Pierce, Fenner & Smith Incorporated in market-making transactions.
- (4) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457. The proposed maximum offering price per unit will be determined from time to time by the Registrants in connection with the issuance of securities registered hereunder or previously registered under the Securities Act. No separate consideration will be received for Common Stock, Preferred Stock, Debt Securities or Warrants that are issued upon conversion or exchange of Debt Securities, Preferred Stock, Depositary Shares or Warrants nor will any separate consideration be received for the Guarantees or the Subordinated Debentures registered hereunder. The Subordinated Debentures and the Affiliate Debentures will be purchased by the Partnership with proceeds of the sale of the Partnership Preferred Securities, together with a capital contribution of the Company.
- (5) There is also registered hereunder such indeterminate amount of Debt

- Securities and an indeterminate number of shares of Preferred Stock as may from time to time be issued upon conversion or exchange of Debt Securities, Preferred Stock or Warrants registered hereunder.
- (6) To be represented by Depositary Receipts representing an interest in all or a specified portion of a share of Preferred Stock.
  - (7) The aggregate amount of Common Stock of the Company registered hereunder is limited to that which is permissible under Rule 415(a)(4) under the Securities Act. There is also registered hereunder such indeterminate number of shares of Common Stock as may from time to time be issued upon conversion or exchange of Debt Securities, Preferred Stock or Warrants registered hereunder.
  - (8) Prior to the occurrence of certain events, the preferred share purchase Rights will not be evidenced separately from the Common Stock; value attributable to such Rights, if any, is reflected in the market price of the Common Stock.
  - (9) The Partnership Preferred Securities will be purchased by the Trust with the proceeds of the sale of the Trust Preferred Securities, together with the proceeds received from the Company in respect of the common securities to be issued by the Trust. No separate consideration will be received for the Partnership Preferred Securities.

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THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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EXPLANATORY NOTE

This Registration Statement contains a number of forms of Prospectuses: (i) a Prospectus which is to be used by Merrill Lynch & Co., Inc. (the "Company") in connection with offerings of debt securities, warrants, preferred stock, depositary shares and common stock, (ii) a Prospectus which is to be used by the Company in connection with offerings of Structured Yield Product Exchangeable for Stock SM and (iii) a Prospectus which is to be used in connection with offerings of preferred securities of Merrill Lynch Preferred Capital Trust V (the "Trust"); preferred securities of Merrill Lynch Preferred Funding V, L.P. (the "Partnership"); subordinated debentures of the Company; and guarantees by the Company of preferred securities issued by the Trust, of preferred securities issued by the Partnership, and of certain debentures issued severally by wholly-owned subsidiaries of the Company. Additionally, there is a Prospectus Supplement, and there are a number of Prospectuses to be used by Merrill Lynch, Pierce, Fenner & Smith Incorporated in connection with market-making transactions.

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +

+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +

+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +

+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +

+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +

+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +

+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +

+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +

+ANY SUCH STATE. +

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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

PROSPECTUS

LOGO  
MERRILL LYNCH & CO., INC.

DEBT SECURITIES, WARRANTS, PREFERRED STOCK, DEPOSITARY SHARES AND COMMON STOCK

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Merrill Lynch & Co., Inc. (the "Company") intends to sell from time to time senior debt securities ("Senior Debt Securities") and subordinated debt securities ("Subordinated Debt Securities" and, together with the Senior Debt Securities, the "Debt Securities"), both of which may be convertible into common stock, par value \$1.33 1/3 per share, of the Company ("Common Stock"), preferred stock, par value \$1.00 per share, of the Company ("Preferred Stock") or Depositary Shares representing Preferred Stock ("Depositary Shares"); warrants to purchase Debt Securities ("Debt Warrants"); warrants entitling the holders thereof to receive from the Company a payment or delivery determined by reference to decreases or increases in the level of an index or portfolio based on one or more equity or debt securities (including, but not limited to, the price or yield of such securities), any statistical measure of economic or financial performance (including, but not limited to, any consumer price, currency or mortgage index) or the price or value of any commodity or any other item or index or a combination thereof ("Index Warrants"); warrants to receive from the Company the cash value in U.S. dollars of the right to purchase ("Currency Call Warrants") or to sell ("Currency Put Warrants" and, together with the Currency Call Warrants, the "Currency Warrants") specified foreign

currencies or units of two or more such currencies; shares of Preferred Stock which may be convertible into Preferred Stock or Common Stock or exchangeable for Debt Securities; shares of Preferred Stock, which may be represented by Depositary Shares; warrants to purchase shares of Preferred Stock ("Preferred Stock Warrants"); shares of Common Stock; and warrants to purchase shares of Common Stock ("Common Stock Warrants"), in each case as shall be designated by the Company at the time of offering. The Debt Warrants, Index Warrants, Currency Warrants, Preferred Stock Warrants and Common Stock Warrants are collectively hereinafter called the "Warrants", and the Debt Securities, the Warrants, the Preferred Stock, the Depositary Shares and the Common Stock are collectively called the "Securities". The Securities may be offered independently or together with other Securities and may be attached to, or separate from such other Securities. The Securities will be offered to the public on terms determined by market conditions at the time of sale and set forth in a prospectus supplement.

The Securities offered pursuant to this Prospectus may be offered separately or together in one or more series of up to \$ \_\_\_\_\_ aggregate public offering price or its equivalent in such foreign currencies or units of two or more currencies, based on the applicable exchange rate at the time of offering, as shall be designated by the Company at the time of offering, subject to reduction on account of the sale of other securities under the Registration Statement of which this Prospectus is a part.

The Debt Securities will be unsecured and, except in the case of Subordinated Debt Securities, will rank equally with all other unsecured and unsubordinated indebtedness of the Company. The Subordinated Debt Securities will be subordinated to all existing and future Senior Indebtedness of the Company.

Each issue of Securities may vary, where applicable, as to aggregate principal amount, maturity date, public offering or purchase price, interest rate or rates, if any, and timing of payments thereof, provisions, if any, for redemption, exchangeability or conversion, sinking fund requirements, if any, exercise provisions, ranking, detachability, currencies of denomination or currencies otherwise applicable thereto, the option of the Company to satisfy its obligations upon maturity, any redemption or required repurchase or in connection with any exchange provisions by delivering securities (whether or not issued by, or the obligations of, the Company) or a combination of cash, other securities and/or property, the right of the Company to defer payment of interest and the maximum length of any such deferral period, put options, if any, number of shares, liquidation preference per share, dividend or distribution rate (or method of calculation thereof), if any, and timing of payments thereof, dates from which dividends or distributions shall accrue, any voting rights, whether interests in the Preferred Stock will be represented by Depositary Shares and, if so, the fraction of a share of Preferred Stock which each such Depositary Share will represent, any rights, preferences, limitations or restrictions relating to the Preferred Stock of a specific series, the applicable type and amount of Securities covered by any Warrants, and any other variable terms and method of distribution. The accompanying Prospectus Supplement (the "Prospectus Supplement") sets forth the specific terms with regard to the Securities in respect of which this Prospectus is being delivered. The Company may elect to deliver to purchasers of Securities an abbreviated term sheet setting forth a description of the Securities being offered, or a summary thereof (a "Terms Sheet"), instead of a Prospectus Supplement. This Prospectus may be delivered prior to or concurrently with a Terms Sheet.

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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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The Securities may be sold through Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") as agent or may be offered and reoffered through, or through underwriting syndicates managed or co-managed by, one or more underwriters, including MLPF&S, or directly to purchasers by the Company. The Securities may not be sold without delivery of a Prospectus Supplement describing such issue of Securities, the method and terms of offering thereof or of a Terms Sheet, the names of any agents or underwriters and any applicable commissions or discounts. The Company may also issue contracts under which the counterparty may be required to purchase Debt Securities, Preferred Stock, Depositary Shares and/or Warrants in amounts and on terms set forth in a Prospectus Supplement.

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The date of this Prospectus is \_\_\_\_\_, 1998.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 filed pursuant to Section 13 of the United States Securities Exchange Act of 1934 (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 hereof and prior to the termination of the offering of the Securities, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, MERRILL LYNCH & CO., INC., 100 CHURCH STREET, 12TH FLOOR, NEW YORK, NEW YORK 10080-6512; TELEPHONE NUMBER (212) 602-8435.

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#### MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, 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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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.

#### USE OF PROCEEDS

The Company intends to use the net proceeds from the sale of the Securities for general corporate purposes, unless otherwise specified in the Prospectus Supplement relating to such Securities. Such general corporate purposes may include the funding of investments in, or extensions of credit to, its subsidiaries, the funding of assets of the Company and its subsidiaries, the lengthening of the average maturity of the Company's borrowings, and the

financing of acquisitions. Pending such applications, the net proceeds will be applied to the reduction of short-term indebtedness or temporarily invested. Management of the Company expects that it will, on a recurrent basis, engage in additional financings as the need arises to finance the growth of the Company, through acquisitions or otherwise, or to lengthen the average maturity of its borrowings. To the extent that Securities being purchased for resale by MLPF&S are not resold, the aggregate proceeds to the Company and its subsidiaries would be reduced.

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RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth the historical ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preferred stock dividends for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED MARCH 27, 1998
	1993	1994	1995	1996	1997	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2
Ratio of earnings to combined fixed charges and preferred stock dividends..	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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 interest factor.

DESCRIPTION OF DEBT SECURITIES

Unless otherwise specified in a Prospectus Supplement, the Senior Debt Securities are to be issued under an indenture (the "1983 Indenture"), dated as of April 1, 1983, as amended and restated and as further amended, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee or issued under an indenture (the "1993 Indenture"), dated as of October 1, 1993, as amended, between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.), as trustee (each, a "Senior Debt Trustee"). The 1983 Indenture and the 1993 Indenture are referred to herein as the "Senior Indentures". Unless otherwise specified in a Prospectus Supplement, the Subordinated Debt Securities are to be issued under an indenture (the "Subordinated Indenture"), between the Company and The Chase Manhattan Bank, as trustee (the "Subordinated Debt Trustee"). The Senior Debt Securities and Subordinated Debt Securities may also be issued under one or more other indentures (each, a "Subsequent Indenture") and have one or more other trustees (each, a "Subsequent Trustee"). Any Subsequent Indenture relating to Senior Debt Securities will have terms and conditions identical in all material respects to the above-referenced Senior Indentures and any Subsequent Indenture relating to Subordinated Debt Securities will have terms and conditions identical in all material respects to the above-referenced Subordinated Indenture, including, but not limited to, the applicable terms and conditions described below. Any Subsequent Indenture relating to a series of Debt Securities, and the trustee with respect thereto, will be identified in the applicable Prospectus Supplement. The Senior Indentures, the Subordinated Indenture and any Subsequent Indentures (whether senior or subordinated) are referred to herein as the "Indentures"; and the Senior Debt Trustees, the Subordinated Debt Trustee and any Subsequent Trustees are referred to herein as the "Trustees". A copy of each Indenture is filed (or, in the case of a Subsequent Indenture, will be filed) as an exhibit to the registration statements relating to the Securities (collectively, the "Registration Statement"). The following summaries of certain provisions of the Indentures do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the respective Indentures, including the definitions therein of certain terms.

GENERAL

Each Indenture provides that Debt Securities (Senior Debt Securities in the case of the Senior Indentures or a Subsequent Indenture for Senior Debt Securities, and Subordinated Debt Securities in the case of the Subordinated Indenture or a Subsequent Indenture for Subordinated Debt Securities) may be issued thereunder,

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without limitation as to aggregate principal amount, in one or more series, by the Company from time to time upon satisfaction of certain conditions precedent, including the delivery by the Company to the applicable Trustee of a resolution of the Board of Directors, or the Executive Committee thereof, of the Company which fixes or provides for the establishment of terms of such Debt Securities, including: (1) the aggregate principal amount of such Debt Securities and whether there is any limit upon the aggregate principal amount

of such Debt Securities that may be subsequently issued; (2) the date on which such Debt Securities will mature; (3) the principal amount payable with respect to such Debt Securities whether at maturity or upon earlier acceleration, and whether such principal amount will be determined with reference to an index, formula or other method; (4) the rate or rates per annum (which may be fixed or variable) at which such Debt Securities will bear interest, if any; (5) the dates on which such interest, if any, will be payable; (6) the provisions for redemption of such Debt Securities, if any, the redemption price and any remarketing arrangements relating thereto; (7) the sinking fund requirements, if any, with respect to such Debt Securities; (8) whether such Debt Securities are denominated or provide for payment in United States dollars or a foreign currency or units of two or more of such foreign currencies; (9) the form (registered or bearer or both) in which such Debt Securities may be issued and any restrictions applicable to the exchange of one form for another and to the offer, sale and delivery of such Debt Securities in either form; (10) whether and under what circumstances the Company will pay additional amounts ("Additional Amounts") in respect of such Debt Securities held by a person who is not a U.S. person (as defined in the Prospectus Supplement, as applicable) in respect of specified taxes, assessments or other governmental charges and whether the Company has the option to redeem the affected Debt Securities rather than pay such Additional Amounts; (11) whether such Debt Securities are to be issued in global form; (12) the title of the Debt Securities and the series of which such Debt Securities shall be a part; (13) the denominations of such Debt Securities; (14) whether, and the terms and conditions relating to when, the Company may satisfy certain of its obligations with respect to such Debt Securities with regard to payment upon maturity, or any redemption or required repurchase or in connection with any exchange provisions by delivering to the Holders thereof securities (whether or not issued by, or the obligation of, the Company) or a combination of cash, other securities and/or property ("Maturity Consideration"); (15) any additions or deletions in the terms of the Debt Securities with respect to the Events of Default set forth in the respective Indentures; (16) the terms, if any, upon which the Debt Securities may be convertible into Common Stock or Preferred Stock of the Company and the terms and conditions upon which such conversion will be effected, including the initial conversion price or rate, the conversion period and any other provisions in addition to or in lieu of those described herein; (17) whether, and the terms and conditions relating to when, the Debt Securities may be transferred separately from Warrants when such Debt Securities and Warrants are issued together; and (18) any other terms of the Debt Securities (which shall not be inconsistent with the provisions of the respective Indentures). Reference is made to the Prospectus Supplement for the terms of the Debt Securities being offered thereby, including whether such Debt Securities are Senior Debt Securities or Subordinated Debt Securities. The Company may elect to deliver to purchasers of Securities a Terms Sheet instead of a Prospectus Supplement. This Prospectus may be delivered prior to or concurrently with a Terms Sheet. Debt Securities may also be issued under the Indentures upon the exercise of Debt Warrants. See "Description of Debt Warrants". Nothing in the Indentures or in the terms of the Debt Securities will prohibit the issuance of securities representing subordinated indebtedness that is senior or junior to the Subordinated Debt Securities.

Prospective purchasers of Debt Securities should be aware that special U.S. federal income tax, accounting and other considerations may be applicable to instruments such as Debt Securities. The Prospectus Supplement relating to any issue of Debt Securities will describe any such considerations.

The Debt Securities will be issued, to the extent provided in the Prospectus Supplement, in fully registered form without coupons, and/or in bearer form with or without coupons, and in denominations set forth in the Prospectus Supplement. No service charge will be made for any registration of transfer of registered Debt Securities or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charges that may be imposed in connection therewith. Each Indenture provides

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that Debt Securities issued thereunder may be issued in global form. If any series of Debt Securities is issuable in global form, the applicable Prospectus Supplement will describe the circumstances, if any, under which beneficial owners of interest in any such global Debt Securities may exchange such interests for Debt Securities of such series and of like tenor and principal amount in any authorized form and denomination. Principal of, and any premium, Additional Amounts, Maturity Consideration and interest on, a global Debt Security will be payable or deliverable in the manner described in the applicable Prospectus Supplement.

The provisions of the Indentures described above provide the Company with the ability, in addition to the ability to issue Debt Securities with terms different from those of Debt Securities previously issued, to "reopen" a previous issue of a series of Debt Securities and issue additional Debt Securities of such series.

The Senior Debt Securities will be unsecured and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. The Subordinated Debt Securities will be unsecured and will be subordinated to all existing and future Senior Indebtedness (as defined below) of the Company. 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 Debt Securities), 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.

Principal and any premium, Additional Amounts, Maturity Consideration and interest will be payable or deliverable in the manner, at the places and subject to the restrictions set forth in the applicable Indenture, the Debt Securities and the Prospectus Supplement relating thereto, provided that payment of any interest and any Additional Amounts may be made at the option of the Company by check mailed to the holders of registered Debt Securities at their registered addresses.

Debt Securities may be presented for exchange, and registered Debt Securities may be presented for transfer, in the manner, at the places and subject to the restrictions set forth in the applicable Indenture, the Debt Securities and the Prospectus Supplement relating thereto. Debt Securities in bearer form and the coupons, if any, pertaining thereto will be transferable by delivery. No service charge will be made for any transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be issued under the Indentures. If so specified in a Prospectus Supplement, the Company may issue Subordinated Debt Securities under a separate indenture which provides for a single issue of zero coupon convertible Subordinated Debt Securities, a form of which is filed as an exhibit to the Registration Statement. In the event the Company issues Debt Securities under such indenture, the applicable Prospectus Supplement will set forth the terms of such Debt Securities and the indenture relating thereto and will identify such indenture and the trustee with respect thereto.

#### 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 payment or delivery of the principal of, and any premium, Additional Amounts, Maturity Consideration or interest on, the Debt Securities and the performance and observance of all of the covenants and conditions of the Indentures 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 Indentures.

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#### MODIFICATION AND WAIVER

Modification and amendment of each Indenture may be effected by the Company and the applicable Trustee with the consent of the Holders of at least 66 2/3% in principal amount or aggregate issue price of the Outstanding Debt Securities of each series issued pursuant to such Indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, (a) change the Stated Maturity of the principal or Maturity Consideration of, or any installment of interest or Additional Amounts on, any Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, or reduce the amount or change the type of Maturity Consideration deliverable on, any Debt Security or reduce the amount of principal or Maturity Consideration which could be declared due and payable prior to the Stated Maturity; (c) change the place or currency of any delivery or payment of principal or Maturity Consideration of, or any premium, interest or Additional Amounts on any Debt Security; (d) impair the right to institute suit for the enforcement of any delivery or payment on or with respect to any Debt Security; (e) reduce the percentage in principal amount or aggregate issue price of the Outstanding Debt Securities of any series, the consent of whose Holders is required to modify or amend such Indenture; or (f) modify the foregoing requirements or reduce the percentage in principal amount or aggregate issue price of Outstanding Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any Holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount or aggregate issue price of Outstanding Debt Securities of any series may, with respect to such series, waive past defaults under the applicable Indenture and waive compliance by the Company with certain provisions of such Indenture.

#### EVENTS OF DEFAULT

Under each Indenture, the following will be Events of Default with respect to Debt Securities of any series issued thereunder: (a) default in the payment of any interest or Additional Amounts upon any Debt Security of that series when due, and such default has continued for 30 days; (b) default in the payment of any principal of or premium, if any, on any Debt Security of that series when due; (c) default in the delivery or payment of the Maturity Consideration when due, in respect of any Debt Security of that series; (d) default in the deposit



of any sinking fund payment, when due, in respect of any Debt Security of that series; (e) default in the performance of any other covenant of the Company contained in such Indenture for the benefit of such series or in the Debt Securities of such series, and such default has continued for 60 days after written notice as provided in such Indenture; (f) certain events in bankruptcy, insolvency or reorganization; and (g) any other Event of Default provided with respect to Debt Securities of that series. The applicable Trustee or the Holders of 25% in principal amount or aggregate issue price of the Outstanding Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Debt Securities of that series) of all Outstanding Debt Securities of that series and the interest accrued thereon and Additional Amounts payable and Maturity Consideration deliverable in respect thereof, if any, to be due and payable or deliverable immediately if an Event of Default with respect to Debt Securities of such series shall occur and be continuing at the time of declaration. At any time after a declaration of acceleration has been made with respect to Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the applicable Trustee, the Holders of a majority in principal amount or aggregate issue price of the Outstanding Debt Securities of that series may rescind any declaration of acceleration and its consequences, provided that all payments and/or deliveries due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Debt Securities of any series may be waived by the Holders of a majority in principal amount or aggregate issue price of all Outstanding Debt Securities of that series, except in a case of failure to pay or deliver principal of, premium, if any, interest, Additional Amount or Maturity Consideration, if any, on any Debt Security of that series for which payment or delivery had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected.

The Holders of a majority in principal amount or aggregate issue price of the Outstanding Debt Securities of a series may direct the time, method and place of conducting any proceeding for any remedy available to the

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applicable Trustee or exercising any trust or power conferred on such Trustee with respect to Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the applicable Indenture. Subject to the provisions of each Indenture relating to the duties of the appropriate Trustee, before proceeding to exercise any right or power under an Indenture at the direction of such Holders, the applicable Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company will be required to furnish to each Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the applicable Indenture.

#### SPECIAL TERMS RELATING TO THE SENIOR DEBT SECURITIES

##### LIMITATIONS UPON LIENS

The Senior Indentures provide that the Company may not, and may not permit any Subsidiary 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 Senior Indentures) 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 Senior Debt Securities 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 Senior Indentures provide 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 Senior Indentures 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 Senior Indentures provide 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.

#### SPECIAL TERMS RELATING TO THE SUBORDINATED DEBT SECURITIES

Upon any distribution of assets of the Company resulting from any dissolution, winding up, liquidation or reorganization, payments on Subordinated Debt Securities are to be subordinated to the extent provided in the Subordinated Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but the obligation of the Company to make payments on the Subordinated Debt Securities will not otherwise be affected. No payment on Subordinated Debt Securities may be made at any time when there is a default in the payment of any principal, premium, interest, Additional Amounts, if any, or sinking fund of or on any Senior Indebtedness. Holders of Subordinated Debt Securities will be subrogated to the rights of holders of Senior

Indebtedness to the extent of payments made on Senior Indebtedness upon any distribution of assets in any such proceedings out of the distributive shares of Subordinated Debt Securities. By reason of such subordination, in the event of a distribution of assets upon insolvency, certain creditors of the Company may recover more, ratably, than Holders of Subordinated Debt Securities.

Unless otherwise specified in the Prospectus Supplement relating to the Subordinated Debt Securities offered thereby, Senior Indebtedness shall mean any payment in respect of indebtedness of the Company for money borrowed, except for any such indebtedness that is by its terms subordinated to or *pari passu* with securities issued pursuant to the Subordinated Indenture. As of June 26, 1998, a total of approximately \$90.2 billion of the Company's indebtedness would have been Senior Indebtedness as so defined.

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#### SPECIAL TERMS RELATING TO CONVERTIBLE DEBT SECURITIES

The following provisions will apply to Debt Securities that will be convertible into Common Stock or Preferred Stock (the "Convertible Debt Securities") unless otherwise provided in the Prospectus Supplement relating to Debt Securities being offered thereby.

The Holder of any Convertible Debt Securities will have the right, exercisable at any time during the time period specified in the applicable Prospectus Supplement, unless previously redeemed by the Company, to convert such Convertible Debt Securities into shares of Common Stock or Preferred Stock, as specified in the Prospectus Supplement, at the conversion rate per principal amount of Convertible Debt Securities set forth in the Prospectus Supplement. In the case of Convertible Debt Securities called for redemption, conversion rights will expire at the close of business on the date fixed for the redemption specified in the applicable Prospectus Supplement, except that, in the case of redemption at the option of the Holder, if applicable, such right will terminate upon receipt of written notice of the exercise of such option.

In certain events, the conversion price or rate will be subject to adjustment as contemplated in the applicable Indenture. Unless otherwise provided in the applicable Prospectus Supplement, such events will include the issuance of shares of Common Stock of the Company as a dividend; subdivisions and combinations of Common Stock; the issuance to all holders of Common Stock of rights or warrants entitling such holders (for a specified period) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock; and the distribution to all holders of Common Stock of shares of capital stock of the Company (other than Common Stock), evidences of indebtedness of the Company or assets (excluding cash dividends paid from retained earnings and dividends payable in Common Stock for which adjustment is made as referred to above) or subscription rights or warrants (other than those referred to above). In any of such cases, no adjustment of the conversion price or rate will be required unless an adjustment would require a cumulative increase or decrease of at least 1% in such price or rate. Fractional shares of Common Stock will not be issued upon conversion, but, in lieu thereof, the Company will pay a cash adjustment. If indicated in the applicable Prospectus Supplement, Convertible Debt Securities convertible into Common Stock surrendered for conversion between the record date for an interest payment, if any, and the interest payment date (except such Convertible Debt Securities called for redemption on a redemption date during such period) must be accompanied by payment of an amount equal to the interest thereon which the registered Holder is entitled to receive.

The adjustment provisions for Convertible Debt Securities will be determined at the time of issuance of such Convertible Debt Securities and will be set forth in the applicable Prospectus Supplement related thereto.

Except as set forth in the applicable Prospectus Supplement, any Convertible Debt Securities called for redemption, unless surrendered for conversion on or before the close of business on the redemption date, are subject to being purchased from the holder of such Convertible Debt Securities by one or more investment banking firms or other purchasers who may agree with the Company to purchase such Convertible Debt Securities and convert them into Common Stock or Preferred Stock, as the case may be.

#### DESCRIPTION OF DEBT WARRANTS

The Company may issue Debt Warrants for the purchase of Debt Securities. Debt Warrants may be issued independently or together with other Securities offered by any Prospectus Supplement and may be attached to or separate from such other Securities. The Debt Warrants are to be issued under debt warrant agreements (each a "Debt Warrant Agreement") to be entered into between the Company and a bank or trust company, as debt warrant agent (the "Debt Warrant Agent"), all as shall be set forth in the Prospectus Supplement relating to the Debt Warrants being offered thereby. A copy of the form of Debt Warrant Agreement, including the form of warrant certificates representing the Debt Warrants (the "Debt Warrant Certificates"), reflecting the alternative provisions to be included in the Debt Warrant Agreements that will be entered into with respect to particular offerings of Debt Warrants, is filed as an exhibit to the Registration Statement. The following summaries of

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certain provisions of the Debt Warrant Agreement and the Debt Warrant

Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Debt Warrant Agreement and the Debt Warrant Certificates, respectively, including the definitions therein of certain terms.

#### GENERAL

The applicable Prospectus Supplement will describe the terms of Debt Warrants offered thereby, the Debt Warrant Agreement relating to such Debt Warrants and the Debt Warrant Certificates representing such Debt Warrants, including the following: (1) the designation, aggregate principal amount, price at which such principal amount may be purchased upon exercise and terms of the Debt Securities purchasable upon exercise of such Debt Warrants, including whether such Debt Securities are Senior Debt Securities or Subordinated Debt Securities, and the procedures and conditions relating to the exercise of such Debt Warrants; (2) the designation and terms of any related Debt Securities with which such Debt Warrants are issued, including whether such Debt Securities are Senior Debt Securities or Subordinated Debt Securities, the number of such Debt Warrants issued with each such Debt Security, and the Indenture under which the Debt Securities will be issued; (3) the date, if any, on and after which such Debt Warrants and the related Debt Securities will be separately transferable; (4) the date on which the right to exercise such Debt Warrants shall commence and the date on which such right shall expire (the "Expiration Date"); (5) whether the Debt Warrants represented by the Debt Warrant Certificates will be issued in registered or bearer form, and, if registered, where they may be transferred and registered; (6) the circumstances, if any, which will cause the Debt Warrants to be deemed to be automatically exercised; (7) any material risk factors relating to such Debt Warrants; (8) the identity of the Debt Warrant Agent; and (9) any other terms of such Debt Warrants (which shall not be inconsistent with the provisions of the Debt Warrant Agreement).

Debt Warrant Certificates will be exchangeable for new Debt Warrant Certificates of different denominations and Debt Warrants may be exercised at the corporate trust office of the Debt Warrant Agent or any other office indicated in the Prospectus Supplement. Prior to the exercise of their Debt Warrants, holders of Debt Warrants will not have any of the rights of Holders of the Debt Securities that may be purchased upon such exercise and will not be entitled to payments of principal of, and any premium, Additional Amounts, if any, or interest on, the Debt Securities purchasable upon such exercise.

Prospective purchasers of Debt Warrants should be aware that special U.S. federal income tax, accounting and other considerations may be applicable to instruments such as Debt Warrants and to the Debt Securities purchasable upon exercise thereof. The Prospectus Supplement relating to any issue of Debt Warrants will describe any such considerations.

#### BOOK-ENTRY PROCEDURES

Except as may otherwise be provided in the applicable Prospectus Supplement, the Debt Warrants will be issued in the form of global Debt Warrant Certificates, registered in the name of a depository or its nominee. Except as may otherwise be provided in the applicable Prospectus Supplement, beneficial owners will not be entitled to receive definitive certificates representing Debt Warrants unless the depository is unwilling or unable to continue as depository or the Company decides to have the Debt Warrants represented by definitive certificates. A beneficial owner's interest in a Debt Warrant will be recorded on or through the records of the brokerage firm or other entity that maintains a beneficial owner's account. In turn, the total number of Debt Warrants held by an individual brokerage firm for its clients will be maintained on the records of the depository in the name of such brokerage firm or its agent. Transfer of ownership of any Debt Warrant will be effected only through the selling beneficial owner's brokerage firm.

#### EXERCISE OF DEBT WARRANTS

Each Debt Warrant will entitle the Holder to purchase for cash such principal amount of Debt Securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the Prospectus

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Supplement relating to the Debt Warrants offered thereby. Debt Warrants may be exercised at any time up to the close of business on the Expiration Date set forth in the Prospectus Supplement relating to the Debt Warrants offered thereby. After the close of business on the Expiration Date, unexercised Debt Warrants will become void.

Debt Warrants may be exercised as set forth in the Prospectus Supplement relating to the Debt Warrants offered thereby. Upon receipt of payment and the Debt Warrant Certificate properly completed and duly executed at the corporate trust office of the Debt Warrant Agent or any other office indicated in the Prospectus Supplement, the Company will, as soon as practicable, forward the Debt Securities purchased upon such exercise. If less than all of the Debt Warrants represented by such Debt Warrant Certificate are exercised, a new Debt Warrant Certificate will be issued for the remaining amount of Debt Warrants.

#### LISTING

An issue of Debt Warrants may be listed on a national securities exchange, as set forth in the applicable Prospectus Supplement.

## DESCRIPTION OF CURRENCY WARRANTS

The Company may issue Currency Warrants either in the form of Currency Put Warrants entitling the Holders thereof to receive from the Company the cash settlement value in U.S. dollars of the right to sell a specified amount of a specified foreign currency or currency units for a specified amount of U.S. dollars, or in the form of Currency Call Warrants entitling the Holders thereof to receive from the Company the cash settlement value in U.S. dollars of the right to purchase a specified amount of a specified foreign currency or units of two or more currencies for a specified amount of U.S. dollars. Currency Warrants may be issued independently or together with other Securities offered by any Prospectus Supplement and may be attached to or separate from such other Securities. The Currency Warrants are to be issued under a currency put warrant agreement or a currency call warrant agreement, as applicable (each a "Currency Warrant Agreement"), to be entered into between the Company and a bank or trust company, as currency warrant agent (the "Currency Warrant Agent"), all as shall be set forth in the Prospectus Supplement relating to Currency Warrants being offered thereby. Copies of the forms of Currency Put Warrant Agreement and Currency Call Warrant Agreement, including the forms of warrant certificates representing the Currency Put Warrants and Currency Call Warrants (the "Currency Warrant Certificates"), reflecting the provisions to be included in the Currency Warrant Agreements that will be entered into with respect to particular offerings of Currency Warrants, are filed as exhibits to the Registration Statement. The following summaries of certain provisions of the Currency Warrant Agreements and the Currency Warrant Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Currency Warrant Agreements and the Currency Warrant Certificates, respectively, including the definitions therein of certain terms.

### GENERAL

The applicable Prospectus Supplement will describe the terms of Currency Warrants offered thereby, the Currency Warrant Agreement relating to such Currency Warrants and the Currency Warrant Certificates representing such Currency Warrants, including the following: (1) whether such Currency Warrants shall be Currency Put Warrants, Currency Call Warrants, or both; (2) the formula for determining the cash settlement value of each Currency Warrant; (3) the procedures and conditions relating to the exercise of such Currency Warrants; (4) the circumstances, if any, which will cause the Currency Warrants to be deemed to be automatically exercised; (5) any minimum number of Currency Warrants which must be exercised at any one time, other than upon automatic exercise; (6) the date on which the right to exercise such Currency Warrants shall commence and the date on which such right shall expire (the "Expiration Date"), provided that the commencement date and the Expiration Date may be the same date; (7) any material risk factors relating to such Currency Warrants; (8) the identity of the Currency Warrant Agent; and (9) any other terms of such Currency Warrants (which shall not be inconsistent with the provisions of the applicable Currency Warrant Agreement).

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Prospective purchasers of Currency Warrants should be aware that special U.S. federal income tax, accounting and other considerations may be applicable to instruments such as Currency Warrants. The Prospectus Supplement relating to any issue of Currency Warrants will describe any such considerations.

### BOOK-ENTRY PROCEDURES

Except as may otherwise be provided in the applicable Prospectus Supplement, the Currency Warrants will be issued in the form of global Currency Warrant Certificates, registered in the name of a depository or its nominee. Except as may otherwise be provided in the applicable Prospectus Supplement, beneficial owners will not be entitled to receive definitive certificates representing Currency Warrants unless the depository is unwilling or unable to continue as depository or the Company decides to have the Currency Warrants represented by definitive certificates. A beneficial owner's interest in a Currency Warrant will be recorded on or through the records of the brokerage firm or other entity that maintains a beneficial owner's account. In turn, the total number of Currency Warrants held by an individual brokerage firm for its clients will be maintained on the records of the depository in the name of such brokerage firm or its agent. Transfer of ownership of any Currency Warrant will be effected only through the selling beneficial owner's brokerage firm.

### EXERCISE OF CURRENCY WARRANTS

Each Currency Warrant will entitle the Holder to the cash settlement value of such Currency Warrant on the applicable Exercise Date, in each case as such terms will be defined in the applicable Prospectus Supplement. If a Currency Warrant has more than one exercise date and is not exercised prior to the time specified in the applicable Prospectus Supplement, on the fifth New York Business Day preceding the Expiration Date, Currency Warrants will be deemed automatically exercised.

### LISTING

Each issue of Currency Warrants will be listed on a national securities exchange, subject only to official notice of issuance, as a condition of sale of any such Currency Warrants. In the event that the Currency Warrants are delisted from, or permanently suspended from trading on, such exchange, the Expiration Date for such Currency Warrants will be the date such delisting or

trading suspension becomes effective and Currency Warrants not previously exercised will be deemed automatically exercised on the business day immediately preceding such Expiration Date. The applicable Currency Warrant Agreement will contain a covenant of the Company not to seek delisting of the Currency Warrants, or suspension of their trading, on such exchange.

#### DESCRIPTION OF INDEX WARRANTS

The Company may issue from time to time Index Warrants consisting of put warrants (the "Index Put Warrants") or call warrants (the "Index Call Warrants"). The Index Warrants will entitle the holders to receive from the Company a payment or delivery, subject to applicable law, determined by reference to decreases (in the case of Index Put Warrants) or to increases (in the case of Index Call Warrants) in the level or value of an index, an equity or debt security, or a portfolio or basket of indices or securities (including, but not limited to, the price or yield of such securities), any statistical measure of economic or financial performance (including, but not limited to, any consumer price, currency or mortgage index) or the price or value of any commodity or any other item or index or any combination thereof (the "Index"). Unless otherwise specified in the accompanying Prospectus Supplement, payments, if any, upon exercise (or deemed exercise) of the Index Warrants will be made in U.S. dollars. The Index Warrants will be offered on terms to be determined at the time of sale. Index Warrants may be issued independently or together with other Securities offered by any Prospectus Supplement and may be attached to or separate from such other Securities.

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#### GENERAL

The applicable Prospectus Supplement will describe the Index Warrants offered thereby, the Index Warrant Agreement or Index Warrant Trust Indenture (each as defined below), as the case may be, relating to such Index Warrants and the warrant certificates representing the Index Warrants (the "Index Warrant Certificates"), including the following: (1) whether the Index Warrants to be issued will be Index Put Warrants, Index Call Warrants or both; (2) the aggregate number and initial public offering price or purchase price; (3) the Index for such Index Warrants; (4) whether the Index Warrants will be deemed exercised as of a specified date or whether the Index Warrants may be exercised during a period and the date on which the right to exercise such Index Warrants commences and the date on which such right expires; (5) the manner in which such Index Warrants may be exercised and any restrictions on, or other special provisions relating to, the exercise of such Index Warrants; (6) the minimum number, if any, of such Index Warrants exercisable at any one time; (7) the maximum number, if any, of such Index Warrants that may, subject to the Company's election, be exercised by all Index Warrant holders (or by any person or entity) on any day; (8) any provisions permitting an Index Warrant holder to condition an exercise notice on the absence of certain specified changes in the level of the applicable Index after the exercise date, any provisions permitting the Company to suspend exercise of such Index Warrants based on market conditions or other circumstances and any other special provision relating to the exercise of such Index Warrants; (9) any provisions for the automatic exercise of such Index Warrants other than at expiration; (10) any provisions permitting the Company to cancel such Index Warrants upon the occurrence of certain events; (11) any additional circumstances which would constitute an Event of Default with respect to such Index Warrants; (12) the method of determining (a) the payment or delivery, if any, to be made in connection with the exercise or deemed exercise of such Index Warrants (the "Settlement Value"), (b) the minimum payment or delivery, if any, to be made upon expiration of such Index Warrants (the "Minimum Expiration Value"), (c) the payment or delivery to be made upon the exercise of any right which the Company may have to cancel such Index Warrants and (d) the value of the Index; (13) in the case of Index Warrants relating to an Index for which the trading prices of underlying securities, commodities or rates are expressed in a foreign currency, the method of converting amounts in the relevant foreign currency or currencies into U.S. dollars (or such other currency or composite currency in which the Index Warrants are payable); (14) the method of providing for a substitute index or otherwise determining the payment or delivery, if any, to be made in connection with the exercise of such Index Warrants if the Index changes or ceases to be made available by its publisher; (15) the time or times at which payment or delivery, if any, will be made in respect of such Index Warrants following exercise or deemed exercise; (16) any provisions for issuing such Index Warrants in other than book-entry form; (17) if such Index Warrants are not issued in book-entry form, the place or places at which payment or delivery on cancellation, if any, and the Minimum Expiration Value, if any, of such Index Warrants is to be made by the Company; (18) the circumstances, if any, which will cause the Index Warrants to be deemed to be automatically exercised; (19) any material risk factors relating to such Index Warrants; (20) the identity of the Index Warrant Agent; and (21) any other terms of the Index Warrants (which shall not be inconsistent with the provisions of the Index Warrant Agreement).

Prospective purchasers of Index Warrants should be aware that special U.S. federal income tax, accounting and other considerations may be applicable to instruments such as the Index Warrants. The Prospectus Supplement relating to any issue of Index Warrants will describe any such considerations.

Except as otherwise provided in the applicable Prospectus Supplement, each issue of Index Warrants will contain the terms set forth below.

The Index Warrants which are issued without a Minimum Expiration Value will be issued under one or more index warrant agreements (each, an "Index Warrant

Agreement") to be entered into between the Company and a bank or trust company, as warrant agent (the "Index Warrant Agent"), all as described in the Prospectus Supplement relating to such Index Warrants. The Index Warrant Agent will act solely as the agent of the Company under the applicable Index Warrant Agreement and will not assume any obligation or relationship of agency or trust for or with any Index Warrantholders. A single bank or trust company may act as Index Warrant Agent for more than one issue of Index Warrants.

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The Index Warrants which are issued with a Minimum Expiration Value will be issued under one or more index warrant trust indentures (each an "Index Warrant Trust Indenture") to be entered into between the Company and a corporation (or other person permitted to so act by the Trust Indenture Act of 1939, as amended from time to time (the "Trust Indenture Act")), to act as trustee (the "Index Warrant Trustee"), all as described in the Prospectus Supplement relative to such Index Warrants. Any Index Warrant Trust Indenture will be qualified under the Trust Indenture Act. To the extent allowed by the Trust Indenture Act, a single qualified corporation may act as Index Warrant Trustee for more than one issue of Index Warrants.

Forms of Index Warrant Agreement and Index Warrant Trust Indenture and the respective global index warrant certificates related thereto are filed as exhibits to the Registration Statement. The summaries herein of certain provisions of the Index Warrant Agreement, the Index Warrant Trust Indenture and global index warrant certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Index Warrant Agreement, the Index Warrant Trust Indenture and global index warrant certificates, respectively.

The Company will have the right to "reopen" a previous issue of Index Warrants and to issue additional Index Warrants of such issue without the consent of any Index Warrantholder.

The Index Warrants involve a high degree of risk, including the risk that the Index Warrants will expire worthless except for the Minimum Expiration Value, if any, of such Index Warrants. Investors should therefore be prepared to sustain a total loss of the purchase price of the Index Warrants (except for the Minimum Expiration Value, if applicable). Investors who consider purchasing Index Warrants should be experienced with respect to options and option transactions and reach an investment decision only after carefully considering the suitability of the Index Warrants in light of their particular circumstances and the information set forth below as well as additional information contained in the Prospectus Supplement relating to such Index Warrants.

Unless otherwise provided in the Prospectus Supplement, each Index Warrant will entitle the Holder thereof to receive from the Company upon exercise the Settlement Value of such Index Warrant. Certain Index Warrants issued pursuant to an Index Warrant Trust Indenture will, if specified in the Prospectus Supplement, entitle the Index Warrantholder to receive from the Company, under certain circumstances specified in the Prospectus Supplement, a payment or delivery equal to the greater of the applicable Settlement Value and a Minimum Expiration Value of such Index Warrants. In addition, certain Index Warrants will, if specified in the Prospectus Supplement, entitle Index Warrantholders to receive from the Company a certain payment or delivery upon cancellation of the Index Warrants by the Company, upon the occurrence of specified events. In addition, if so specified in the Prospectus Supplement, following the occurrence of an extraordinary event, the Settlement Value of an Index Warrant may, at the option of the Company, be determined on a different basis, including in connection with automatic exercise at expiration.

Unless otherwise specified in the related Prospectus Supplement, the Index Warrants will be deemed to be automatically exercised upon expiration or such earlier date that may be specified. Upon such automatic exercise, Index Warrantholders will be entitled to receive a payment or delivery equal to the Settlement Value of the Index Warrants, except that holders of Index Warrants having a Minimum Expiration Value will be entitled to receive a payment or delivery equal to the greater of such Settlement Value and the applicable Minimum Expiration Value. The Minimum Expiration Value may be either a predetermined payment or delivery or a payment or delivery that varies during the term of the Index Warrants in accordance with a schedule or formula. Any Minimum Expiration Value applicable to an issue of Index Warrants, as well as any additional circumstances resulting in the automatic exercise of such Index Warrants, will be specified in the related Prospectus Supplement.

If so specified in the Prospectus Supplement, the Index Warrants may be canceled by the Company, or the exercise or valuation of, or payment or delivery for, such Index Warrants may be delayed or postponed upon the occurrence of an extraordinary event. Any extraordinary events relating to an issue of Index Warrants will be set forth in the related Prospectus Supplement. Upon cancellation, the related Index Warrantholders will be entitled

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to receive only the applicable payment or delivery on cancellation specified in such Prospectus Supplement. The payment or delivery on cancellation may be either a predetermined payment or delivery or a payment or delivery that varies during the term of the Index Warrants in accordance with a schedule or formula.

If the Company defaults with respect to any of its obligations under Index Warrants which are issued with a Minimum Expiration Value pursuant to an Index Warrant Trust Indenture, such default may be waived by the Index Warrantholders of a majority in interest of all outstanding Index Warrants, except a default in the payment or delivery of the Settlement Value, Minimum Expiration Value or cancellation payment or delivery (if applicable) on such Index Warrants or in respect of a covenant or provision of the applicable Index Warrant Trust Indenture which cannot be modified or amended without the consent of the Index Warrantholder of each outstanding Index Warrant affected.

The Index Warrants are unsecured contractual obligations of the Company and will rank pari passu with the Company's other unsecured contractual obligations and with the Company's unsecured and unsubordinated debt. 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 Debt Securities), 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.

#### BOOK-ENTRY PROCEDURES

Except as may otherwise be provided in the applicable Prospectus Supplement, the Index Warrants will be issued in book-entry form and represented by global Index Warrants, registered in the name of a depository or its nominee. Except as may otherwise be provided in the applicable Prospectus Supplement, Index Warrantholders will not be entitled to receive definitive certificates representing Index Warrants, unless the depository is unwilling or unable to continue as depository or the Company decides to have the Index Warrants represented by definitive certificates. A beneficial owner's interest in an Index Warrant represented by a global Index Warrant will be recorded on or through the records of the brokerage firm or other entity that maintains such beneficial owner's account. In turn, the total number of Index Warrants held by an individual brokerage firm or other entity for its clients will be maintained on the records of the depository in the name of such brokerage firm or other entity or its agent. Transfer of ownership of any Index Warrant will be effected only through the selling beneficial owner's brokerage firm.

#### LISTING

An issue of Index Warrants may be listed on a national securities exchange, as set forth in the applicable Prospectus Supplement.

#### MODIFICATION

Any Index Warrant Agreement or Index Warrant Trust Indenture and the terms of the related Index Warrants may be amended by the Company and the Index Warrant Agent or Index Warrant Trustee, as the case may be (which amendment shall take the form of a supplemental index warrant agreement or supplemental index warrant trust indenture (collectively referred to as "Supplemental Agreements")), without the consent of the holders of any Index Warrants, for the purpose of (i) curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or of making any other provisions with respect to matters or questions arising under the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, which shall not be inconsistent with the provisions thereof or of the Index Warrants, (ii) evidencing the succession of another corporation to the Company and the assumption by any such successor of

the covenants of the Company contained in the Index Warrant Agreement or the Index Warrant Trust Indenture, as the case may be, and the Index Warrants, (iii) appointing a successor depository, (iv) evidencing and providing for the acceptance of appointment by a successor Index Warrant Agent or Index Warrant Trustee with respect to the Index Warrants, as the case may be, (v) adding to the covenants of the Company, for the benefit of the Index Warrantholders or surrendering any right or power conferred upon the Company under the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, (vi) issuing Index Warrants in definitive form, or (vii) amending the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, in any manner which the Company may deem to be necessary or desirable and which will not materially and adversely affect the interests of the Index Warrantholders.

The Company and the Index Warrant Agent may also amend any Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, and the terms of the related Index Warrants (which amendment shall take the form of a Supplemental Agreement) with the consent of the Index Warrantholders holding not less than 66 2/3% in number of the then outstanding unexercised Index Warrants affected by such amendment, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, or of modifying in any manner the rights of the Index Warrantholders; provided that no such amendment that (i) changes the determination of the Settlement Value or the payment or delivery to be made on cancellation, if any, or Minimum Expiration Value, if any, of the Index Warrants (or any aspects of such determination) so as to reduce the payment or delivery to be made upon exercise or deemed exercise, (ii) shortens the period of time during which the

Index Warrants may be exercised, or otherwise materially and adversely affects the exercise rights of the Index Warrantholders or (iii) reduces the number of outstanding Index Warrants, the consent of whose holders is required for amendment of the Index Warrant Agreement, the Index Warrant Trust Indenture or the terms of the related Index Warrants, may be made without the consent of each Index Warrantholder affected thereby.

#### EVENTS OF DEFAULT

Certain events in bankruptcy, insolvency or reorganization of the Company will constitute an Event of Default with respect to Index Warrants having a Minimum Expiration Value which are issued under an Index Warrant Trust Indenture. Upon the occurrence of an Event of Default, the holders of 25% of unexercised Index Warrants may elect to receive a settlement payment or delivery for such unexercised Index Warrants, which will immediately become due to the Index Warrantholders upon such election in an amount equal to the market value of such Index Warrants (assuming the Company's ability to satisfy its obligations under such Index Warrants as they would become due) as of the date the Company is notified of the intended liquidation, as determined by a nationally recognized securities broker-dealer unaffiliated with the Company and mutually selected by the Company and the Index Warrant Trustee.

#### MERGER, CONSOLIDATION, SALE, LEASE OR OTHER DISPOSITIONS

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 Company's obligations in respect of the payment or delivery of the Settlement Value (or any Minimum Expiration Value or cancellation payment or delivery, if applicable) with respect to all the unexercised Index Warrants and the performance and observance of all of the covenants and conditions of the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, to be performed or observed by the Company, and (ii) the Company or such successor corporation, as the case may be, shall not immediately be in default under the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be.

#### ENFORCEABILITY OF RIGHTS BY INDEX WARRANTHOLDERS

Any Index Warrantholder may, without the consent of the related Index Warrant Agent, enforce by appropriate legal action, in and for its own behalf, its right to exercise, and receive payment or delivery for, its Index Warrants.

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#### DESCRIPTION OF PREFERRED STOCK

The following description sets forth certain general terms of Preferred Stock which may be issued by the Company. The terms of any series of the Preferred Stock will be described in the Prospectus Supplement relating to the Preferred Stock being offered thereby. The description set forth below and in any Prospectus Supplement does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), which is filed as an exhibit to the Registration Statement, and the Certificate of Designations (the "Certificate of Designations") relating to each particular series of the Preferred Stock, which was or will be filed with the Commission at or prior to the time of sale of such Preferred Stock.

#### GENERAL

Pursuant to the Certificate of Incorporation, the Company is authorized to issue up to 25,000,000 shares of undesignated preferred stock, par value \$1.00 per share. The Board of Directors of the Company has the authority, without approval of the stockholders, to issue all of the shares of preferred stock which are currently authorized in one or more series and to fix the number of shares and the rights, preferences, privileges, qualifications, restrictions and limitations of each series. As of June 26, 1998, the Company had 24,957,500 shares available for issuance as Preferred Stock.

The Company has authorized the issuance of shares of Series A Junior Preferred Stock, par value \$1.00 per share (the "Series A Junior Preferred Stock"), of the Company upon exercise of certain preferred share purchase rights associated with each share of Common Stock outstanding. See "Description of Common Stock -- Rights Agreement".

In addition, as described under "Description of Depositary Shares" the Company, at its option, may elect to offer depositary shares ("Depositary Shares") evidenced by depositary receipts, each representing a fraction (to be specified in the Prospectus Supplement relating to the Depositary Shares offered thereby) of a share of the particular series of Preferred Stock issued and deposited with a depositary, in lieu of offering full shares of such series of Preferred Stock.

The Preferred Stock shall have the dividend, liquidation, redemption, voting and conversion or exchange rights set forth below unless otherwise specified in the Prospectus Supplement relating to the particular series of Preferred Stock offered thereby. The applicable Prospectus Supplement will describe the



terms of such Preferred Stock, including, where applicable, the following: (1) the designation, stated value and liquidation preference of such Preferred Stock and the number of shares offered; (2) the offering price or prices; (3) the dividend rate or rates (or method of calculation), the dividend periods, the date on which dividends shall be payable and whether such dividends shall be cumulative or noncumulative and, if cumulative, the dates from which dividends shall commence to cumulate; (4) any redemption or sinking fund provisions; (5) any conversion or exchange provisions; (6) voting rights, if any; (7) to the extent permitted by applicable law, whether such Preferred Stock will be issued in certificated or book-entry form; (8) whether such Preferred Stock will be listed on a national securities exchange; (9) information with respect to book-entry procedures, if any; and (10) any additional rights, preferences, privileges, limitations and restrictions of such Preferred Stock (which shall not be inconsistent with the provisions of the Certificate of Incorporation or the Certificate of Designations establishing such series of Preferred Stock).

The Preferred Stock will be, when issued against payment therefor, fully paid and nonassessable. Holders thereof shall have no preemptive rights to subscribe for any additional securities which may be issued by the Company. Unless otherwise specified in the applicable Prospectus Supplement, the shares of each series of Preferred Stock will rank on a parity with all other outstanding series of preferred stock issued by the Company as to payment of dividends (except with respect to cumulation thereof) and as to the distribution of assets upon liquidation, dissolution, or winding up of the Company. As of June 26, 1998, there were 42,500 shares of 9% Cumulative Preferred Stock, Series A (the "9% Preferred Stock") represented by 17,000,000 Depositary Shares outstanding. Each series of Preferred Stock will rank prior to the Common Stock, and any other stock of the Company that is expressly made junior to such series of Preferred Stock.

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Unless otherwise specified in the applicable Prospectus Supplement, Citibank, N.A., will be the transfer agent, dividend disbursing agent and registrar for the shares of the Preferred Stock.

Because the Company is a holding company, its rights and the rights of holders of its securities, including the holders of Preferred Stock, to participate in the distribution of assets of any subsidiary of the Company upon the latter's liquidation or recapitalization will be subject to the prior claims of such subsidiary's creditors and preferred stockholders, except to the extent the Company may itself be a creditor with recognized claims against such subsidiary or a holder of preferred stock of such subsidiary.

#### DIVIDENDS AND DISTRIBUTIONS

Holders of shares of the Preferred Stock will be entitled to receive, as, if and when declared by the Board of Directors of the Company (or a duly authorized committee thereof) out of funds legally available for the payment of dividends, cash dividends at the rate set forth in, or calculated in accordance with the formula set forth in, the Prospectus Supplement relating to the Preferred Stock offered thereby.

Dividends on the Preferred Stock may be cumulative ("Cumulative Preferred Stock") or noncumulative ("Noncumulative Preferred Stock") as provided in the applicable Prospectus Supplement. Unless otherwise provided in the Prospectus Supplement, dividends on the Cumulative Preferred Stock will be cumulative from the date of original issue of such series and will be payable quarterly in arrears on the dates specified in the Prospectus Supplement. If any date so specified as a dividend payment date is not a business day, dividends (if declared) on the Preferred Stock (unless otherwise provided in the Prospectus Supplement) will be paid on the immediately succeeding business day, without interest. The Prospectus Supplement will set forth the applicable dividend period with respect to a dividend payment date. If the Board of Directors of the Company (or a duly authorized committee thereof) fails to declare a dividend on any series of Noncumulative Preferred Stock for any dividend period, the Company shall have no obligation to pay a dividend for such period, whether or not dividends on such series of Noncumulative Preferred Stock are declared for any future dividend period. Dividends on the Preferred Stock will be payable to record holders as they appear on the stock books of the Company on such record dates, not more than 30 nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board of Directors of the Company (or a duly authorized committee thereof).

No dividends will be declared or paid or set apart for payment on the preferred stock of any series ranking, as to dividends, on a parity with or junior to any other series of Preferred Stock for any period unless dividends have been or are contemporaneously declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on such series of Preferred Stock for (i) all dividend periods terminating on or prior to the date of payment of full cumulative dividends (in the case of a series of Cumulative Preferred Stock) or (ii) the immediately preceding dividend period (in the case of a series of Noncumulative Preferred Stock). When dividends are not paid in full upon such series of Preferred Stock (whether Cumulative Preferred Stock or Noncumulative Preferred Stock), and any other preferred stock ranking on a parity as to dividends with such series of Preferred Stock, all dividends declared upon shares of such series of Preferred Stock and any other preferred stock ranking on a parity as to dividends will be declared pro rata so that the amount of dividends declared per share on such series of Preferred Stock and such other preferred stock will in all cases bear to each other the same ratio that accrued dividends per share (which, in the case of

Noncumulative Preferred Stock, shall not include any cumulation in respect of unpaid dividends for prior dividend periods) on the shares of such series of Preferred Stock and such other preferred stock bear to each other.

Except as provided in the preceding paragraph, unless full dividends on all outstanding shares of any such series of Preferred Stock have been declared and paid for all past dividend periods, in the case of a series of Cumulative Preferred Stock, or for the immediately preceding dividend period, in the case of Noncumulative Preferred Stock, no dividends (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock of the Company or another stock of the Company ranking junior to the Preferred Stock as to dividends and upon liquidation) will be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock of the Company or upon

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any other stock of the Company ranking junior to or on parity with the Preferred Stock as to dividends or upon liquidation, nor will any Common Stock of the Company nor any other stock of the Company ranking junior to or on parity with such Preferred Stock as to dividends or upon liquidation be redeemed, purchased or otherwise acquired, other than in connection with the distribution or trading thereof, for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion or exchange for stock of the Company ranking junior to the Preferred Stock as to dividends and upon liquidation).

Unless otherwise specified in the applicable Prospectus Supplement, the amount of dividends payable for any period shorter than a full dividend period shall be computed on the basis of twelve 30-day months, a 360-day year and the actual number of days elapsed in any period of less than one month.

As of the date hereof, subsidiaries of the Company have issued \$1.725 billion of perpetual Trust Originated Preferred Securities SM. In connection with the issuance of such Trust Originated Preferred Securities SM, the Company has agreed, among other things, that if full distributions on such securities have not been paid or set apart for payment or the Company is in default of certain related guarantee obligations, the Company, with certain exceptions, will not declare or pay dividends, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to any of its capital stock, including the Preferred Stock.

#### LIQUIDATION PREFERENCE

Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Preferred Stock will have preference and priority over the Common Stock of the Company and any other class of stock of the Company ranking junior to the Preferred Stock upon liquidation, dissolution or winding up, for payments out of or distributions of the assets of the Company or proceeds thereof, whether from capital or surplus, of the amount per share set forth in the Prospectus Supplement plus all dividends (whether or not earned or declared), accrued and unpaid thereon to the date of final distribution to such holders (but in the case of Noncumulative Preferred Stock, without cumulation of unpaid dividends for prior dividend periods), and after such payment the holders of Preferred Stock will be entitled to no other payments. If, in the case of any such liquidation, dissolution or winding up of the Company, the assets of the Company or proceeds thereof should be insufficient to make the full liquidation payment in the amount per share set forth in the Prospectus Supplement relating to the series of Preferred Stock offered thereby, plus all accrued and unpaid dividends on the Preferred Stock (but in the case of Noncumulative Preferred Stock without cumulation of unpaid dividends for prior dividend periods), and liquidating payments on any other preferred stock ranking as to liquidation, dissolution or winding up on a parity with the Preferred Stock, then such assets and proceeds will be distributed among the holders of the Preferred Stock and any such other preferred stock ratably in accordance with the respective amounts which would be payable on such shares of Preferred Stock and any such other preferred stock if all amounts thereon were paid in full. A consolidation or merger of the Company with one or more corporations will not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Company.

#### REDEMPTION

If specified in the Prospectus Supplement relating to the series of Preferred Stock offered thereby, the Company may, at its option, at any time or from time to time on not less than 30 nor more than 60 days notice, redeem such series of Preferred Stock in whole or in part at the redemption prices and on the dates set forth in the applicable Prospectus Supplement.

If less than all outstanding shares of a series of Preferred Stock are to be redeemed, the selection of the shares to be redeemed shall be determined by lot or pro rata as may be determined by the Board of Directors of the Company (or a duly authorized committee thereof) to be equitable. From and after the redemption date (unless default shall be made by the Company in providing for the payment of the redemption price), dividends shall cease to accrue on the shares of such series of Preferred Stock called for redemption and all rights of the holders thereof (except the right to receive the redemption price) shall cease.

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## VOTING RIGHTS

Unless otherwise described in the applicable Prospectus Supplement, holders of the Preferred Stock will have no voting rights except as set forth below or as otherwise from time to time required by law.

Whenever dividends payable on the Preferred Stock shall be in arrears for such number of dividend periods, whether or not consecutive, which shall in the aggregate contain a number of months equivalent to six calendar quarters, the holders of outstanding shares of the Preferred Stock (voting as a class with holders of shares of all other series of preferred stock ranking on a parity with the Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two additional directors on the terms set forth below. Such voting rights will continue, in the case of any series of Cumulative Preferred Stock, until all past dividends accumulated on shares of Cumulative Preferred Stock shall have been paid in full and, in the case of Noncumulative Preferred Stock, until all dividends on shares of Noncumulative Preferred Stock shall have been paid in full for at least one year. Upon payment in full of such dividends, such voting rights shall terminate except as expressly provided by law, subject to re-vesting in the event of each and every subsequent default in the payment of dividends as aforesaid. Holders of all series of preferred stock which are granted such voting rights (which rank on a parity with the Preferred Stock) will vote as a class, and, unless otherwise specified in the applicable Prospectus Supplement, each holder of shares of the Preferred Stock will have one vote for each share of stock held and each other series will have such number of votes, if any, for each share of stock held as may be granted to them. In the event that the holders of shares of the Preferred Stock are entitled to vote as described in this paragraph, the Board of Directors of the Company will be increased by two directors, and the holders of the Preferred Stock will have the exclusive right as members of such class, as outlined above, to elect two directors at the next annual meeting of stockholders.

Upon termination of the right of the holders of the Preferred Stock to vote for directors as discussed in the preceding paragraph, the term of office of all directors then in office elected by such holders will terminate immediately. Whenever the term of office of the directors elected by such holders ends and the related special voting rights expire, the number of directors will automatically be decreased to such number as would otherwise prevail.

So long as any shares of Preferred Stock remain outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Preferred Stock outstanding at the time (voting as a class with all other series of preferred stock ranking on a parity with the Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable), given in person or by proxy, either in writing or at a meeting, (i) authorize, create or issue, or increase the authorized or issued amount of, any class or series of stock ranking prior to the Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up; or (ii) amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of the Certificate of Incorporation or the Certificate of Designations of the Preferred Stock designating such Preferred Stock and the preferences and privileges, relative, participating, optional or other special rights and qualifications, limitations and restrictions thereof, so as to materially and adversely affect any right, preference, privilege or voting power of the Preferred Stock or the holders thereof; provided, however, that any increase in the amount of authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock, or any increase in the amount of authorized shares of Preferred Stock, in each case ranking on a parity with or junior to the Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if all outstanding shares of Preferred Stock have been redeemed or sufficient funds have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

## CONVERSION OR EXCHANGE RIGHTS

The Prospectus Supplement relating to a series of Preferred Stock that is convertible or exchangeable will state the terms on which shares of such series are convertible or exchangeable into Common Stock, another series of Preferred Stock or Debt Securities.

## OUTSTANDING PREFERRED STOCK

At June 26, 1998, there were outstanding 42,500 shares of 9% Preferred Stock represented by 17,000,000 Depositary Shares.

The 9% Preferred Stock has preference over the Common Stock and the Series A Junior Preferred Stock issuable pursuant to the Rights Plan described under "Description of Common Stock" with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company. Holders of the 9% Preferred Stock do not have any preemptive rights to subscribe for any additional securities which may be issued by the Company. Dividends on the 9% Preferred Stock are cumulative and payable quarterly at the rate per annum of 9% of the \$10,000 liquidation preference per share. Holders of the 9% Preferred Stock have no voting rights except as set forth above under "--Voting Rights". In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of outstanding shares of 9% Preferred Stock are entitled to receive out of assets of the Company available for distribution to stockholders a distribution of \$10,000 per share, plus accumulated and unpaid dividends, if any. The 9% Preferred Stock is not redeemable prior to December 30, 2004. On and after that date, the 9% Preferred Stock is redeemable at the option of the Company, in whole at any time or from time to time in part, upon not less than 30 nor more than 60 days notice, at a redemption price of \$10,000 per share, plus accumulated and unpaid dividends, if any.

#### Special Voting Stock

In connection with the proposed acquisition of Midland Walwyn Inc. by the Company (the "Acquisition"), the Company has authorized the issuance of a single share of preferred stock with special voting rights (the "Special Voting Share"), which will be issued pursuant to the terms of a Voting and Exchange Trust Agreement to be entered into by Merrill Lynch & Co., Canada Ltd. ("ML Canada"), the Company and Montreal Trust Company of Canada, as trustee (the "Voting Trust Agreement"). The Special Voting Share will possess a number of votes equal to the number of exchangeable shares (the "Exchangeable Shares") issued and outstanding from time to time by ML Canada to certain holders of Midland Walwyn Inc. common stock (other than the Company or its affiliates) in connection with the Acquisition, which votes may be exercised for the election of directors and on all other matters submitted to a vote of the Company's stockholders. The holders of the Company's Common Stock and the holder of the Special Voting Share will vote together as a class on all matters. See "Description of Common Stock--Voting Rights". The Special Voting Share will be issued to the trustee under the Voting Trust Agreement. The holder of the Special Voting Share will not be entitled to receive dividends, and, in the event of any liquidation, dissolution or winding-up of the Company, will receive an amount equal to the par value thereof. At such time as the Special Voting Share has no votes attached to it because there are no Exchangeable Shares outstanding not owned by the Company or any of its affiliates, the Special Voting share will cease to have any rights.

#### DESCRIPTION OF DEPOSITARY SHARES

The Company may issue receipts ("Depositary Receipts") for Depositary Shares, each of which will represent a fraction of a share of Preferred Stock. Shares of Preferred Stock of each class or series represented by Depositary Shares will be deposited under deposit agreements (each a "Deposit Agreement") to be entered into among the Company, a bank or trust company, as depositary (the "Depositary"), and the holders from time to time of the Depositary Receipts. Depositary Shares may be issued independently or together with other

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Securities offered by any Prospectus Supplement and may be attached to or separate from such other Securities. A copy of the form of Deposit Agreement, including the form of certificates representing the Depositary Receipts (the "Depositary Receipt Certificates"), is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Deposit Agreements and the Depositary Receipt Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Deposit Agreement and the Depositary Receipt Certificates, respectively, including the definitions therein of certain terms.

#### GENERAL

The Depositary Shares are to be evidenced by Depositary Receipts issued pursuant to the applicable Deposit Agreement. Immediately following the issuance and delivery of the Preferred Stock by the Company to the Depositary, the Company will cause the Depositary to issue, on behalf of the Company, the Depositary Receipts. Subject to the terms of the applicable Deposit Agreement, each holder of a Depositary Receipt will be entitled, in proportion to the fraction of a share of Preferred Stock represented by such Depositary Share, to all the rights and preferences of the Preferred Stock represented thereby (including dividend, voting, conversion, redemption and liquidation rights), all as shall be set forth in the Prospectus Supplement relating to the Depositary Receipts offered thereby.

The Depositary Shares shall have the dividend, liquidation, redemption, voting and conversion or exchange rights set forth below unless otherwise specified in the applicable Prospectus Supplement. The applicable Prospectus Supplement will describe the terms of Depositary Shares offered thereby, the Deposit Agreement relating to such Depositary Shares and the Depositary Receipt Certificates representing such Depositary Shares, including the following: (1) the designation, stated value and liquidation preference of such Depositary Shares and the number of shares offered; (2) the offering price or prices; (3) the dividend rate or rates (or method of calculation),

the dividend periods, the dates on which dividends shall be payable and whether such dividends shall be cumulative or noncumulative and, if cumulative, the dates from which dividends shall commence to cumulate; (4) any redemption or sinking fund provisions; (5) any conversion or exchange provisions; (6) any material risk factors relating to such Depositary Shares; (7) the identity of the Depositary; and (8) any other terms of such Depositary Shares (which shall not be inconsistent with the provisions of the Deposit Agreement).

#### BOOK-ENTRY PROCEDURES

Except as may otherwise be provided in the applicable Prospectus Supplement, the Depositary Receipts will be issued in the form of global Depositary Receipt Certificates, registered in the name of a depositary or its nominee. Except as may otherwise be provided in the applicable Prospectus Supplement, beneficial owners will not be entitled to receive definitive certificates representing Depositary Receipts unless the depositary is unwilling or unable to continue as depositary or the Company decides to have the Depositary Receipts represented by definitive certificates. A beneficial owner's interest in a Depositary Receipt will be recorded on or through the records of the brokerage firm or other entity that maintains a beneficial owner's account. In turn, the total number of Depositary Receipts held by an individual brokerage firm for its clients will be maintained on the records of the depositary in the name of such brokerage firm or its agent. Transfer of ownership of any Depositary Receipt will be effected only through the selling beneficial owner's brokerage firm.

#### DIVIDENDS AND OTHER DISTRIBUTIONS

The Depositary will distribute all cash dividends or other cash distributions received in respect of the Preferred Stock to the record holders of Depositary Receipts in proportion to the number of such Depositary Receipts owned by such holders, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the Depositary.

In the event of a distribution other than in cash, the Depositary will distribute property received by it to the record holders of Depositary Receipts entitled thereto, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the Depositary, unless the Depositary, after consultation with the Company, determines that it is not feasible to make such distribution, in

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which case the Depositary may, with the approval of the Company, sell such property and distribute the net proceeds from such sale to such holders.

#### WITHDRAWAL OF STOCK

Upon surrender of the Depositary Receipts at the corporate trust office of the Depositary (unless the related Depositary Shares have previously been called for redemption), the holder of the Depositary Shares evidenced thereby will be entitled to delivery, at such office to or upon his order, of the number of whole shares of the Preferred Stock and any money or other property represented by such Depositary Shares. Holders of Depositary Receipts will be entitled to receive whole shares of the Preferred Stock on the basis of the proportion of Preferred Stock represented by each Depositary Share as specified in the applicable Prospectus Supplement, but holders of such whole shares of Preferred Stock will not thereafter be entitled to receive Depositary Shares therefor. If the Depositary Receipts delivered by the holder evidence a number of Depositary Shares in excess of the number of Depositary Shares representing the number of whole shares of Preferred Stock to be withdrawn, the Depositary will deliver to such holder at the same time a new Depositary Receipt evidencing such excess number of Depositary Shares. In no event will fractional shares of Preferred Stock be delivered upon surrender of Depositary Receipts to the Depositary.

#### REDEMPTION OF DEPOSITARY SHARES

Whenever the Company redeems shares of Preferred Stock held by the Depositary, the Depositary will redeem as of the same redemption date the number of Depositary Shares representing shares of the Preferred Stock so redeemed, provided the Company shall have paid in full to the Depositary the redemption price of the Preferred Stock to be redeemed plus an amount equal to any accumulated and unpaid dividends thereon to the date fixed for redemption. The redemption price per Depositary Share will be equal to the redemption price and any other amounts per share payable with respect to the Preferred Stock multiplied by the fraction of a share of Preferred Stock represented by one Depositary Share. If less than all the Depositary Shares are to be redeemed, the Depositary Shares to be redeemed will be selected by the lot or pro rata as may be determined by the Depositary.

After the date fixed for redemption, the Depositary Shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of the Depositary Shares so called for redemption will cease, except the right to receive any moneys payable upon such redemption and any money or other property to which the holders of such Depositary Shares were entitled upon such redemption upon surrender to the Depositary of the Depositary Receipts evidencing such Depositary Shares.

#### VOTING THE PREFERRED STOCK

Upon receipt of notice of any meeting at which the holders of the Preferred Stock are entitled to vote, the Depositary will mail the information contained in such notice of meeting to the record holders of the Depositary Receipts relating to Preferred Stock. Each record holder of such Depositary Shares on the record date (which will be the same date as the record date for the Preferred Stock) will be entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Preferred Stock represented by such holder's Depositary Receipts. The Depositary will endeavor, insofar as practicable, to vote the amount of Preferred Stock represented by such Depositary Shares in accordance with such instructions, and the Company will agree to take all reasonable action which may be deemed necessary by the Depositary in order to enable the Depositary to do so. The Depositary will abstain from voting shares of Preferred Stock to the extent it does not receive specific instructions from the holders of Depositary Receipts representing shares of Preferred Stock.

#### EXCHANGE OF PREFERRED STOCK

Whenever the Company exchanges all of the shares of a series of Preferred Stock held by the Depositary for Debt Securities, Common Stock or other shares of Preferred Stock, the Depositary will exchange as of the same exchange date the number of Depositary Shares representing all of the shares of the Preferred Stock so exchanged for Debt Securities, Common Stock or other shares of Preferred Stock, provided the Company shall have issued and deposited with the Depositary, Debt Securities, Common Stock or other shares of Preferred

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Stock, as applicable, for all of the shares of the Preferred Stock to be exchanged. The exchange rate per Depositary Share shall be equal to the exchange rate per share of Preferred Stock multiplied by the fraction of a share of Preferred Stock represented by one Depositary Share, plus all money and other property, if any, represented by such Depositary Shares, including all amounts paid by the Company in respect of dividends which on the exchange date have accumulated on the shares of Preferred Stock to be so exchanged and have not theretofore been paid.

#### CONVERSION OF PREFERRED STOCK

The Depositary Shares, as such, are not convertible or exchangeable into Common Stock or any other securities or property of the Company. Nevertheless, if so specified in the Prospectus Supplement relating to the Depositary Shares offered thereby, the Depositary Receipts may be surrendered by holders thereof to the Depositary with written instructions to the Depositary to instruct the Company to cause conversion or exchange of the Preferred Stock represented by the Depositary Shares evidenced by such Depositary Receipts into whole shares of Common Stock, other shares of Preferred Stock or Debt Securities of the Company, and the Company has agreed that upon receipt of such instructions and any amounts payable in respect thereof, it will cause the conversion or exchange thereof utilizing the same procedures as those provided for delivery of Preferred Stock to effect such conversions or exchange. If the Depositary Shares represented by a Depositary Receipt are to be converted in part only, a new Depositary Receipt or Receipts will be issued for any Depositary Shares not to be converted or exchanged.

#### AMENDMENT AND TERMINATION OF THE DEPOSIT AGREEMENT

The form of Depositary Receipt evidencing the Depositary Shares and any provision of the Deposit Agreement may at any time be amended by agreement between the Company and the Depositary. However, any amendment that materially and adversely alters the rights of the holders of Depositary Receipts will not be effective unless such amendment has been approved by the holders of at least a majority (or, in the case of amendments relating to or affecting rights to receive dividends or distributions or voting, redemption or conversion rights, two-thirds) of the Depositary Shares then outstanding.

The Deposit Agreement may be terminated by the Company at any time upon 60 days prior written notice to the Depositary, in which case the Depositary will deliver to the record holders, upon surrender of the Depositary Receipts, such number of whole or fractional shares of Preferred Stock as is represented by such Depositary Receipts. The Deposit Agreement will automatically terminate if (i) all outstanding Depositary Shares have been redeemed, (ii) all shares of Preferred Stock deposited with the Depositary in accordance with the terms of the Deposit Agreement and all money and other property relating thereto have been withdrawn in accordance with the terms of the Deposit Agreement, or (iii) there has been a final distribution in respect of the Preferred Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution has been distributed to the holders of Depositary Receipts.

#### CHARGES OF DEPOSITARY

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. The Company will pay the fees and expenses of the Depositary in connection with the performance of its duties under the Deposit Agreement. Holders of Depositary Receipts will pay transfer and other taxes and governmental charges and such other charges as are expressly provided in the Deposit Agreement to be for their accounts. The Depositary may refuse to effect any transfer of a Depositary Receipt or any withdrawals of Preferred Stock evidenced thereby until all such taxes and charges with respect to such Depositary Receipts or shares of Preferred Stock are paid by the holders thereof.

## RESIGNATION AND REMOVAL OF DEPOSITARY

The Depositary may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Depositary. Any such resignation or removal will take effect upon the appointment of a successor Depositary, which successor Depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

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## MISCELLANEOUS

The Depositary will forward to holders of Depositary Receipts all reports and communications received from the Company which are received by the Depositary and which the Company is required to furnish to holders of the underlying Preferred Stock. The Depositary will also, promptly after receipt thereof, transmit to the holders of Depositary Receipts, copies of all notices and reports required by law, the rules of any national securities exchange or the Company's Certificate of Incorporation to be furnished to the record holders of Depositary Receipts.

Neither the Depositary nor the Company will assume any obligation or be subject to any liability under the Deposit Agreement to holders of Depositary Receipts other than for negligence, willful misconduct or bad faith. The Depositary will not be obligated to prosecute or defend any legal proceeding in respect of any Depositary Shares or any shares of Preferred Stock unless satisfactory indemnity is furnished. The Company and the Depositary may rely on written advice of counsel or accountants, or information provided by persons presenting shares of Preferred Stock for deposit, holders of Depositary Receipts or other persons believed to be competent and on documents believed to be genuine. Neither the Depositary nor the Company will be liable if it is prevented from or delayed, by law, by provision of the Company's Certificate of Incorporation or any circumstances beyond its control, in performing its obligations under the Deposit Agreement.

## DESCRIPTION OF PREFERRED STOCK WARRANTS

The Company may issue Preferred Stock Warrants for the purchase of Preferred Stock. Preferred Stock Warrants may be issued independently or together with other Securities offered by any Prospectus Supplement and may be attached to or separate from such other Securities. Each series of Preferred Stock Warrants is to be issued under a warrant agreement (each a "Preferred Stock Warrant Agreement") to be entered into between the Company and a bank or trust company, as preferred stock warrant agent (the "Preferred Stock Warrant Agent"), all as set forth in the Prospectus Supplement relating to the Preferred Stock Warrants offered thereby. A copy of the form of Preferred Stock Warrant Agreement, including the form of warrant certificates representing the Preferred Stock Warrants (the "Preferred Stock Warrant Certificates"), is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Preferred Stock Warrant Agreement and Preferred Stock Warrant Certificates do not purport to be complete and are subject to and are qualified in their entirety by reference to, all the provisions of the Preferred Stock Warrant Agreement and the Preferred Stock Warrant Certificates, respectively, including the definitions therein of certain terms.

## GENERAL

The applicable Prospectus Supplement will describe the terms of the Preferred Stock Warrants offered thereby, the Preferred Stock Warrant Agreement relating to such Preferred Stock Warrants and the Preferred Stock Warrant Certificates representing such Preferred Stock Warrants, including the following: (1) the offering price or prices; (2) the designation, aggregate number and terms of the series of Preferred Stock that may be purchased upon exercise of such Preferred Stock Warrants and the minimum number of Preferred Stock Warrants that are exercisable; (3) the designation and terms of the Securities, if any, with which such Preferred Stock Warrants are being offered and the number of such Preferred Stock Warrants being offered with each such Security; (4) the date, if any, on and after which such Preferred Stock Warrants and the related Securities will be transferable separately; (5) the number and stated values of the series of Preferred Stock that may be purchased upon exercise of each such Preferred Stock Warrant and the price at which such number of shares of Preferred Stock of such series may be purchased upon such exercise, and events or conditions under which such number of shares may be subject to adjustment; (6) the date on which the right to exercise such Preferred Stock Warrants shall commence and the date on which such right shall expire (the "Preferred Stock Warrant Expiration Date"); (7) the circumstances, if any, which will cause the Preferred Stock Warrants to be deemed to be automatically exercised; (8) any material risk factors relating to such Preferred Stock Warrants; (9) the identity of the Preferred Stock Warrant Agent; and (10) any other terms of such Preferred Stock Warrants (which shall not be inconsistent with the provisions of the Preferred Stock Warrant Agreement).

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Preferred Stock Warrant Certificates may be exchanged for new Preferred Stock Warrant Certificates of different denominations, may (if in registered form) be presented for registration of transfer, and may be exercised at the

corporate trust office of the Preferred Stock Warrant Agent or any other office indicated in the applicable Prospectus Supplement. Prior to the exercise of any Preferred Stock Warrant, a Holder thereof shall have no rights of a holder of shares of the Preferred Stock that may be purchased upon such exercise, including the right to receive payment of dividends, if any, on the underlying Preferred Stock or the right to vote such underlying Preferred Stock.

Prospective purchasers of Preferred Stock Warrants should be aware that special U.S. federal income tax, accounting and other considerations may be applicable to instruments such as Preferred Stock Warrants. The Prospectus Supplement relating to any issue of Preferred Stock Warrants will describe any such considerations.

#### BOOK-ENTRY PROCEDURES

Except as may otherwise be provided in the applicable Prospectus Supplement, the Preferred Stock Warrants will be issued in the form of global Preferred Stock Warrant Certificates, registered in the name of a depositary or its nominee. Except as may otherwise be provided in the applicable Prospectus Supplement, beneficial owners will not be entitled to receive definitive certificates representing Preferred Stock Warrants unless the depositary is unwilling or unable to continue as depositary, certain specified events of bankruptcy or insolvency occur with respect to the Company or the Company decides to have the Preferred Stock Warrants represented by definitive certificates. A beneficial owner's interest in a Preferred Stock Warrant will be recorded on or through the records of the brokerage firm or other entity that maintains a beneficial owner's account. In turn, the total number of Preferred Stock Warrants held by an individual brokerage firm for its clients will be maintained on the records of the depositary in the name of such brokerage firm or its agent. Transfer of ownership of any Preferred Stock Warrant will be effected only through the selling beneficial owner's brokerage firm.

#### EXERCISE OF PREFERRED STOCK WARRANTS

Each Preferred Stock Warrant will entitle the Holder thereof to purchase such number of shares of Preferred Stock at such exercise price as shall be set forth in, or calculable from, the applicable Prospectus Supplement. After the close of business on the Expiration Date (or such later date to which such Expiration Date may be extended by the Company), unexercised Preferred Stock Warrants will become void.

Preferred Stock Warrants may be exercised as set forth in the Prospectus Supplement relating to the Preferred Stock Warrants offered thereby. Upon receipt of payment and the Preferred Stock Warrant Certificate properly completed and duly executed at the corporate trust office of the Preferred Stock Warrant Agent or any other office indicated in the applicable Prospectus Supplement, the Company will, as soon as practicable, issue and deliver the shares of Preferred Stock purchased upon such exercise. If less than all of the Preferred Stock Warrants represented by such Preferred Stock Warrant Certificate are exercised, a new Preferred Stock Warrant Certificate will be issued for the remaining number of Preferred Stock Warrants.

#### LISTING

An issue of Preferred Stock Warrants may be listed on a national securities exchange, as set forth in the applicable Prospectus Supplement.

#### MODIFICATIONS

Any Preferred Stock Warrant Agreement and the terms of the related Preferred Stock Warrants may be amended by the Company and the Preferred Stock Warrant Agent, without the consent of the Holders of the Preferred Stock Warrants, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in any other manner which the Company may deem necessary or desirable and which will not materially and adversely affect the interests of the Preferred Stock Warrantholders.

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The Company and the Preferred Stock Warrant Agent also may amend any Preferred Stock Warrant Agreement and the terms of the related Preferred Stock Warrants, with the consent of the Holders of not less than a majority in number of the then outstanding unexercised Preferred Stock Warrants affected by such amendment, provided that no such amendment that shortens the period of time during which the Preferred Stock Warrants may be exercised or otherwise materially and adversely affects the exercise rights of the Preferred Stock Warrantholders or reduces the number of outstanding Preferred Stock Warrants the consent of whose Holders is required for amendment of the Preferred Stock Warrant Agreement or the terms of the related Preferred Stock Warrants without the consent of each of the Preferred Stock Warrantholders affected thereby.

#### ENFORCEABILITY OF RIGHTS BY PREFERRED STOCK WARRANTHOLDERS

Any Preferred Stock Warrantholder may, without the consent of the related Preferred Stock Warrant Agent, enforce by appropriate legal action, in and of its own behalf, its right to exercise its Preferred Stock Warrants.

#### DESCRIPTION OF COMMON STOCK



The following description sets forth the general terms of Common Stock which may be issued by the Company. The description set forth below and in any Prospectus Supplement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Certificate of Incorporation which is filed as an exhibit to the Registration Statement.

#### GENERAL

Pursuant to the Certificate of Incorporation, the Company is authorized to issue up to 1,000,000,000 shares of Common Stock. As of May 1, 1998, there were 345,991,939 shares of Common Stock outstanding. The Common Stock is traded on the New York Stock Exchange under the symbol "MER" and also on the Chicago Stock Exchange, the Pacific Exchange, the Paris Bourse, the London Stock Exchange and the Tokyo Stock Exchange.

The Common Stock shall have the dividend, voting, liquidation and preemptive rights set forth below unless otherwise specified in the Prospectus Supplement relating to the Common Stock offered thereby. The applicable Prospectus Supplement will describe the terms of such Common Stock including, where applicable, the following: (1) the number of shares to be offered; (2) the offering price or prices; (3) to the extent permitted by applicable law, whether such Common Stock will be issued in certificated or book-entry form; (4) information with respect to book-entry procedures, if any; and (5) any additional terms of such Common Stock (which shall not be inconsistent with the provisions of the Certificate of Incorporation).

The Common Stock will be, when issued against payment therefor, fully paid and nonassessable. Holders thereof will have no preemptive rights to subscribe for any additional securities which may be issued by the Company. The rights of holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any Preferred Stock that has been issued and may be issued in the future. As of July 15, 1998, 17,000,000 Depositary Shares, each representing a one-four-hundredth interest in a share of 9% Preferred Stock, were outstanding. The Board of Directors of the Company may cause additional shares of Preferred Stock to be issued to obtain additional financing, in connection with acquisitions, to officers, directors and employees of the Company and its subsidiaries pursuant to benefit plans or otherwise and for other proper corporate purposes.

The Company is the principal transfer agent for the Common Stock.

Because the Company is a holding company, its rights and the rights of holders of its securities, including the holders of Common Stock, to participate in the distribution of assets of any subsidiary of the Company upon the latter's liquidation or recapitalization will be subject to the prior claims of such subsidiary's creditors and preferred stockholders, except to the extent the Company may itself be a creditor with recognized claims against such subsidiary or a holder of preferred stock of such subsidiary.

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#### DIVIDENDS

The Company may pay dividends on the Common Stock out of funds legally available therefor as, if and when declared by the Board of Directors of the Company (or a duly authorized committee thereof).

As of the date hereof, subsidiaries of the Company have issued \$1.725 billion of perpetual Trust Originated Preferred Securities SM. In connection with the issuance of such Trust Originated Preferred Securities SM, the Company has agreed, among other things, that if full distributions on such securities have not been paid or set apart for payment or the Company is in default of certain related guarantee obligations, the Company, with certain exceptions, will not declare or pay dividends, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to any of its capital stock, including the Common Stock.

#### LIQUIDATION RIGHTS

Upon any voluntary or involuntary liquidation, dissolution, or winding up of the Company, the holders of its Common Stock will be entitled to receive, after payment of all of its debts, liabilities and of all sums to which holders of any Preferred Stock may be entitled, all of the remaining assets of the Company.

#### VOTING RIGHTS

Except as described under "Description of Preferred Stock -- Outstanding Preferred Stock", the holders of the Common Stock currently possess exclusive voting rights in the Company. The Board of Directors of the Company may, however, specify voting power with respect to any Preferred Stock which may be issued in the future. Each holder of Common Stock is entitled to one vote per share with respect to all matters. There is no cumulative voting in the election of directors. Actions requiring approval of stockholders generally require approval by a majority vote of outstanding shares.

The Board of Directors of the Company is currently comprised of 14 directors, divided into three classes, the precise number of members to be fixed from time to time by the Board of Directors. The directors of the class elected at each annual election hold office for a term of three years, with the term of each class expiring at successive annual meetings of stockholders.

## RIGHTS TO PURCHASE SERIES A JUNIOR PREFERRED STOCK

On December 2, 1997, the Board of Directors of the Company approved and adopted the Amended and Restated Rights Agreement, which amends and restates the plan that had originally been adopted in December 1987 (the "Rights Agreement"). Under the Rights Agreement, preferred purchase rights (the "Rights") were distributed to holders of Common Stock. The Rights will separate from the Common Stock ten days following the earlier of: (a) an announcement of an acquisition by a person or group ("acquiring party") of 15% or more of the outstanding common shares of the Company; or (b) the commencement of a tender or exchange offer for 15% or more of the shares of Common Stock outstanding. The Rights are attached to each outstanding share of Common Stock and will attach to all subsequently issued shares, including Common Stock that may be offered by the Company pursuant to an applicable Prospectus Supplement. The Rights entitle the holder to purchase fractions of a share ("Units") of Series A Junior Preferred Stock at an exercise price of \$300 per Unit, subject to adjustment from time to time as provided in the Rights Agreement. The exercise price and the number of Units issuable are subject to adjustment to prevent dilution.

If, after the Rights have separated, (i) the Company is the surviving corporation in a merger with an acquiring party, (ii) a person becomes the beneficial owner of 15% or more of the Common Stock, (iii) an acquiring party engages in one or more "self-dealing" transactions, or (iv) an event occurs which results in such acquiring party's ownership interest being increased by more than 1%, then each holder of a Right will have the right to purchase, upon exercise, Units of Series A Junior Preferred Stock having a value equal to two times the exercise price of the Right and, in addition, Rights held by or transferred in certain circumstances by, an

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acquiring party may immediately become void. In the event that, at any time, (i) the Company is acquired in a merger or other business combination transaction and the Company is not the surviving corporation, or (ii) any person consolidates or merges with the Company and all or part of the Common Stock is converted or exchanged for securities, cash or property of any other person or (iii) 50% or more of the Company's assets or earning power is sold or transferred, each holder of a right shall thereafter have the right to purchase, upon exercise, common stock of the acquiring party having a value equal to two times the exercise price of the Right. The Rights expire on December 2, 2007 and are redeemable at the option of a majority of the independent directors of the Company at \$.01 per Right at any time until the tenth day following an announcement of the acquisition of 15% or more of the Common Stock.

The foregoing provisions of the Rights Agreement may have the effect of delaying, deferring or preventing a change in control of the Company.

The Certificate of Designations of the Series A Junior Preferred Stock (the "Series A Certificate of Designations") provides that the holders of Units of the Series A Junior Preferred Stock will be entitled to receive quarterly dividends in an amount to be determined in accordance with the formula set forth in the Series A Certificate of Designations. Such dividend rights shall be cumulative. The Series A Junior Preferred Stock shall rank junior in right of payment of dividends to the 9% Preferred Stock and to all other Preferred Stock issued by the Company, unless the terms of such Preferred Stock provide otherwise. The holders of Units of the Series A Junior Preferred Stock shall have one vote per Unit on all matters submitted to the stockholders of the Company, subject to certain adjustments. If at any time dividends on any Units of the Series A Junior Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, then during such default period, the holders of all Units, voting separately as a class, shall have the right to elect two directors to the Board of Directors of the Company. Additionally, whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Preferred Stock are in arrears, the Company shall not, among other things, declare or pay dividends on or make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares or capital stock of the Company which ranks junior in right of payment to the Series A Junior Preferred Stock, including the Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of outstanding Units of the Series A Junior Preferred Stock will be entitled to receive a distribution in an amount to be determined in accordance with the formula set forth in the Series A Certificate of Designations prior to the payment of any distribution to the holders of Common Stock. The Units of Series A Junior Preferred Stock are not redeemable. As of the date of this Prospectus, there are no shares of Series A Junior Preferred Stock outstanding.

## CERTAIN CHARTER PROVISIONS

The Certificate of Incorporation provides that the Company may not merge or consolidate with any one or more corporations, joint-stock associations or non-stock corporations (except under certain circumstances); sell, lease or exchange all or substantially all of its property and assets or dissolve without the affirmative vote of two-thirds of the entire Board of Directors of the Company and the holders of a majority of the outstanding shares of Common Stock entitled to vote thereon. Additionally, the Certificate of Incorporation provides that specified business combinations involving the Company and an interested stockholder or an affiliate or associate of such stockholder must be approved by 80% of the voting power of the outstanding shares of capital stock of the Company entitled to vote generally in the election of directors

(the "Voting Stock"). The vote of 80% of the voting power of the Voting Stock is required for amendment of these provisions. The Certificate of Incorporation also provides that only the Board of Directors of the Company has the authority to call special stockholder meetings.

The foregoing provisions of the Certificate of Incorporation may have the effect of delaying, deferring or preventing a change in control of the Company.

#### DESCRIPTION OF COMMON STOCK WARRANTS

The Company may issue Common Stock Warrants for the purchase of Common Stock. Common Stock Warrants may be issued independently or together with other Securities offered by any Prospectus Supplement and may be attached to or separate from such Securities. Each series of Common Stock Warrants will be issued under a warrant agreement (each a "Common Stock Warrant Agreement") to be entered into between the Company and a bank or trust company, as common stock warrant agent (the "Common Stock Warrant Agent"), all as set forth in the Prospectus Supplement relating to the Common Stock Warrants offered thereby. A copy of the form of Common Stock Warrant Agreement, including the form of warrant certificates representing the Common Stock Warrants (the "Common Stock Warrant Certificates"), reflecting the provisions to be included in the Common Stock Warrant Agreements that will be entered into with respect to particular offerings of Common Stock Warrants, is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Common Stock Warrant Agreement and Common Stock Warrant Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Common Stock Warrant Agreement and the Common Stock Warrant Certificates, respectively, including the definitions therein of certain terms.

#### GENERAL

The applicable Prospectus Supplement will describe the terms of the Common Stock Warrants offered thereby, the Common Stock Warrant Agreement relating to such Common Stock Warrants and the Common Stock Warrant Certificates, including the following: (1) the offering price or prices; (2) the aggregate number of shares of Common Stock that may be purchased upon exercise of such Common Stock Warrants and minimum number of Common Stock Warrants that are exercisable; (3) the number of Securities, if any, with which such Common Stock Warrants are being offered and the number of such Common Stock Warrants being offered with each such Security; (4) the date on and after which such Common Stock Warrants and the related Securities, if any, will be transferable separately; (5) the number of shares of Common Stock purchasable upon exercise of each such Common Stock Warrant and the price at which such number of shares of Common Stock may be purchased upon such exercise, and events or conditions under which such number of shares may be subject to adjustment; (6) the date on which the right to exercise such Common Stock Warrants shall commence and the date on which such right shall expire (the "Common Stock Warrant Expiration Date"); (7) the circumstances, if any, which will cause the Common Stock Warrants to be deemed to be automatically exercised; (8) any material risk factors relating to such Common Stock Warrants; (9) the identity of the Common Stock Warrant Agent; and (10) any other terms of such Common Stock Warrants (which shall not be inconsistent with the provisions of the Common Stock Warrant Agreement).

Common Stock Warrant Certificates may be exchanged for new Common Stock Warrant Certificates of different denominations, may (if in registered form) be presented for registration of transfer, and may be exercised at the corporate trust office of the Common Stock Warrant Agent or any other office indicated in the applicable Prospectus Supplement. Prior to the exercise of any Common Stock Warrants to purchase Common Stock, Holders of such Common Stock Warrants will not have any rights of Holders of shares of the Common Stock purchasable upon such exercise, including the right to receive payments of dividends, if any, on the Common Stock purchasable upon such exercise or the right to vote such underlying Common Stock.

Prospective purchasers of Common Stock Warrants should be aware that special U.S. federal income tax, accounting and other considerations may be applicable to instruments such as Common Stock Warrants. The Prospectus Supplement relating to any issue of Common Stock Warrants will describe such considerations.

#### BOOK-ENTRY PROCEDURES

Except as may otherwise be provided in the applicable Prospectus Supplement, the Common Stock Warrants will be issued in the form of global Common Stock Warrant Certificates, registered in the name of a depository or its nominee. Except as may otherwise be provided in the applicable Prospectus Supplement, beneficial owners

will not be entitled to receive definitive certificates representing Common Stock Warrants unless the depository is unwilling or unable to continue as depository, certain specified events of bankruptcy or insolvency occur with respect to the Company or the Company decides to have the Common Stock Warrants represented by definitive certificates. A beneficial owner's interest in a Common Stock Warrant will be recorded on or through the records of the

brokerage firm or other entity that maintains a beneficial owner's account. In turn, the total number of Common Stock Warrants held by an individual brokerage firm for its clients will be maintained on the records of the depository in the name of such brokerage firm or its agent. Transfer of ownership of any Common Stock Warrant will be effected only through the selling beneficial owner's brokerage firm.

#### EXERCISE OF COMMON STOCK WARRANTS

Each Common Stock Warrant will entitle the Holder thereof to purchase such number of shares of Common Stock at such exercise price as shall be set forth in, or calculable from, the applicable Prospectus Supplement. After the close of business on the Expiration Date (or such later date to which such Expiration Date may be extended by the Company), unexercised Common Stock Warrants will become void.

Common Stock Warrants may be exercised as set forth in the applicable Prospectus Supplement relating to the Common Stock Warrants offered thereby. Upon receipt of payment and the Common Stock Warrant Certificate properly completed and duly executed at the corporate trust office of the Common Stock Warrant Agent or any other office indicated in the applicable Prospectus Supplement, the Company will, as soon as practicable, issue and deliver the shares of Common Stock purchased upon such exercise. If less than all of the Common Stock Warrants represented by such Common Stock Warrant Certificate are exercised, a new Common Stock Warrant Certificate will be issued for the remaining amount of Common Stock Warrants.

#### LISTING

An issue of Common Stock Warrants may be listed on a national securities exchange, as set forth in the applicable Prospectus Supplement.

#### MODIFICATIONS

Any Common Stock Warrant Agreement and the terms of the related Common Stock Warrants may be amended by the Company and the Common Stock Warrant Agent, without the consent of the Holders of the Common Stock Warrants, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in any other manner which the Company may deem necessary or desirable and which will not materially and adversely affect the interests of the Common Stock Warrantholders.

The Company and the Common Stock Warrant Agent also may amend any Common Stock Warrant Agreement and the terms of the related Common Stock Warrants, with the consent of the holders of not less than a majority in number of the then outstanding unexercised Common Stock Warrants affected by such amendment, provided that no such amendment that shortens the period of time during which the Common Stock Warrants may be exercised or otherwise materially and adversely affects the exercise rights of the Common Stock Warrantholders or reduces the number of outstanding Common Stock Warrants the consent of whose Holders is required for amendment of the Common Stock Warrant Agreement or the terms of the related Common Stock Warrants may be made without the consent of each of the Common Stock Warrantholders affected thereby.

#### ENFORCEABILITY OF RIGHTS BY COMMON STOCK WARRANTHOLDERS

Any Common Stock Warrantholder may, without the consent of the related Common Stock Warrant Agent, enforce by appropriate legal action, in and for its own behalf, its right to exercise its Common Stock Warrant.

#### PLAN OF DISTRIBUTION

The Company may sell Securities (i) through MLPF&S as agent, (ii) to the public through, or through underwriting syndicates managed or co-managed by, one or more underwriters, including MLPF&S, or (iii) directly to purchasers. The Prospectus Supplement with respect to the Securities of a particular series describes the terms of the offering of such Securities, including the name of the agent or the name or names of any underwriters, the public offering or purchase price, any discounts and commissions to be allowed or paid to the agent or underwriters, all other items constituting underwriting compensation, the discounts and commissions to be allowed or paid to dealers, if any, and the exchanges, if any, on which the Securities will be listed. Only the agents or underwriters so named in the Prospectus Supplement are agents or underwriters in connection with the Securities offered thereby. Under certain circumstances, the Company may repurchase Securities and reoffer them to the public as set forth above. The Company may also arrange for repurchases and resales of such Securities by dealers.

If so indicated in the Prospectus Supplement, the Company will authorize underwriters to solicit offers by certain institutions to purchase Debt Securities from the Company pursuant to delayed delivery contracts providing for payment and delivery on the date stated in the Prospectus Supplement. Each such contract will be for an amount not less than, and, unless the Company otherwise agrees, the aggregate principal amount of Debt Securities sold pursuant to such contracts shall not be more than, the respective amounts stated in the Prospectus Supplement. Institutions with whom such contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable

institutions, and other institutions, but shall in all cases be subject to the approval of the Company. Delayed delivery contracts will not be subject to any conditions except that the purchase by an institution of the Debt Securities covered thereby shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject.

The Company has agreed to indemnify the agent and the several underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended (the "Act"), or contribute to payments the agent or the underwriters may be required to make in respect thereof.

The distribution of 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.

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#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 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 Act.

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+++++  
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +  
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +  
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +  
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +  
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +  
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +  
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +  
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +  
+ANY SUCH STATE. +  
+++++  
SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

PROSPECTUS

LOGO  
MERRILL LYNCH & CO., INC.  
STRYPESM

PAYABLE WITH SHARES OF COMMON STOCK OR OTHER SECURITIES  
OF THE UNDERLYING ISSUER  
(OR CASH WITH AN EQUAL VALUE)

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Merrill Lynch & Co., Inc. (the "Company") intends to sell from time to time its Structured Yield Product Exchangeable for StockSM, STRYPESM. The STRYPES will be offered to the public in series and on terms determined by market conditions at the time of sale and set forth in the accompanying prospectus supplement (the "Prospectus Supplement"). The STRYPES will be 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 of each series of STRYPES (the "Maturity Date"), the Company will pay and discharge such STRYPES by delivering to the holder thereof a number of shares of common stock or other securities (the "Underlying Securities") of the unaffiliated corporation identified in the Prospectus Supplement (the "Underlying Issuer") determined in accordance with a payment

rate formula specified in the Prospectus Supplement (subject to the Company's right to deliver cash, or a combination of cash and Underlying Securities, with an equal value). THERE CAN BE NO ASSURANCE THAT THE VALUE OF THE UNDERLYING SECURITIES (OR CASH) PAYABLE TO HOLDERS OF A SERIES OF STRYPES ON THE MATURITY DATE WILL BE EQUAL TO OR GREATER THAN THE ISSUE PRICE OF SUCH STRYPES. IF THE VALUE OF THE UNDERLYING SECURITIES (OR CASH) RECEIVED ON THE MATURITY DATE OF A SERIES OF STRYPES IS LESS THAN THE ISSUE PRICE PAID FOR SUCH STRYPES, AN INVESTMENT IN STRYPES WILL RESULT IN A LOSS. SEE "DESCRIPTION OF THE STRYPES".

Each series of STRYPES may vary, where applicable, as to aggregate issue price, Maturity Date, Underlying Issuer, Underlying Securities deliverable upon maturity, formula or other method by which the amount of such Underlying Securities will be determined, public offering or purchase price, interest rate or rates, if any, and timing of payments thereof, provision for redemption, currencies of denomination or currencies otherwise applicable thereto and any other variable terms and method of distribution. The accompanying Prospectus Supplement sets forth the specific terms with regard to the series of STRYPES in respect of which this Prospectus is being delivered.

Reference is made to any accompanying prospectus of the Underlying Issuer covering the Underlying Securities which may be received by holders of a series of STRYPES on the Maturity Date.

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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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The STRYPES may be sold through Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). STRYPES may not be sold without delivery of a Prospectus Supplement describing such issue of STRYPES and the method and terms of offering thereof, and any accompanying prospectus of the Underlying Issuer covering the Underlying Securities which may be received by holders of a series of STRYPES on the Maturity Date.

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The date of this Prospectus is           , 1998.

SM Service mark of Merrill Lynch & Co., Inc.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 filed pursuant to Section 13 of the United States Securities Exchange Act of 1934 (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 termination of the offering of the STRYPES, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, MERRILL LYNCH & CO., INC., 100 CHURCH STREET, 12TH FLOOR, NEW YORK, NEW YORK 10080-6512; TELEPHONE NUMBER (212) 602-8435.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, 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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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.

USE OF PROCEEDS

The Company intends to use the net proceeds from the sale of the STRYPES for general corporate purposes, unless otherwise specified in the Prospectus Supplement relating to such STRYPES. Such general corporate purposes may include the funding of investments in, or extensions of credit to, its subsidiaries, the funding of assets of the Company and its subsidiaries, the lengthening of the average maturity of the Company's borrowings, and the financing of acquisitions. Pending such applications, the net proceeds will be applied to the reduction of short-term indebtedness or temporarily invested. Management of the Company expects that it will, on a recurrent basis, engage in additional financings as the need arises to finance the growth of the Company, through acquisitions or otherwise, or to lengthen the average maturity of its borrowings. To the extent that STRYPES being purchased for resale by MLPF&S are not resold, the aggregate proceeds to the Company and its subsidiaries would be reduced.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED MARCH 27, 1998
	1993	1994	1995	1996	1997	1998
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

DESCRIPTION OF THE STRYPES

Each issue of STRYPES will be a series of Senior Debt Securities to be issued under an indenture (the "1983 Indenture"), dated as of April 1, 1983, as amended and restated, 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"), as further amended and supplemented by a supplemental indenture to be entered into by the Company and the Trustee relating to each series of STRYPES (the "Supplemental Indenture") (the 1983 Indenture, as so amended and supplemented by the Supplemental Indenture with respect to each series of STRYPES, the "Indenture"). 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. 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

The Supplemental Indenture will provide that STRYPES of the related series may be issued from time to time under the Indenture, up to a specified aggregate issue price, upon satisfaction of certain conditions precedent. The Supplemental Indenture will establish the terms of the related series of STRYPES, including: (1) the issue price per STRYPES; (2) the date on which such STRYPES will mature; (3) the consideration deliverable or payable with respect to such STRYPES, whether at maturity or upon earlier acceleration, and the formula or other method by which the amount of such consideration will be determined; (4) the rate or rates per annum (which may be fixed or variable) at which such STRYPES will bear interest, if any; (5) the dates on which such interest, if any, will be payable; (6) the provisions for redemption of such STRYPES, if any, the redemption price and any remarketing arrangements relating thereto; (7) the sinking fund requirements, if any, with respect to such STRYPES; (8) whether such STRYPES are denominated or provide for payment in United States dollars or a foreign currency or units of two or more of such foreign currencies; (9) whether and under what circumstances the Company will pay additional amounts ("Additional Amounts") in respect of such STRYPES held by a person who is not a U.S. person (as defined in the Prospectus Supplement, as applicable) in respect of specified taxes, assessments or other governmental charges and whether the Company has the option to redeem the affected STRYPES rather than pay such Additional Amounts; (10) the title of the STRYPES and the series of which such STRYPES shall be a part; and (11) the obligation of the Company to pay and discharge such STRYPES at maturity by delivery of Underlying Securities (or, cash, or a combination of cash and Underlying Securities, with an equal value), the formula or other method by which the amount of such Underlying Securities will be determined, and the terms and conditions upon which such payment and discharge shall be effected. Reference is made to the Prospectus Supplement for the terms of the STRYPES being offered thereby.

Under the Indenture, the Company will have the ability, in addition to the ability to issue STRYPES with terms different from those of STRYPES previously issued, to "reopen" a previous series of STRYPES and issue additional STRYPES of such series.

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Issue price and interest, premium and Additional Amounts, if any, and Underlying Securities will be payable or deliverable in the manner, at the places and subject to the restrictions set forth in the Indenture, the STRYPES and the Prospectus Supplement relating thereto, provided that payment of any interest and any Additional Amounts may be made at the option of the Company by check mailed to the holders of registered STRYPES at their registered addresses.

STRYPES may be presented for exchange, and registered STRYPES may be presented for transfer, in the manner, at the places and subject to the restrictions set forth in the Indenture, the STRYPES and the Prospectus Supplement relating thereto. No service charge will be made for any transfer or exchange of STRYPES, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

#### RANKING

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

#### SECURITIES DEPOSITORY

Upon issuance, each series of STRYPES will be represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note will be 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's 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").

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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 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, with respect to a series of STRYPES, (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 any STRYPES of that series, the Company will issue STRYPES in definitive form in exchange for all of the Global Notes representing the STRYPES of that series. 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.

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#### 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 Underlying Securities (or cash with an equal value) in respect of, any interest and Additional Amounts on, and any other amounts payable with respect to, the STRYPES of each series 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.

#### 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 50% of the shares of Voting Stock of such corporation) 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

Unless otherwise specified in a Prospectus Supplement, each of the following will constitute an Event of Default under the Indenture with respect to each series of STRYPES: (a) failure to pay and discharge the STRYPES of that series with the Underlying Securities or, if the Company so elects, to pay an equivalent amount in cash in lieu thereof when due; (b) failure to pay the Redemption Price or any redemption premium with respect to any STRYPES of that series when due; (c) failure to deposit any sinking fund payment, when and as due by the terms of any STRYPES of that series; (d) failure to pay any interest on or any Additional Amounts in respect of any STRYPES of that series when due, continued for 30 days; (e) failure to perform any other covenant of the Company contained in the Indenture for the benefit of that series or in the STRYPES of that series, 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 of that series, as provided in the Indenture; (f) certain events in bankruptcy, insolvency or reorganization of the Company; and (g) any other Event of Default provided with respect to STRYPES of that series.

Unless otherwise specified in a Prospectus Supplement, if an Event of Default (other than an Event of Default described in clause (f) of the immediately preceding paragraph) with respect to the STRYPES of any series shall occur and be continuing, either the Trustee or the holders of at least 25% of the aggregate issue price of the Outstanding STRYPES of that series by notice as provided in the Indenture may declare an amount equal

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to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be immediately due and payable in cash. If an Event of Default described in said clause (f) shall occur, an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, 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 of that series 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 aggregate issue price of all the STRYPES of that series 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 of any series, unless such holders of that series 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 of any series 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 of that series.

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 will not have the benefit of any cross-default provisions with other indebtedness of the Company.

#### MODIFICATION AND WAIVER

Unless otherwise specified in a Prospectus Supplement, modifications of and amendments to the Indenture affecting a series of 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 of such series; provided, however, that no such modification or amendment may, without the consent of the holder of each Outstanding STRYPES of such series affected thereby, (a) change the Maturity Date or the Stated Maturity of any installment of interest or Additional Amounts on any STRYPES or any premium payable on the redemption thereof, or change the Redemption Price, (b) reduce the amount of Underlying Securities payable with respect to any STRYPES (or reduce the amount of cash, or cash and Underlying Securities, payable in lieu thereof), (c) reduce the amount of interest or Additional Amounts payable on any STRYPES or reduce the amount of cash payable with respect to any STRYPES upon acceleration of the maturity thereof, (d) change the place or currency of payment of interest or Additional Amounts on, or any amount of cash payable with respect to, any STRYPES, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any STRYPES, including the payment of Underlying Securities with respect to any STRYPES, (f) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series, the consent of whose holders is required to modify or amend the Indenture, (g) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver. Except as provided in the Indenture, no modification of or amendment to the Indenture may adversely affect the rights of a holder of any other Senior Debt Security without the consent of such holder.

The holders of a majority of the aggregate issue price of each series of 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 each series of STRYPES may waive any past default under the Indenture, except a default in the payment of the Underlying Securities with respect to any STRYPES of that series, or of cash payable in lieu

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thereof, or in the payment of any premium, interest or Additional Amounts on any STRYPES of that series for which payment had not been subsequently made or in respect of a covenant and provision of the Indenture which cannot be modified or amended without the consent of the holder of each Outstanding STRYPES of such series 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.

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The Company may sell STRYPES to the public through MLPF&S. The accompanying Prospectus Supplement describes the terms of the STRYPES offered thereby, including the public offering or purchase price, any discounts and commissions to be allowed or paid, all other items constituting underwriting compensation, the discounts and commissions to be allowed or paid to dealers, if any, and the exchanges, if any, on which the STRYPES will be listed. Under certain circumstances, the Company may repurchase STRYPES and reoffer them to the public as set forth above. The Company may also arrange for repurchases and resales of such STRYPES by dealers.

The underwriting of STRYPES 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.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +  
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +  
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +  
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +  
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +  
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +  
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +  
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +  
+ANY SUCH STATE. +  
+++++

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS, DATED JULY 28, 1998

PROSPECTUS

LOGO

TRUST PREFERRED SECURITIES

MERRILL LYNCH PREFERRED CAPITAL TRUST V

% TRUST ORIGINATED PREFERRED SECURITIES SM ("TOPRSSM")

(LIQUIDATION AMOUNT \$25 PER TRUST PREFERRED SECURITY)

GUARANTEED TO THE EXTENT SET FORTH HEREIN BY

MERRILL LYNCH & CO., INC.

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The % Trust Originated Preferred Securities SM (the "TOPRSSM" or "Trust Preferred Securities") offered hereby represent preferred undivided beneficial ownership interests in the assets of Merrill Lynch Preferred Capital Trust V, a statutory business trust formed under the laws of the State of Delaware (the "Trust"). Merrill Lynch & Co., Inc., a Delaware corporation (the "Company" or "Merrill Lynch"), will own all the common securities (the "Trust Common Securities" and, together with the Trust Preferred Securities, the "Trust Securities") representing undivided beneficial ownership interests in the assets of the Trust. The Trust exists for the sole purpose of issuing the Trust Securities and investing the proceeds as described below and engaging in activities incident thereto. The proceeds from the sale of the Trust Securities will be used by the Trust to purchase Partnership Preferred Securities ("Partnership Preferred Securities"), representing the limited partner interests of Merrill Lynch Preferred Funding V, L.P., a Delaware limited partnership (the "Partnership"). The general partner interest, which constitutes all of the interest in the Partnership other than the limited partner interests represented by the Partnership Preferred Securities, is owned by the Company, which is the sole general partner of the Partnership (in such capacity, the "General Partner"). Substantially all of the proceeds from the

sale of the Partnership Preferred Securities, together with the capital contribution from the General Partner, will be used by the Partnership to purchase Debentures (as defined herein), which consist of debt instruments of the Company and one or more of its eligible controlled affiliates. In addition, approximately one percent of the proceeds from the sale of the Partnership Preferred Securities and the capital contribution from the General Partner will be used to purchase Eligible Debt Securities (as defined herein). See "Description of the Partnership Preferred Securities -- Partnership Investments".

(CONTINUED ON NEXT PAGE)

SEE "RISK FACTORS" BEGINNING ON PAGE 12 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE TRUST PREFERRED SECURITIES, INCLUDING CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES.

Application will be made to list the Trust Preferred Securities on the New York Stock Exchange (the "NYSE"). If approved for listing, trading of the Trust Preferred Securities on the NYSE is expected to commence within the 30-day period after the initial delivery of the Trust Preferred Securities. See "Underwriting".

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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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<TABLE>  
 <CAPTION>

	PRICE TO PUBLIC (1)	UNDERWRITING DISCOUNT (2)	PROCEEDS TO THE TRUST (3) (4)
Per Trust Preferred Security.....	\$25	(3)	\$25
Total.....	\$	(3)	\$

- (1) Plus accumulated distributions, if any, from .  
 (2) The Trust, the Partnership and the Company have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting".  
 (3) In view of the fact that the proceeds of the sale of the Trust Preferred Securities will be ultimately invested in debt securities of the Company and its subsidiaries, the Company has agreed to pay to the Underwriters as compensation (the "Underwriters' Compensation") \$ per Trust Preferred Security (or \$ in the aggregate); provided that such compensation for sales of more than 10,000 Trust Preferred Securities to a single purchaser will be \$ per Trust Preferred Security. Therefore, to the extent of such sales, the actual amount of Underwriters' Compensation will be less than the aggregate amount specified in the preceding sentence. See "Underwriting".  
 (4) Expenses of the offering payable by the Company are estimated to be \$ .  
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The Trust Preferred Securities offered hereby are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that delivery of the Trust Preferred Securities will be made only in book-entry form through the facilities of The Depository Trust Company ("DTC") on or about .

This Prospectus may be used by Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") in connection with offers and sales related to market-making transactions in the Trust Preferred Securities. MLPF&S 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.

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 MERRILL LYNCH & CO.  
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THE DATE OF THIS PROSPECTUS IS , 1998.  
 SM"TRUST ORIGINATED PREFERRED SECURITIES" AND "TOPRS" ARE SERVICE MARKS OF MERRILL LYNCH & CO., INC.

(continued from cover page)

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 Holders of the Trust Preferred Securities will be entitled to receive cumulative cash distributions accumulating from the date of original issuance and payable quarterly in arrears on each , and commencing , at an annual rate of % of the liquidation amount of \$25 per Trust Preferred Security (equivalent to \$ per Trust Preferred Security per annum), if, as and when the Trust has funds available for payment. See "Description of the Trust Preferred Securities --Distributions". Distributions not paid on the scheduled payment date will accumulate and compound quarterly at a rate per annum equal to %. The distribution rate and the distribution payment dates and other payment dates for the Trust Preferred Securities will correspond to the distribution rate and distribution payment dates and other payment dates for the Partnership Preferred Securities, which are the sole assets of the Trust. As described above, the assets of the Partnership will initially consist only of the Debentures and, to a limited extent, Eligible Debt Securities.

The payment of distributions by the Trust and payments on liquidation of the Trust or the redemption of Trust Preferred Securities, as described below, are guaranteed on a subordinated basis by the Company (the "Trust Guarantee") to the extent the Trust has funds available therefor as described under "Description of the Trust Guarantee". The payment of distributions by the Partnership (if, as and when declared) on the Partnership Preferred Securities and payments on liquidation of the Partnership or the redemption of Partnership Preferred Securities, as described below, are also guaranteed on a subordinated basis by the Company (the "Partnership Guarantee") to the extent the Partnership has funds available therefor as described under "Description of the Partnership Guarantee". In addition, payments in respect of the Debentures (other than the Company Debenture (as defined herein)) will be fully and unconditionally guaranteed, on a subordinated basis, by the Company (the "Investment Guarantees") for the benefit of the holders of the Partnership Preferred Securities. The Trust Guarantee, the Partnership Guarantee and the Investment Guarantees (collectively, the "Guarantees"), when taken together with the Company Debenture and the Company's obligations to pay all fees and expenses of the Trust and the Partnership, constitute a guarantee to the extent set forth herein by the Company of the distribution, redemption and liquidation payments payable to the holders of the Trust Preferred Securities. The Guarantees do not apply to current distributions by the Partnership unless and until such distributions are declared by the Partnership out of funds legally available for payment or to liquidating distributions unless there are assets available for payment in the Partnership, each as more fully described in the next succeeding paragraph and under "Risk Factors -- Insufficient Income or Assets Available to Partnership". The Company's obligations under the Guarantees are subordinate and junior in right of payment to all other liabilities of the Company and rank pari passu with the most senior preferred stock issued from time to time by the Company, with similar guarantees issued by the Company in connection with the \$275,000,000 aggregate liquidation amount of 7 3/4% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust I, the \$300,000,000 aggregate liquidation amount of 8% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust II, the \$750,000,000 aggregate liquidation amount of 7% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust III, the \$400,000,000 aggregate liquidation amount of 7.12% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust IV and with any guarantee now or hereafter entered into by the Company in respect of any preferred stock of any other Finance Subsidiary (as defined below). The Company's obligations under the Company Debenture are subordinate and junior in right of payment to all Senior Indebtedness of the Company. At June 26, 1998, the Company had outstanding Senior Indebtedness aggregating approximately \$90.2 billion, which would have ranked senior to the Company's obligations under the Guarantees and the Company Debenture. See "Risk Factors -- Ranking of Subordinate Obligations Under the Guarantees and the Company Debenture". The term "Senior Indebtedness" means any payment in respect of indebtedness of the Company for money borrowed, except for any such indebtedness that is by its terms subordinated to or pari passu with the Company Debenture, as the case may be.

Distributions on the Partnership Preferred Securities will be declared and paid only as determined in the sole discretion of the Company in its capacity as the General Partner of the Partnership. In addition, the General Partner is not obligated to declare distributions on the Partnership Preferred Securities at any time, including upon or following a Partnership Enforcement Event (as defined herein). To the extent that the issuers (including, where applicable, the Company, as guarantor) of the securities in which the Partnership invests defer or fail to

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make any payments in respect of such securities (or, if applicable, guarantees), the Partnership will not have sufficient funds to pay and will not declare or pay distributions on the Partnership Preferred Securities. In addition, as described under "Risk Factors -- Insufficient Income or Assets Available to Partnership", the Partnership may not have sufficient funds to pay current or liquidating distributions on the Partnership Preferred Securities if (i) at any time that the Partnership is receiving current payments in respect of the securities held by the Partnership (including the Debentures), the General Partner, in its sole discretion, does not declare distributions on the Partnership Preferred Securities and the Partnership receives insufficient amounts to pay the additional compounded distributions that will accumulate in respect of the Partnership Preferred Securities, (ii) the Partnership reinvests the proceeds received in respect of the Debentures upon their retirement or at their maturities in Affiliate Investment Instruments (as defined herein) and Eligible Debt Securities that do not generate income in an amount that is sufficient to pay full distributions in respect of the Partnership Preferred Securities or (iii) the Partnership invests in debt securities of Investment Affiliates that are not guaranteed by the Company and that cannot be liquidated by the Partnership for an amount sufficient to pay such distributions in full. The Debentures will provide that payments of interest may be deferred at any time, and from time to time, by the relevant issuer for a period not exceeding six consecutive quarters. If an issuer were to so defer the payment of interest, interest would continue to accrue and compound at the stated interest rate on such Debenture. If the Partnership does not declare and pay distributions on the Partnership Preferred Securities out of funds legally available for distribution, the Trust will not have sufficient funds to make distributions on the Trust Preferred Securities, in which event the Trust Guarantee will not apply to such distributions until the Trust has sufficient funds available therefor. See "Risk Factors -- Distributions Payable Only if Declared by General

Partner; Restrictions on Certain Payments; Tax Consequences", "-- Insufficient Income or Assets Available to Partnership", "Description of the Trust Preferred Securities -- Distributions" and "Description of the Partnership Preferred Securities -- Distributions".

The Partnership may, from time to time and subject to the restrictions described herein, reinvest payments received with respect to the Affiliate Investment Instruments (including the Debentures) and the Eligible Debt Securities, in additional Affiliate Investment Instruments and Eligible Debt Securities. As of the date of this Prospectus, the Company, as the General Partner, does not intend to cause the Partnership to reinvest regularly scheduled periodic payments of interest or dividends received by the Partnership in the manner described herein, although there can be no assurance that the General Partner's intention in respect of such reinvestments will not change in the future.

If (a) for any distribution period, full distributions on a cumulative basis on any Trust Preferred Securities have not been paid or set apart for payment, (b) an Investment Event of Default by any Investment Affiliate in respect of any Affiliate Investment Instrument has occurred and is continuing or (c) the Company is in default of its obligations under any Guarantee, then during such period (i) the Company shall not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of its capital stock or comparable equity interest (except for (x) dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, its capital stock, and conversions or exchanges of common stock of one class into common stock of another class, (y) redemptions or purchases of any rights pursuant to the Amended and Restated Rights Agreement dated as of December 2, 1997 between the Company and ChaseMellon Shareholder Services, L.L.C., as Rights Agent, or any successor Rights Agent (the "Rights Agreement") and the issuance of preferred stock pursuant to such rights and (z) purchases or acquisitions by the Company or its affiliates in connection with transactions effected by or for the account of customers of the Company or any of its subsidiaries or in connection with the distribution or trading of such capital stock or comparable equity interest) and (ii) the Company shall not make, permit any Finance Subsidiary to make, or make any payments that would enable any Finance Subsidiary to make, any payment of any dividends on, any distribution with respect to, or any redemption, purchase or other acquisition of, or any liquidation payment with respect to, any preferred security or comparable equity interest of any Finance Subsidiary. "Finance Subsidiary" means Merrill Lynch Preferred Capital Trust I, Merrill Lynch Preferred Capital Trust II, Merrill Lynch Preferred Capital Trust III, Merrill Lynch Preferred Capital Trust IV and any other wholly-owned subsidiary of the Company the principal purpose of which is to raise capital for the

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Company by issuing securities that are guaranteed by the Company and the proceeds of which are loaned to or invested in the Company or one or more of its affiliates.

The Partnership Preferred Securities are redeemable by the Partnership, in whole or in part, from time to time, on or after \_\_\_\_\_ at an amount per Partnership Preferred Security equal to \$25 plus accumulated and unpaid distributions thereon to the date fixed for redemption. The Partnership Preferred Securities may also be redeemed, in whole but not in part, at any time upon the occurrence of a Partnership Special Event (as defined herein). If the Partnership redeems the Partnership Preferred Securities, the Trust must redeem Trust Securities on a pro rata basis having an aggregate liquidation amount equal to the aggregate liquidation preference of the Partnership Preferred Securities so redeemed at a redemption price of \$25 per Partnership Preferred Security plus all accumulated and unpaid distributions thereon to the date fixed for redemption (the "Redemption Price"). See "Description of the Trust Preferred Securities -- Mandatory Redemption". Neither the Partnership Preferred Securities nor the Trust Preferred Securities have any scheduled maturity or are redeemable at any time at the option of the holders thereof.

The Trust will be dissolved upon the occurrence of a Trust Special Event (as defined herein). Upon dissolution of the Trust, the Partnership Preferred Securities will be distributed to the holders of the Trust Securities, on a pro rata basis, in lieu of any cash distribution, unless the Partnership Preferred Securities are redeemed in the limited circumstances described herein. If the Partnership Preferred Securities are distributed to the holders of the Trust Securities, the Company will use its best efforts to cause the Partnership Preferred Securities to be listed on the NYSE or such other national securities exchange or similar organization as the Trust Preferred Securities are then listed or quoted. See "Description of the Trust Preferred Securities -- Trust Special Event Redemption or Distribution" and "Description of the Partnership Preferred Securities".

In the event of any liquidation, dissolution, winding up or termination of the Trust, the holders of the Trust Preferred Securities will be entitled to receive for each Trust Preferred Security a liquidation amount of \$25 plus accumulated and unpaid distributions thereon, except to the extent, in connection with such dissolution, Partnership Preferred Securities are distributed to the holders of the Trust Preferred Securities. Upon (i) the occurrence of an Investment Event of Default by an Investment Affiliate in respect of any Affiliate Investment Instrument or (ii) default by the Company on any of its obligations under any Guarantee, the holders of the Trust Preferred Securities will have a preference over the holders of the Trust

Common Securities with respect to payments upon liquidation of the Trust. Under no circumstances will the investment instruments held by the Partnership be distributed in kind to the holders of the Trust Preferred Securities or Partnership Preferred Securities. See "Description of the Trust Preferred Securities -- Liquidation Distribution Upon Dissolution".

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Trust Preferred Securities. Such transactions may include stabilizing, the purchase of Trust Preferred Securities to cover syndicate short positions and the imposition of penalty bids. For a description of these activities, see "Underwriting".

#### AVAILABLE INFORMATION

The Company, the Trust and the Partnership have filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-3 (the "Registration Statement", which term shall include all amendments, exhibits and schedules thereto), pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations promulgated thereunder, with respect to the Trust Preferred Securities offered hereby (as well as the Partnership Preferred Securities, the Trust Guarantee, the Partnership Guarantee, the Investment Guarantees and the Company Debenture). This Prospectus, which constitutes a part of the Registration Statement, does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission, and to which reference is hereby made.

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

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Commission. Except for the listing of Trust Preferred Securities that is expected to be made on the New York Stock Exchange, neither the Trust nor the Partnership has any securities that are listed on any national securities exchange. The Registration Statement, as well as 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: Northeast Regional Office, Seven World Trade Center, New York, New York 10048 and Midwest Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2551. 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 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.

Statements made in this Prospectus concerning the provisions of any contract, agreement or other document referred to herein are not necessarily complete. With respect to each such statement concerning a contract, agreement or other document filed as an exhibit to the Registration Statement or otherwise filed with the Commission, reference is made to such exhibit or other filing for a more complete description of the matter involved, and each such statement is qualified in its entirety by such reference.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 filed pursuant to Section 13 of the United States Securities Exchange Act of 1934 (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 termination of the offering of the Trust Preferred Securities, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, shall be deemed to be incorporated by reference in 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 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.



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. Certain terms used in this Summary are defined elsewhere in this Prospectus. See "Index of Defined Terms" for a cross reference to the location in this Prospectus where such terms are defined.

THE TRUST..... Merrill Lynch Preferred Capital Trust V, a Delaware statutory business trust. The sole assets of the Trust will be the Partnership Preferred Securities.

THE PARTNERSHIP..... Merrill Lynch Preferred Funding V, L.P., a Delaware limited partnership. The assets of the Partnership will initially consist of the Debentures and certain Eligible Debt Securities.

SECURITIES OFFERED..... of % Trust Preferred Securities.

DISTRIBUTIONS..... Distributions on the Trust Preferred Securities will accumulate from the date of original issuance of the Trust Preferred Securities and will be payable at the annual rate of % of the liquidation amount of \$25 per Trust Preferred Security if, as and when the Trust has funds available for payment. Distributions will be payable quarterly in arrears on each , , and , commencing . Distributions not made on the scheduled payment date will accumulate and compound quarterly at a rate per annum equal to %. The distributions payable with respect to will represent distributions accumulated from and will equal \$ for each \$25 Trust Preferred Security.

The ability of the Trust to pay distributions on the Trust Preferred Securities is entirely dependent on its receipt of corresponding distributions with respect to the Partnership Preferred Securities. The ability of the Partnership to pay distributions on the Partnership Preferred Securities is, in turn, dependent on its receipt of payments with respect to the Debentures and the Eligible Debt Securities held by the Partnership. The Debentures will provide that payments of interest may be deferred at any time, and from time to time, by the relevant issuer for a period not exceeding six consecutive quarters. Distributions on the Partnership Preferred Securities will be declared and paid only as determined in the sole discretion of the Company in its capacity as the General Partner of the Partnership. See "Risk Factors -- Distributions Payable Only if Declared by General Partner; Restrictions on Certain Payments; Tax Consequences", "Description of the Trust Preferred Securities -- Distributions" and "Description of the Partnership Preferred Securities -- Distributions" and "-- Partnership Investments".

RIGHTS UPON NON-PAYMENT OF DISTRIBUTIONS AND CERTAIN DEFAULTS; COVENANTS OF THE COMPANY.....

If, at any time, (i) arrearages on distributions on the Trust Preferred Securities shall exist for six consecutive quarterly distribution

periods, (ii) an Investment Event of Default occurs and is continuing on any Affiliate Investment Instrument or (iii) the Company is in default on any of its obligations under the Trust Guarantee or the Partnership Guarantee, then (a) the Property Trustee, as the holder of the Partnership Preferred Securities, will have the right to enforce the terms of the Partnership Preferred Securities, including the right to direct the Special Representative (as defined herein) to enforce (1) the Partnership's creditors' rights and other rights with respect to the Affiliate Investment Instruments and the Investment Guarantees and (2) the rights of the

holders of the Partnership Preferred Securities to receive distributions (only if, as and when declared) on the Partnership Preferred Securities, and (b) the Trust Guarantee Trustee or the Special Representative, as the holders of the Trust Guarantee and the Partnership Guarantee, respectively, shall have the right to enforce such Guarantees, including the right to enforce the covenant restricting certain payments by the Company and Finance Subsidiaries described below.

Under no circumstances, however, shall the Special Representative have authority to cause the General Partner to declare distributions on the Partnership Preferred Securities. If the Partnership does not declare and pay distributions on the Partnership Preferred Securities out of funds legally available for distribution, the Trust will not have sufficient funds to make distributions on the Trust Preferred Securities. See "Risk Factors -- Insufficient Income or Assets Available to Partnership", "Description of the Trust Preferred Securities -- Trust Enforcement Events" and "Description of the Partnership Preferred Securities -- Partnership Enforcement Events".

The Company has agreed that if (a) for any distribution period, full distributions on a cumulative basis on any Trust Preferred Securities have not been paid or set apart for payment, (b) an Investment Event of Default by any Investment Affiliate in respect of any Affiliate Investment Instrument has occurred and is continuing or (c) the Company is in default on any of its obligations under the Trust Guarantee, the Partnership Guarantee or any Investment Guarantee, then, during such period (i) the Company shall not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to any of its capital stock or comparable equity interest (except for (x) dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, its capital stock and conversions or exchanges of common stock of one class into common stock of another class, (y) redemptions or purchases of any rights pursuant to the Rights Agreement and the issuance of preferred stock pursuant to such rights and (z) purchases or acquisitions by the Company or its affiliates in connection with transactions effected by or for the account of customers of the Company or any of its subsidiaries or in connection with the

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distribution or trading of such capital stock or comparable equity interest) and (ii) the Company shall not make, permit any Finance Subsidiary to make, nor make any payments that would enable any Finance Subsidiary to make, any payment of any dividends on, any distribution with respect to, or any redemption, purchase or other acquisition of, or any liquidation payment with respect to, any preferred security or comparable equity interest of any Finance Subsidiary.

LIQUIDATION AMOUNT.....

In the event of any liquidation of the Trust, holders will be entitled to receive \$25 per Trust Preferred Security plus an amount equal to any accumulated and unpaid distributions thereon to the date of payment (such amount being the "Trust Liquidation Distribution"), unless Partnership Preferred Securities are distributed to such holders in connection with a Trust Special Event. If upon a liquidation of the Trust (in which the Partnership Preferred Securities are not distributed to holders of the Trust Securities), the Trust Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Trust Liquidation Distribution, then the amounts payable directly by the Trust on the Trust Preferred Securities shall be paid on a pro rata basis. The holders of the Trust Common Securities will be entitled to receive distributions upon any such liquidation pro rata with the holders of the Trust Preferred Securities, except that upon

(i) the occurrence of an Investment Event of Default by an Investment Affiliate (including the Company) in respect of any Affiliate Investment Instrument or (ii) default by the Company on any of its obligations under any Guarantee, the holders of the Trust Preferred Securities will have a preference over the holders of the Trust Common Securities with respect to payments upon liquidation of the Trust. See "Description of the Trust Preferred Securities -- Liquidation Distribution Upon Dissolution".

OPTIONAL REDEMPTION..... The Partnership Preferred Securities will be redeemable for cash, at the option of the Partnership, in whole or in part, from time to time, after \_\_\_\_\_ at an amount per Partnership Preferred Security equal to \$25 plus accumulated and unpaid distributions thereon. Upon any redemption of the Partnership Preferred Securities, the Trust Preferred Securities will be redeemed, in whole or in part, as applicable, at the Redemption Price. See "Description of the Partnership Preferred Securities -- Optional Redemption" and "Description of the Trust Preferred Securities -- Mandatory Redemption". Neither the Partnership Preferred Securities nor the Trust Preferred Securities have any scheduled maturity or are redeemable at any time at the option of the holders thereof.

GUARANTEES..... The Company will irrevocably guarantee, on a subordinated basis, the payment in full of (i) any accumulated and unpaid distributions on the Trust Preferred Securities to the extent of funds of the Trust legally available therefor, (ii) the amount payable upon redemption

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of the Trust Preferred Securities to the extent of funds of the Trust legally available therefor and (iii) generally, the liquidation amount of the Trust Preferred Securities to the extent of the assets of the Trust legally available for distribution to holders of Trust Preferred Securities. See "Description of the Trust Guarantee".

The Company will also irrevocably guarantee, on a subordinated basis and to the extent set forth herein, the payment in full of (i) any accumulated and unpaid distributions on the Partnership Preferred Securities if, as and when declared out of funds legally available therefor, (ii) the amount payable upon redemption of the Partnership Preferred Securities to the extent of funds of the Partnership legally available therefor and (iii) generally, the liquidation preference of the Partnership Preferred Securities to the extent of the assets of the Partnership legally available for distribution to holders of Partnership Preferred Securities. See "Description of the Partnership Guarantee".

The Company will fully and unconditionally guarantee, on a subordinated basis, payments in respect of the Debentures (other than the Company Debenture) for the benefit of the holders of the Partnership Preferred Securities, to the extent described under "Description of the Partnership Preferred Securities -- Investment Guarantees". The Guarantees, when taken together with the Company Debenture and the Company's obligations to pay all fees and expenses of the Trust and the Partnership, constitute a guarantee to the extent set forth herein by the Company of the distribution, redemption and liquidation amounts payable to the holders of the Trust Preferred Securities. The Guarantees do not apply, however, to current distributions by the Partnership unless and until such distributions are declared by the Partnership out of funds legally available for payment or to liquidating distributions unless there are assets available for payment in the Partnership, each as more fully described under "Risk Factors -- Insufficient Income or Assets Available to Partnership". The Company's obligations under the Guarantees are subordinate and junior in right of payment to all other liabilities of the Company and rank pari passu with the most senior preferred stock issued from time to time by the Company, with similar

guarantees issued by the Company in connection with the \$275,000,000 aggregate liquidation amount of 7 3/4% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust I, the \$300,000,000 aggregate liquidation amount of 8% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust II, the \$750,000,000 aggregate liquidation amount of 7% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust III, the \$400,000,000 aggregate liquidation amount of 7.12% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust IV and with any guarantee now or hereafter entered into by the Company in respect of any preferred stock of any other Finance Subsidiary.

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VOTING RIGHTS..... Generally, holders of the Trust Preferred Securities will not have any voting rights. The holders of a majority in liquidation amount of the Trust Preferred Securities, however, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Property Trustee, or direct the exercise of any trust or power conferred upon the Property Trustee under the Declaration, including the right to direct the Property Trustee, as holder of the Partnership Preferred Securities, (i) to exercise its rights in the manner described above under "Rights Upon Non-Payment of Distributions and Certain Defaults; Covenants of the Company" and (ii) to consent to any amendment, modification or termination of the Limited Partnership Agreement or the Partnership Preferred Securities where such consent shall be required. See "Description of the Trust Preferred Securities -- Voting Rights".

SPECIAL EVENT REDEMPTIONS  
OR DISTRIBUTIONS.....

Upon the occurrence of a Trust Tax Event (which event will generally be triggered upon the occurrence of certain adverse tax consequences or the denial of an interest deduction on the Debentures held by the Partnership) or a Trust Investment Company Event (which event will generally be triggered if the Trust is considered an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act")), except in certain limited circumstances, the Regular Trustees (as defined herein) will have the right to liquidate the Trust and cause Partnership Preferred Securities to be distributed to the holders of the Trust Preferred Securities. In certain circumstances involving a Partnership Tax Event (which event will generally be triggered upon the occurrence of certain adverse tax consequences or the denial of an interest deduction on the Debentures held by the Partnership) or a Partnership Investment Company Event (which event will generally be triggered if the Partnership is considered an "investment company" under the 1940 Act), the Partnership will have the right to redeem the Partnership Preferred Securities, in whole (but not in part), at \$25 per Partnership Preferred Security plus accumulated and unpaid distributions thereon, regardless of the occurrence of any Trust Tax Event or Trust Investment Company Event and in lieu of any distribution of the Partnership Preferred Securities required in connection therewith, in which event the Trust Securities will be redeemed at the Redemption Price. See "Description of the Trust Preferred Securities -- Trust Special Event Redemption or Distribution" and "Description of the Partnership Preferred Securities -- Partnership Special Event Redemption".

FORM OF TRUST PREFERRED  
SECURITIES.....

The Trust Preferred Securities will be represented by a global certificate or certificates registered in the name of Cede & Co., as nominee for DTC. Beneficial interests in the Trust Preferred Securities will be evidenced by, and transfers thereof will be effected only through, records maintained by the participants in

DTC. Except as described herein, Trust Preferred Securities in certificated form will not be issued in exchange for the global certificate or certificates. See "Description of the Trust Preferred Securities -- Book-Entry Only Issuance -- The Depository Trust Company".

USE OF PROCEEDS..... All of the proceeds from the sale of the Trust Securities will be invested by the Trust in the Partnership Preferred Securities. The Partnership will use the funds to make investments in Debentures and certain Eligible Debt Securities. The Company and the subsidiaries of the Company which are the issuers of the Debentures will use the proceeds from the sale of such Debentures for general corporate purposes. See "Use of Proceeds".

#### RISK FACTORS

Prospective purchasers of the Trust Preferred Securities should consider carefully the risk factors set forth below, as well as all other information contained or incorporated by reference in this Prospectus, in evaluating an investment in the Trust Preferred Securities.

#### DISTRIBUTIONS PAYABLE ONLY IF DECLARED BY GENERAL PARTNER; RESTRICTIONS ON CERTAIN PAYMENTS; TAX CONSEQUENCES

Distributions on the Partnership Preferred Securities will be payable only if, as and when declared by the General Partner in its sole discretion. The Company is the sole General Partner of the Partnership, and the Debentures will constitute obligations of the Company and its affiliates. If interest payments on the Debentures are deferred as permitted thereby, or if such interest payments are not paid to the Partnership according to their terms (and guarantee payments on the Investment Guarantees are not made by the Company), the Partnership will generally lack funds to pay distributions on the Partnership Preferred Securities. If the Partnership does not make current distributions on the Partnership Preferred Securities, either because the General Partner does not declare distributions to be made or because the Partnership lacks sufficient funds, the Trust will not have funds available to make current distributions on the Trust Preferred Securities. As described under "Description of the Trust Guarantee -- Covenants of the Company", in certain circumstances, the Company will be restricted from, among other things, paying any dividends on its Common Stock.

Should the Partnership fail to pay current distributions on the Partnership Preferred Securities, each holder of Trust Preferred Securities will generally be required to accrue income, for United States federal income tax purposes, in respect of the cumulative deferred distributions (including interest thereon) allocable to its proportionate share of the Partnership Preferred Securities. As a result, each holder of Trust Preferred Securities will recognize income for United States federal income tax purposes in advance of the receipt of cash and will not receive the cash from the Trust related to such income if such holder disposes of its Trust Preferred Securities prior to the record date for the date on which distributions of such amounts are made by the Trust. See "Certain Federal Income Tax Considerations".

#### INSUFFICIENT INCOME OR ASSETS AVAILABLE TO PARTNERSHIP

The Trust Preferred Securities are subject to the risk of a current or liquidating distribution rate mismatch between the rate paid on the Trust Preferred Securities and the rate paid on the securities held by the Partnership, including the Debentures and any additional securities acquired by the Partnership in the future. Such mismatch could occur if (i) at any time that the Partnership is receiving current payments in respect of the securities held by the Partnership (including the Debentures), the General Partner, in its sole discretion, does not declare distributions on the Partnership Preferred Securities and the Partnership receives insufficient amounts to pay the additional compounded distributions that will accumulate in respect of the Partnership Preferred Securities, (ii) the Partnership reinvests the proceeds received in respect of the Debentures upon their retirement or at their maturities in Affiliate Investment Instruments or Eligible Debt Securities that do not generate income in an amount that is sufficient to pay full distributions in respect of the Partnership Preferred Securities at a rate of % per annum or (iii) the Partnership invests in debt securities of Investment Affiliates that are not guaranteed by the Company and that cannot be liquidated by the Partnership for an amount sufficient to pay such distributions in full. If the reinvestments in the securities of the Investment Affiliates contemplated by the General Partner do not meet the eligibility criteria for Affiliate Investment Instruments described under "Description of the Partnership Preferred Securities -- Partnership Investments", the Partnership shall invest funds available for reinvestment in Eligible Debt Securities. To the extent that the Partnership lacks sufficient funds to make current or liquidating distributions on the Partnership Preferred Securities in full, the Trust will not have sufficient funds available to pay full current or liquidating distributions on the Trust Preferred Securities.

## DEPENDENCE ON AFFILIATE INVESTMENT INSTRUMENTS

Approximately 99% of the proceeds from the issuance of the Partnership Preferred Securities and the General Partner's capital contribution will be invested in Debentures, which consist of debt instruments of the Company and one or more eligible controlled affiliates. See "Description of the Partnership Preferred Securities -- Partnership Investments".

## SPECIAL EVENT REDEMPTION OR DISTRIBUTION

Upon the occurrence of a Trust Special Event or a Partnership Special Event (each of which will generally be triggered either upon (i) the occurrence of certain adverse tax consequences to the Trust or the Partnership, as the case may be, or the denial of an interest deduction by the related Investment Affiliate on the Debentures held by the Partnership or (ii) the Trust or Partnership being considered an "investment company" under the 1940 Act) (each, a "Special Event"), the Trust will be dissolved with the result that, except in the limited circumstances described below, the Partnership Preferred Securities would be distributed to the holders of the Trust Securities in connection with the liquidation of the Trust. In certain circumstances, the Partnership shall have the right to redeem the Partnership Preferred Securities, in whole (but not in part), in lieu of a distribution of the Partnership Preferred Securities by the Trust, in which event the Trust will redeem the Trust Preferred Securities for cash. See "Description of the Trust Preferred Securities -- Trust Special Event Redemption or Distribution" and "Description of the Partnership Preferred Securities -- Partnership Special Event Redemption".

Unless the liquidation of the Trust occurs as a result of the Trust being subject to United States federal income tax with respect to income on the Partnership Preferred Securities, a distribution of the Partnership Preferred Securities upon the dissolution of the Trust would not be a taxable event to holders of the Trust Preferred Securities. If, however, the liquidation of the Trust were to occur because the Trust is subject to United States federal income tax with respect to income accrued or received on the Partnership Preferred Securities, the distribution of Partnership Preferred Securities to holders by the Trust would likely be a taxable event to each such holder, and a holder would recognize gain or loss as if the holder had exchanged its Trust Preferred Securities for the Partnership Preferred Securities it received upon the liquidation of the Trust. Similarly, the holders of the Trust Preferred Securities would recognize gain or loss if the Trust dissolves upon an occurrence of a Partnership Special Event and the holders of Trust Preferred Securities receive cash in exchange for their Trust Preferred Securities. See "Certain Federal Income Tax Considerations -- Redemption of Trust Preferred Securities for Cash".

There can be no assurance as to the market prices for the Partnership Preferred Securities that may be distributed in exchange for Trust Preferred Securities if a dissolution or liquidation of the Trust were to occur. Accordingly, the Partnership Preferred Securities that a holder of Trust Preferred Securities may receive upon dissolution and liquidation of the Trust may trade at a discount to the price that the investor paid to purchase the Trust Preferred Securities offered hereby. Because holders of Trust Preferred Securities may receive Partnership Preferred Securities upon the occurrence of a Special Event, prospective purchasers of Trust Preferred Securities also are making an investment decision with regard to the Partnership Preferred Securities and should carefully review all the information regarding the Partnership Preferred Securities contained herein. See "Description of the Partnership Preferred Securities -- Partnership Special Event Redemption" and "-- General".

## RANKING OF SUBORDINATED OBLIGATIONS UNDER THE GUARANTEES AND THE COMPANY DEBENTURE

The Company's obligations under the Trust Guarantee, the Partnership Guarantee and the Investment Guarantees are subordinate and junior in right of payment to all liabilities of the Company and will rank pari passu with the most senior preferred stock, if any, issued from time to time by the Company, with similar guarantees issued by the Company in connection with the \$275,000,000 aggregate liquidation amount of 7 3/4% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust I, the \$300,000,000 aggregate liquidation amount of 8% Trust Originated Preferred Securities issued by Merrill Lynch Preferred

Capital Trust II, the \$750,000,000 aggregate liquidation amount of 7% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust III, the \$400,000,000 aggregate liquidation amount of 7.12% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust IV and with any guarantee now or hereafter entered into by the Company in respect of any preferred stock of any other Finance Subsidiary, and the Company's obligations under the Company Debenture are subordinate and junior in right of payment to all Senior Indebtedness. At June 26, 1998, the Company had outstanding Senior Indebtedness aggregating approximately \$90.2 billion which would have ranked senior to the Company's obligations under the Guarantees and the Company Debenture. There are no terms in the Trust Preferred Securities, the Partnership Preferred Securities, the Guarantees or the Debentures that limit the Company's ability to incur additional indebtedness, including indebtedness that ranks senior to the Guarantees. See

"Description of the Partnership Preferred Securities -- Partnership Investments" and "-- Investment Guarantees", "Description of the Trust Guarantee" and "Description of the Partnership Guarantee".

#### ENFORCEMENT OF CERTAIN RIGHTS BY OR ON BEHALF OF HOLDERS OF TRUST PREFERRED SECURITIES

If a Trust Enforcement Event occurs and is continuing, then (a) the holders of Trust Preferred Securities would rely on the enforcement by the Property Trustee of its rights, as a holder of the Partnership Preferred Securities, against the Company, including the right to direct the Special Representative to enforce (i) the Partnership's creditors' rights and other rights with respect to the Affiliate Investment Instruments and the Investment Guarantees, (ii) the rights of the holders of the Partnership Preferred Securities under the Partnership Guarantee, and (iii) the rights of the holders of the Partnership Preferred Securities to receive distributions (only if and to the extent declared out of funds legally available therefor) on the Partnership Preferred Securities, and (b) the Trust Guarantee Trustee shall have the right to enforce the terms of the Trust Guarantee, including the right to enforce the covenant restricting certain payments by the Company and Finance Subsidiaries. Under no circumstances, however, shall the Special Representative have authority to cause the General Partner to declare distributions on the Partnership Preferred Securities. As a result, although the Special Representative may be able to enforce the Partnership's creditors' rights to accelerate and receive payments in respect of the Affiliate Investment Instruments and the Investment Guarantees, the Partnership would be entitled to reinvest such payments in additional Affiliate Investment Instruments, subject to satisfying the reinvestment criteria described under "Description of the Partnership Preferred Securities -- Partnership Investments", and the Eligible Debt Securities, rather than declaring and making distributions on the Partnership Preferred Securities. See "Description of the Trust Preferred Securities -- Trust Enforcement Events".

#### LIMITED VOTING RIGHTS

Holders of the Trust Preferred Securities will have limited voting rights and will not be entitled to vote to appoint, remove or replace, or to increase or decrease the number of, Trustees, which voting rights are vested exclusively in the holder of the Trust Common Securities. See "Description of the Trust Preferred Securities -- Voting Rights".

#### TRADING CHARACTERISTICS OF TRUST PREFERRED SECURITIES

The price at which the Trust Preferred Securities may trade may not fully reflect the value of the accumulated but unpaid distributions on the Trust Preferred Securities (which will equal the accumulated but unpaid distributions on the Partnership Preferred Securities). In addition, as a result of the right of the General Partner not to declare current distributions on the Partnership Preferred Securities, the market price of the Trust Preferred Securities (which represent undivided beneficial ownership interests in the Partnership Preferred Securities) may be more volatile than other similar securities where there is no such right to defer current distributions. A holder who disposes of its Trust Preferred Securities will be required to include for United States federal income tax purposes accumulated but unpaid distributions on the Partnership Preferred Securities through the date of disposition in income as ordinary income, and to add such amount to its adjusted tax basis in its pro rata share of the Partnership Preferred Securities deemed disposed of. To the extent the selling price is less than the holder's adjusted tax basis (which will include all accumulated but unpaid distributions), a holder will recognize a capital loss. Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for United States federal income tax purposes. See "Certain Federal Income Tax Considerations".

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#### NO PRIOR MARKET FOR THE TRUST PREFERRED SECURITIES

The Trust Preferred Securities constitute a new issue of securities with no established trading market. Application will be made to list the Trust Preferred Securities on the NYSE. There can be no assurance that an active market for the Trust Preferred Securities will develop or be sustained in the future on the NYSE. Although the Underwriters have indicated to the Company that they intend to make a market in the Trust Preferred Securities, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue any such market-making at any time without notice. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Trust Preferred Securities.

The Trust Preferred Securities will only be sold to those investors for whom such Trust Preferred Securities are considered suitable in light of their particular circumstances.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, 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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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.

#### USE OF PROCEEDS

The proceeds to be received by the Trust from the sale of the Trust Preferred Securities and the Trust Common Securities will be used by the Trust to purchase Partnership Preferred Securities, and will be applied by the Partnership to invest in Debentures and Eligible Debt Securities. See "Description of the Partnership Preferred Securities -- Partnership Investments". The Company and the subsidiaries of the Company which are the issuers of the Debentures will use the proceeds from the sale of such Debentures to the Partnership of \$ primarily for general corporate purposes. Such general corporate purposes may include the funding of investments in, or extensions of credit to, its subsidiaries, the funding of assets of the Company and its subsidiaries, the lengthening of the average maturity of the Company's borrowings, and the financing of acquisitions. Pending such applications, the net proceeds will be applied to the reduction of short-term indebtedness or temporarily invested. Management of the Company expects that it will, on a recurrent basis, engage in additional financings as the need arises to finance the growth of the Company, through acquisitions or otherwise, or to lengthen the average maturity of its borrowings. To the extent that Trust Preferred Securities being purchased for resale by MLPF&S are not resold, the aggregate proceeds to the Company and its subsidiaries would be reduced.

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#### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the historical ratios of earnings to fixed charges of the Company for the periods indicated:

	YEAR ENDED LAST FRIDAY					THREE MONTHS
	IN DECEMBER					ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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#### MERRILL LYNCH PREFERRED CAPITAL TRUST V

Merrill Lynch Preferred Capital Trust V (the "Trust") is a statutory business trust formed under the Delaware Business Trust Act, as amended (the "Trust Act"), pursuant to a declaration of trust and the filing of a certificate of trust with the Secretary of State of the State of Delaware on January 8, 1998; such declaration will be amended and restated in its entirety (as so amended and restated, the "Declaration") substantially in the form filed as an exhibit to the Registration Statement of which this Prospectus



forms a part. The Declaration will be qualified as an indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). Upon issuance of the Trust Preferred Securities, the purchasers thereof will own all the Trust Preferred Securities. See "Description of the Trust Preferred Securities". The Company will acquire Trust Common Securities in an amount equal to at least 3% of the total capital of the Trust. The Trust will use all the proceeds derived from the issuance of the Trust Securities to purchase the Partnership Preferred Securities from the Partnership and, accordingly, the assets of the Trust will consist solely of the Partnership Preferred Securities. The Trust exists for the exclusive purpose of (i) issuing the Trust Securities representing undivided beneficial ownership interests in the assets of the Trust, (ii) investing the gross proceeds of the Trust Securities in the Partnership Preferred Securities, and (iii) engaging in only those other activities necessary or incidental thereto.

Pursuant to the Declaration, there will initially be four trustees (the "Trustees") for the Trust. Two of the Trustees will be individuals who are employees or officers of or who are affiliated with the Company (the "Regular Trustees"). The third trustee will be a financial institution that is unaffiliated with the Company and is indenture trustee for purposes of compliance with the provisions of the Trust Indenture Act (the "Property Trustee"). The fourth trustee will be an entity that maintains its principal place of business in the State of Delaware (the "Delaware Trustee"). Initially, The Chase Manhattan Bank, a New York banking corporation, will act as Property Trustee, and its affiliate, Chase Manhattan Bank Delaware, a Delaware corporation, will act as Delaware Trustee until, in each case, removed or replaced by the holder of the Trust Common Securities. For purposes of compliance with the Trust Indenture Act, The Chase Manhattan Bank will also act as trustee under the Trust Guarantee (the "Trust Guarantee Trustee"), as Property Trustee under the Declaration and as trustee under the indenture applicable to the Company Debenture.

The Property Trustee will hold title to the Partnership Preferred Securities for the benefit of the holders of the Trust Securities, and the Property Trustee will have the power to exercise all rights, powers and privileges with respect to the Partnership Preferred Securities under the Amended and Restated Agreement of Limited Partnership to be entered into by the Company and the Trust (the "Limited Partnership Agreement") as the holder of the Partnership Preferred Securities. In addition, the Property Trustee will maintain exclusive control of a segregated non-interest bearing bank account (the "Property Account") to hold all payments made in respect of the Partnership Preferred Securities for the benefit of the holders of the Trust Securities. The Trust Guarantee Trustee will hold the Trust Guarantee for the benefit of the holders of the Trust Preferred Securities. The Company, as the holder of all the Trust Common Securities, will have the right to appoint, remove or replace any of the Trustees and to increase or decrease the number of trustees, provided that at least one trustee shall be a Delaware Trustee, at least one trustee shall be the Property Trustee and at least one Trustee shall be a Regular Trustee. The Company will pay all fees and expenses related to the organization and operations of the Trust (including any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States or any other domestic taxing authority upon the Trust) and the offering of the Trust Preferred Securities and be responsible for all debts and obligations of the Trust (other than with respect to the Trust Securities).

For so long as the Trust Preferred Securities remain outstanding, the Company will covenant (i) to maintain directly 100% ownership of the Trust Common Securities, (ii) to cause the Trust to remain a statutory business trust and not to voluntarily dissolve, wind-up, liquidate or be terminated, except as permitted by the Declaration of the Trust and (iii) to use its commercially reasonable efforts to ensure that the Trust will not be (A) an "investment company" for purposes of the 1940 Act or (B) classified as other than a grantor trust for United States federal income tax purposes.

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The rights of the holders of the Trust Preferred Securities, including economic rights, rights to information and voting rights, are as set forth in the Declaration and the Trust Act. See "Description of the Trust Preferred Securities". The Declaration and the Trust Guarantee also incorporate by reference the terms of the Trust Indenture Act.

The location of the principal executive office of the Trust is c/o Merrill Lynch & Co., Inc., World Financial Center, North Tower, 250 Vesey Street, New York, New York 10281, and its telephone number is (212) 449-1000.

MERRILL LYNCH PREFERRED FUNDING V, L.P.

Merrill Lynch Preferred Funding V, L.P. (the "Partnership") is a limited partnership that was formed under the Delaware Revised Uniform Limited Partnership Act, as amended (the "Partnership Act"), on January 8, 1998 for the exclusive purposes of purchasing certain eligible debt securities of the Company and wholly-owned subsidiaries of the Company (the "Affiliate Investment Instruments") with the proceeds from the sale of Partnership Preferred Securities to the Trust and a capital contribution from the Company in exchange for the general partner interest in the Partnership. Pursuant to the certificate of limited partnership, as amended, and the Limited Partnership Agreement, the Company is the sole general partner of the Partnership (in such capacity the "General Partner"). Upon the issuance of the Partnership Preferred Securities, which securities represent limited partner

interests in the Partnership, the Trust will be the sole limited partner of the Partnership. Contemporaneously with the issuance of the Partnership Preferred Securities, the General Partner will contribute capital to the Partnership in an amount sufficient to establish its initial capital account at an amount equal to at least 15% of the total capital of the Partnership.

The Partnership is managed by the General Partner and exists for the sole purpose of (i) issuing its partnership interests, (ii) investing the proceeds thereof in Affiliate Investment Instruments and Eligible Debt Securities and (iii) engaging in only those other activities necessary or incidental thereto. To the extent that aggregate payments to the Partnership on the Affiliate Investment Instruments and on Eligible Debt Securities exceed distributions accumulated or payable with respect to the Partnership Preferred Securities, the Partnership may at times have excess funds which shall be allocated to and may, in the General Partner's sole discretion, be distributed to the General Partner.

For so long as the Partnership Preferred Securities remain outstanding, the General Partner will covenant in the Limited Partnership Agreement (i) to remain the sole general partner of the Partnership and to maintain directly 100% ownership of the General Partner's interest in the Partnership, which interest will at all times represent at least 1% of the total capital of the Partnership, (ii) to cause the Partnership to remain a limited partnership and not to voluntarily dissolve, liquidate, wind-up or be terminated, except as permitted by the Limited Partnership Agreement and (iii) to use its commercially reasonable efforts to ensure that the Partnership will not be (A) an "investment company" for purposes of the 1940 Act or (B) an association or a publicly traded partnership taxable as a corporation for United States federal income tax purposes. The Company or the then General Partner may transfer its obligations as General Partner to a wholly-owned direct or indirect subsidiary of the Company provided that (i) such successor entity expressly accepts such transfer of the obligations as General Partner and (ii) prior to such transfer, the Company has received an opinion of nationally recognized independent counsel to the Partnership experienced in such matters to the effect that (A) the Partnership will be treated as a partnership for United States federal income tax purposes, (B) such transfer would not cause the Trust to be classified as an association taxable as a corporation for United States federal income tax purposes, (C) following such transfer, the Company and such successor entity will be in compliance with the 1940 Act without registering thereunder as an investment company, and (D) such transfer will not adversely affect the limited liability of the holders of the Partnership Preferred Securities.

The rights of the holders of the Partnership Preferred Securities, including economic rights, rights to information and voting rights, are set forth in the Limited Partnership Agreement and the Partnership Act. See "Description of the Partnership Preferred Securities".

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The Limited Partnership Agreement provides that the General Partner will have liability for the fees and expenses of the Partnership (including any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States or any other domestic taxing authority upon the Partnership) and be responsible for all debts and obligations of the Partnership (other than with respect to the Partnership Preferred Securities). Under Delaware law, assuming a limited partner in a Delaware limited partnership such as the Partnership (i.e., a holder of the Partnership Preferred Securities) does not participate in the control of the business of the limited partnership, such limited partner will not be personally liable for the debts, obligations and liabilities of such limited partnership, whether arising in contract, tort or otherwise, solely by reason of being a limited partner of such limited partnership (subject to any obligation such limited partner may have to repay any funds that may have been wrongfully distributed to it). The Partnership's business and affairs will be conducted by the General Partner.

The location of the principal executive offices of the Partnership is c/o Merrill Lynch & Co., Inc., World Financial Center, North Tower, 250 Vesey Street, New York, New York 10281 and its telephone number is (212) 449-1000.

#### DESCRIPTION OF THE TRUST PREFERRED SECURITIES

The Trust Preferred Securities will be issued pursuant to the terms of the Declaration. The Declaration will be qualified as an indenture under the Trust Indenture Act. The Property Trustee, The Chase Manhattan Bank, will act as trustee for the Trust Preferred Securities under the Declaration for purposes of compliance with the provisions of the Trust Indenture Act. The terms of the Trust Preferred Securities will include those stated in the Declaration and those made part of the Declaration by the Trust Indenture Act. The following summary of the material terms and provisions of the Trust Preferred Securities does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Declaration, a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part, the Trust Act and the Trust Indenture Act.

#### GENERAL

The Trust Preferred Securities will be issued in fully registered form without coupons. Trust Preferred Securities will not be issued in bearer form. See "-- Book-Entry Only Issuance -- The Depository Trust Company".

The Declaration authorizes the Regular Trustees of the Trust to issue the Trust Securities, which represent undivided beneficial ownership interests in the assets of the Trust. Title to the Partnership Preferred Securities will be held by the Property Trustee for the benefit of the holders of the Trust Securities. The Declaration does not permit the Trust to acquire any assets other than the Partnership Preferred Securities or the issuance by the Trust of any securities other than the Trust Securities or the incurrence of any indebtedness by the Trust. The payment of distributions out of money held by the Trust, and payments out of money held by the Trust upon redemption of the Trust Preferred Securities or liquidation of the Trust, are guaranteed by the Company to the extent described under "Description of the Trust Guarantee". The Trust Guarantee will be held by The Chase Manhattan Bank, the Trust Guarantee Trustee, for the benefit of the holders of the Trust Preferred Securities. The Trust Guarantee does not cover payment of distributions when the Trust does not have sufficient available funds to pay such distributions. In such event, holders of Trust Preferred Securities will have the remedies described below under "-- Trust Enforcement Events".

#### DISTRIBUTIONS

The distribution rate on Trust Preferred Securities will be fixed at a rate per annum of % of the stated liquidation amount of \$25 per Trust Preferred Security and will be paid if, as and when the Trust has funds available for payment. Distributions not paid on the scheduled payment date will accumulate and compound quarterly at a rate per annum equal to %. The term "distribution" as used herein includes any such

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compounded amounts unless otherwise stated or the context otherwise requires. The amount of distributions payable for any period will be computed on the basis of a 360-day year of twelve 30-day months.

Distributions on the Trust Preferred Securities will be cumulative, will accumulate from the date of initial issuance and will be payable quarterly in arrears on each , , and , commencing , if, as and when available for payment, by the Property Trustee, except as otherwise described below. If distributions are not paid when scheduled, the accumulated distributions shall be paid to the holders of record of Trust Preferred Securities as they appear on the books and records of the Trust on the record date with respect to the payment date for the Trust Preferred Securities which corresponds to the payment date fixed by the Partnership with respect to the payment of cumulative distributions on the Partnership Preferred Securities.

Distributions on the Trust Preferred Securities will be made to the extent that the Trust has funds available for the payment of such distributions in the Property Account. Amounts available to the Trust for distribution to the holders of the Trust Preferred Securities will be limited to payments received by the Trust from the Partnership with respect to the Partnership Preferred Securities or from the Company on the Partnership Guarantee or the Trust Guarantee. Distributions on the Partnership Preferred Securities will be paid only if, as and when declared in the sole discretion of the Company, as the General Partner of the Partnership. Pursuant to the Limited Partnership Agreement, the General Partner is not obligated to declare distributions on the Partnership Preferred Securities at any time, including upon or following a Partnership Enforcement Event. See "Description of Partnership Preferred Securities -- Partnership Enforcement Events".

The assets of the Partnership will consist only of Affiliate Investment Instruments (which initially will be the Debentures) and Eligible Debt Securities. To the extent that the issuers (and, where applicable, the Company, as guarantor) of the securities in which the Partnership invests defer or fail to make any payment in respect of such securities (or, if applicable, such guarantees), the Partnership will not have sufficient funds to pay and will not declare or pay distributions on the Partnership Preferred Securities. If the Partnership does not declare and pay distributions on the Partnership Preferred Securities out of funds legally available for distribution, the Trust will not have sufficient funds to make distributions on the Trust Preferred Securities, in which event the Trust Guarantee will not apply to such distributions until the Trust has sufficient funds available therefor. See "Description of the Partnership Preferred Securities --

Distributions" and "Description of the Trust Guarantee". In addition, as described under "Risk Factors -- Insufficient Income or Assets Available to Partnership", the Partnership may not have sufficient funds to pay current or liquidating distributions on the Partnership Preferred Securities if (i) at any time that the Partnership is receiving current payments in respect of the securities held by the Partnership (including the Debentures), the General Partner, in its sole discretion, does not declare distributions on the Partnership Preferred Securities and the Partnership receives insufficient amounts to pay the additional compounded distributions that will accumulate in respect of the Partnership Preferred Securities, (ii) the Partnership reinvests the proceeds received in respect of the Debentures upon their retirement or at their maturities in Affiliate Investment Instruments that do not generate income in an amount that is sufficient to pay full distributions in respect of the Partnership Preferred Securities or (iii) the Partnership invests in debt securities of Investment Affiliates that are not guaranteed by the Company and that cannot be liquidated by the Partnership for an amount sufficient to pay such distributions in full.

Distributions on the Trust Preferred Securities will be payable to the holders thereof as they appear on the books and records of the Trust on the relevant record dates, which will be one Business Day (as defined herein)

prior to the relevant payment dates. Such distributions will be paid through the Property Trustee who will hold amounts received in respect of the Partnership Preferred Securities in the Property Account for the benefit of the holders of the Trust Securities. Subject to any applicable laws and regulations and the provisions of the Declaration, each such payment will be made as described under "--- Book-Entry Only Issuance -- The Depository Trust Company" below. In the event that the Trust Preferred Securities do not remain in book-entry only form, the relevant record dates shall be the 15th day of the month of the relevant payment dates. In the event that any date on which distributions are payable on the Trust Preferred Securities is not a Business Day,

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payment of the distribution payable on such date will be made on the next succeeding day which is a Business Day (without any interest or other payment in respect of the distribution subject to such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. A "Business Day" shall mean any day other than a day on which banking institutions in The City of New York are authorized or required by law to close.

#### TRUST ENFORCEMENT EVENTS

The occurrence, at any time, of (i) arrearages on distributions on the Trust Preferred Securities that shall exist for six consecutive quarterly distribution periods, (ii) a default by the Company in respect of any of its obligations under the Trust Guarantee or (iii) a Partnership Enforcement Event under the Limited Partnership Agreement, will constitute an enforcement event under the Declaration with respect to the Trust Securities (a "Trust Enforcement Event"); provided, that pursuant to the Declaration, the holder of the Trust Common Securities will be deemed to have waived any Trust Enforcement Event with respect to the Trust Common Securities until all Trust Enforcement Events with respect to the Trust Preferred Securities have been cured, waived or otherwise eliminated. Until such Trust Enforcement Events with respect to the Trust Preferred Securities have been so cured, waived or otherwise eliminated, the Property Trustee will be deemed to be acting solely on behalf of the holders of the Trust Preferred Securities and only the holders of the Trust Preferred Securities will have the right to direct the Property Trustee with respect to certain matters under the Declaration and, in the case of a Partnership Enforcement Event, the Special Representative with respect to certain matters under the Limited Partnership Agreement. See "Description of the Partnership Preferred Securities -- Partnership Enforcement Events" for a description of the events which will trigger the occurrence of a Partnership Enforcement Event.

Upon the occurrence of a Trust Enforcement Event, (a) the Property Trustee, as the holder of the Partnership Preferred Securities, shall have the right to enforce the terms of the Partnership Preferred Securities, including the right to direct the Special Representative to enforce (i) the Partnership's creditors' rights and other rights with respect to the Affiliate Investment Instruments and the Investment Guarantees, (ii) the rights of the holders of the Partnership Preferred Securities under the Partnership Guarantee and (iii) the rights of the holders of the Partnership Preferred Securities to receive distributions (only if and to the extent declared out of funds legally available therefor) on the Partnership Preferred Securities, and (b) the Trust Guarantee Trustee shall have the right to enforce the terms of the Trust Guarantee, including the right to enforce the covenant restricting certain payments by the Company and Finance Subsidiaries.

If the Property Trustee fails to enforce its rights under the Partnership Preferred Securities after a holder of Trust Preferred Securities has made a written request, such holder of record of Trust Preferred Securities may directly institute a legal proceeding against the Partnership and the Special Representative to enforce the Property Trustee's rights under the Partnership Preferred Securities without first instituting any legal proceeding against the Property Trustee, the Trust or any other person or entity. In addition, for so long as the Trust holds any Partnership Preferred Securities, if the Special Representative fails to enforce its rights on behalf of the Partnership under the Affiliate Investment Instruments after a holder of Trust Preferred Securities has made a written request, a holder of record of Trust Preferred Securities may on behalf of the Partnership directly institute a legal proceeding against the Investment Affiliates under the Affiliate Investment Instruments, without first instituting any legal proceeding against the Property Trustee, the Trust, the Special Representative or the Partnership. In any event, for so long as the Trust is the holder of any Partnership Preferred Securities, if a Trust Enforcement Event has occurred and is continuing and such event is attributable to the failure of an Investment Affiliate to make any required payment when due on any Affiliate Investment Instrument or the failure of the Company to make any required payment when due on any Investment Guarantee, then a holder of Trust Preferred Securities may on behalf of the Partnership directly institute a proceeding against such Investment Affiliate with respect to such Affiliate Investment Instrument or against the Company with respect to any such Investment Guarantee, in each case for enforcement of payment.

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Under no circumstances, however, shall the Special Representative have authority to cause the General Partner to declare distributions on the

Partnership Preferred Securities. As a result, although the Special Representative may be able to enforce the Partnership's creditors' rights to accelerate and receive payments in respect of the Affiliate Investment Instruments and the Investment Guarantees, the Partnership would be entitled to reinvest such payments in additional Affiliate Investment Instruments, subject to satisfying the reinvestment criteria described under "Description of the Partnership Preferred Securities -- Partnership Investments", and Eligible Debt Securities, rather than declaring and making distributions on the Partnership Preferred Securities.

The Company and the Trust are each required to file annually with the Property Trustee an officer's certificate as to its compliance with all conditions and covenants under the Declaration.

#### MANDATORY REDEMPTION

The Partnership Preferred Securities may be redeemed by the Partnership at the option of the General Partner, in whole or in part, at any time on or after \_\_\_\_\_ or at any time in certain circumstances upon the occurrence of a Partnership Special Event. Upon such redemption of the Partnership Preferred Securities (either at the option of the General Partner or pursuant to a Partnership Special Event), the proceeds from such repayment shall simultaneously be applied to redeem Trust Securities having an aggregate liquidation amount equal to the Partnership Preferred Securities so redeemed at an amount per Trust Security equal to \$25 plus accumulated and unpaid distributions thereon; provided, that holders of the Trust Securities shall be given not less than 30 nor more than 60 days notice of such redemption. See "Description of the Partnership Preferred Securities -- General" and "-- Optional Redemption".

#### TRUST SPECIAL EVENT REDEMPTION OR DISTRIBUTION

If, at any time, a Trust Tax Event or a Trust Investment Company Event (each as hereinafter defined, and each, a "Trust Special Event") shall occur and be continuing, the Regular Trustees shall, unless the Partnership Preferred Securities are redeemed in the limited circumstances described below, within 90 days following the occurrence of such Trust Special Event elect to either (i) dissolve the Trust upon not less than 30 nor more than 60 days notice with the result that, after satisfaction of creditors of the Trust, if any, Partnership Preferred Securities would be distributed on a pro rata basis to the holders of the Trust Preferred Securities and the Trust Common Securities in liquidation of such holders' interests in the Trust; provided, however, that if at the time there is available to the Trust the opportunity to eliminate, within such 90-day period, the Trust Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure which in the sole judgment of the Company has or will cause no adverse effect on the Trust, the Partnership, the Company or the holders of the Trust Securities and will involve no material cost, the Trust will pursue such measure in lieu of dissolution or (ii) cause the Trust Preferred Securities to remain outstanding, provided that in the case of this clause (ii), the Company shall pay any and all expenses incurred by or payable by the Trust attributable to the Trust Special Event. Furthermore, if in the case of the occurrence of a Trust Tax Event, the Regular Trustees have received an opinion (a "Trust Redemption Tax Opinion") of nationally recognized independent tax counsel experienced in such matters that there is more than an insubstantial risk that interest payable by one or more of the Investment Affiliates with respect to the Debentures issued by such Investment Affiliate is not, or will not be, deductible by such Investment Affiliate for United States federal income tax purposes even if the Partnership Preferred Securities were distributed to the holders of the Trust Securities in liquidation of such holders' interests in the Trust as described above, then the General Partner shall have the right, within 90 days following the occurrence of such Trust Tax Event, to elect to cause the Partnership to redeem the Partnership Preferred Securities in whole (but not in part) for cash upon not less than 30 nor more than 60 days notice and promptly following such redemption, the Trust Preferred Securities and Trust Common Securities will be redeemed by the Trust at the Redemption Price.

"Trust Tax Event" means that the Company shall have requested and received and shall have delivered to the Regular Trustees an opinion of nationally recognized independent tax counsel experienced in such matters (a "Trust Dissolution Tax Opinion") to the effect that there has been (a) an amendment to, change in or announced

proposed change in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) a judicial decision interpreting, applying, or clarifying such laws or regulations, (c) an administrative pronouncement or action that represents an official position (including a clarification of an official position) of the governmental authority or regulatory body making such administrative pronouncement or taking such action, or (d) a threatened challenge asserted in connection with an audit of the Company or any of its subsidiaries, the Partnership, or the Trust, or a threatened challenge asserted in writing against any other taxpayer that has raised capital through the issuance of securities that are substantially similar to the Debentures, the Partnership Preferred Securities, or the Trust Preferred Securities, which amendment or change is adopted or which proposed change, decision or pronouncement is announced or which action, clarification or challenge occurs on or after the date of this Prospectus (collectively a "Tax Action"), which Tax Action relates to any of the items described in (i) through (iii) below, and that

following the occurrence of such Tax Action there is more than an insubstantial risk that (i) the Trust is, or will be, subject to United States federal income tax with respect to income accrued or received on the Partnership Preferred Securities, (ii) the Trust is, or will be, subject to more than a de minimis amount of other taxes, duties or other governmental charges or (iii) interest payable by an Investment Affiliate with respect to the Debenture issued by such Investment Affiliate is not, or will not be, deductible by such Investment Affiliate for United States federal income tax purposes.

Recently, the Internal Revenue Service ("IRS") asserted that the interest payable on a security issued in circumstances with certain similarities to the issuance of the Debentures issued by the Investment Affiliates to the Partnership was not deductible for United States federal income tax purposes. The taxpayer in that case has filed a petition in the United States Tax Court challenging the IRS's position on this matter. If this matter were to be litigated and the Tax Court were to sustain the IRS's position on this matter, such judicial decision could constitute a Trust Tax Event, which could result in an early redemption of the Trust Preferred Securities.

"Trust Investment Company Event" means that the Company shall have requested and received and shall have delivered to the Regular Trustees an opinion of nationally recognized independent legal counsel experienced in such matters to the effect that as a result of the occurrence on or after the date hereof of a change in law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority (a "Change in 1940 Act Law"), the Trust is or will be considered an "investment company" which is required to be registered under the 1940 Act.

If the Partnership Preferred Securities are distributed to the holders of the Trust Preferred Securities, the Company will use its best efforts to cause the Partnership Preferred Securities to be listed on the New York Stock Exchange or on such other national securities exchange or similar organization as the Trust Preferred Securities are then listed or quoted.

On the date fixed for any distribution of Partnership Preferred Securities, upon dissolution of the Trust, (i) the Trust Preferred Securities and the Trust Common Securities will no longer be deemed to be outstanding and (ii) certificates representing Trust Securities will be deemed to represent the Partnership Preferred Securities having a liquidation preference equal to the stated liquidation amount of such Trust Securities until such certificates are presented to the Company or its agent for transfer or reissuance.

There can be no assurance as to the market price for the Partnership Preferred Securities which may be distributed in exchange for Trust Preferred Securities if a dissolution and liquidation of the Trust were to occur. Accordingly, the Partnership Preferred Securities which an investor may subsequently receive on dissolution and liquidation of the Trust may trade at a discount to the price of the Trust Preferred Securities exchanged.

#### REDEMPTION PROCEDURES

The Trust may not redeem fewer than all of the outstanding Trust Preferred Securities unless all accumulated and unpaid distributions have been paid on all Trust Preferred Securities for all quarterly distribution periods terminating on or prior to the date of redemption.

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If the Trust gives a notice of redemption in respect of Trust Preferred Securities (which notice will be irrevocable), and if the Company has paid to the Property Trustee a sufficient amount of cash in connection with the related redemption of the Partnership Preferred Securities, then, by 12:00 noon, New York time, on the redemption date, the Trust will irrevocably deposit with DTC funds sufficient to pay the amount payable on redemption of all book-entry certificates and will give DTC irrevocable instructions and authority to pay such amount to holders of the Trust Preferred Securities. See "-- Book-Entry Only Issuance -- The Depository Trust Company". If notice of redemption shall have been given and funds are deposited as required, then upon the date of such deposit, all rights of holders of such Trust Preferred Securities so called for redemption will cease, except the right of the holders of such Trust Preferred Securities to receive the Redemption Price, but without interest on such Redemption Price. In the event that any date fixed for redemption of Trust Preferred Securities is not a Business Day, then payment of the amount payable on such date will be made on the next succeeding day which is a Business Day (without any interest or other payment in respect of the amount payable subject to such delay), except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day. In the event that payment of the Redemption Price in respect of Trust Preferred Securities is improperly withheld or refused and not paid either by the Trust or by the Company pursuant to the Trust Guarantee described under "Description of the Trust Guarantee", distributions on such Trust Preferred Securities will continue to accumulate from the original redemption date to the date of payment.

In the event that fewer than all of the outstanding Trust Preferred Securities are to be redeemed, the Trust Preferred Securities will be redeemed in accordance with the procedures of DTC. See "-- Book-Entry Only Issuance -- The Depository Trust Company". In the event that the Trust Preferred Securities do not remain in book-entry only form and fewer than all of the outstanding Trust Preferred Securities are to be redeemed, the Trust Preferred

Securities shall be redeemed on a pro rata basis or pursuant to the rules of any securities exchange on which the Trust Preferred Securities are listed.

Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws), the Company or its subsidiaries may at any time and from time to time purchase outstanding Trust Preferred Securities by tender, in the open market or by private agreement.

#### SUBORDINATION OF TRUST COMMON SECURITIES

Payment of amounts upon liquidation of the Trust Securities shall be made pro rata based on the liquidation amount of the Trust Securities; provided, however, that upon (i) the occurrence of an Investment Event of Default by an Investment Affiliate (including the Company) in respect of any Affiliate Investment Instrument or (ii) default by the Company on any of its obligations under any Guarantee, the holders of the Trust Preferred Securities will have a preference over the holders of the Trust Common Securities with respect to payments upon liquidation of the Trust.

In the case of any Trust Enforcement Event, the holder of Trust Common Securities will be deemed to have waived any such Trust Enforcement Event until all such Trust Enforcement Events with respect to the Trust Preferred Securities have been cured, waived or otherwise eliminated. Until all Trust Enforcement Events with respect to the Trust Preferred Securities have been so cured, waived or otherwise eliminated, the Property Trustee shall act solely on behalf of the holders of the Trust Preferred Securities and not on behalf of the holder of the Trust Common Securities, and only the holders of the Trust Preferred Securities will have the right to direct the Property Trustee to act on their behalf.

#### LIQUIDATION DISTRIBUTION UPON DISSOLUTION

In the event of any voluntary or involuntary liquidation, dissolution, winding-up or termination of the Trust (each a "Trust Liquidation"), the holders of the Trust Preferred Securities will be entitled to receive out of the assets of the Trust, after satisfaction of liabilities to creditors, distributions in cash or other immediately available funds in an amount equal to the aggregate of the stated liquidation amount of \$25 per Trust Preferred Security

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plus accumulated and unpaid distributions thereon to the date of payment (the "Trust Liquidation Distribution"), unless, in connection with such Trust Liquidation, Partnership Preferred Securities have been distributed on a pro rata basis to the holders of the Trust Securities.

If, upon any such Trust Liquidation, the Trust Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Trust Liquidation Distribution, then the amounts payable directly by the Trust on the Trust Preferred Securities shall be paid on a pro rata basis. The holders of the Trust Common Securities will be entitled to receive distributions upon any such liquidation pro rata with the holders of the Trust Preferred Securities, except in the limited circumstances described above under "-- Subordination of Trust Common Securities".

Pursuant to the Declaration, the Trust shall terminate (i) upon the bankruptcy of the Company, (ii) upon the filing of a certificate of dissolution or the equivalent with respect to the Company, the filing of a certificate of cancellation with respect to the Trust after having obtained the consent of at least a majority in liquidation amount of the Trust Securities, voting together as a single class, to file such certificate of cancellation, or the revocation of the charter of the Company and the expiration of 90 days after the date of revocation without a reinstatement thereof, (iii) upon the distribution of all of the Partnership Preferred Securities upon the occurrence of a Trust Special Event, (iv) upon the entry of a decree of a judicial dissolution of the Company or the Trust, or (v) upon the redemption of all the Trust Securities.

#### VOTING RIGHTS

Except as described herein, under the Trust Act, the Trust Indenture Act and under "Description of the Trust Guarantee -- Amendments and Assignment", and as otherwise required by law and the Declaration, the holders of the Trust Preferred Securities will have no voting rights.

Subject to the requirement of the Property Trustee obtaining a tax opinion as set forth in the last sentence of this paragraph, the holders of a majority in liquidation amount of the Trust Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Property Trustee, or direct the exercise of any trust or power conferred upon the Property Trustee under the Declaration, including the right to direct the Property Trustee, as holder of the Partnership Preferred Securities, to (i) exercise the remedies available to it under the Limited Partnership Agreement as a holder of the Partnership Preferred Securities, including the right to direct the Special Representative to exercise its rights in the manner described above under "-- Trust Enforcement Events" and (ii) consent to any amendment, modification, or termination of the Limited Partnership Agreement or the Partnership Preferred Securities where such consent shall be required; provided, however, that where a consent or action under the Limited Partnership Agreement would require the consent or act of

the holders of more than a majority of the aggregate liquidation preference of Partnership Preferred Securities affected thereby, only the holders of the percentage of the aggregate stated liquidation amount of the Trust Securities which is at least equal to the percentage required under the Limited Partnership Agreement may direct the Property Trustee to give such consent or take such action on behalf of the Trust. See "Description of the Partnership Preferred Securities -- Voting Rights". The Property Trustee shall notify all holders of the Trust Preferred Securities of any notice of any Partnership Enforcement Event received from the General Partner with respect to the Partnership Preferred Securities and the Affiliate Investment Instruments. Such notice shall state that such Partnership Enforcement Event also constitutes a Trust Enforcement Event. Except with respect to directing the time, method, and place of conducting a proceeding for a remedy as described above, the Property Trustee shall be under no obligation to take any of the actions described in clauses (i) or (ii) above unless the Property Trustee has obtained an opinion of independent tax counsel to the effect that as a result of such action, the Trust will not fail to be classified as a grantor trust for United States federal income tax purposes and that after such action each holder of Trust Securities will continue to be treated as owning an undivided beneficial ownership interest in the Partnership Preferred Securities.

A waiver of a Partnership Enforcement Event with respect to the Partnership Preferred Securities held by the Property Trustee will constitute a waiver of the corresponding Trust Enforcement Event.

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Any required approval or direction of holders of Trust Preferred Securities may be given at a separate meeting of holders of Trust Preferred Securities convened for such purpose, at a meeting of all of the holders of Trust Securities or pursuant to written consent. The Regular Trustees will cause a notice of any meeting at which holders of Trust Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be mailed to each holder of record of Trust Preferred Securities. Each such notice will include a statement setting forth the following information: (i) the date of such meeting or the date by which such action is to be taken; (ii) a description of any resolution proposed for adoption at such meeting on which such holders are entitled to vote or of such matter upon which written consent is sought; and (iii) instructions for the delivery of proxies or consents. No vote or consent of the holders of Trust Preferred Securities will be required for the Trust to redeem and cancel Trust Preferred Securities or distribute Partnership Preferred Securities in accordance with the Declaration.

Notwithstanding that holders of Trust Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Trust Securities that are beneficially owned at such time by the Company or any entity directly or indirectly controlled by, or under direct or indirect common control with, the Company, except for Trust Preferred Securities purchased or acquired by the Company or its affiliates in connection with transactions effected by or for the account of customers of the Company or any of its subsidiaries or in connection with the distribution or trading of such Trust Preferred Securities, shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if such Trust Securities were not outstanding; provided, however, that persons (other than affiliates of the Company) to whom the Company or any of its subsidiaries have pledged Trust Preferred Securities may vote or consent with respect to such pledged Trust Preferred Securities pursuant to the terms of such pledge.

The procedures by which holders of Trust Preferred Securities represented by the global certificates may exercise their voting rights are described below. See "-- Book-Entry Only Issuance -- The Depository Trust Company".

Holders of the Trust Preferred Securities will have no rights to appoint or remove the Regular Trustees, who may be appointed, removed or replaced solely by the Company, as the holder of all of the Trust Common Securities.

#### MERGER, CONSOLIDATION OR AMALGAMATION OF THE TRUST

The Trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any corporation or other entity, except as described below. The Trust may, with the consent of a majority of the Regular Trustees and without the consent of the holders of the Trust Securities, the Property Trustee or the Delaware Trustee consolidate, amalgamate, merge with or into, or be replaced by a trust organized as such under the laws of any State of the United States; provided, that (i) if the Trust is not the survivor, such successor entity either (x) expressly assumes all of the obligations of the Trust under the Trust Securities or (y) substitutes for the Trust Preferred Securities other securities having substantially the same terms as the Trust Preferred Securities (the "Successor Securities"), so long as the Successor Securities rank the same as the Trust Securities rank with respect to distributions, assets and payments, (ii) the Company expressly acknowledges a trustee of such successor entity possessing the same powers and duties as the Property Trustee as the holder of the Partnership Preferred Securities, (iii) the Trust Preferred Securities or any Successor Securities are listed, or any Successor Securities will be listed upon notification of issuance, on any national securities exchange or with another organization on which the Trust Preferred Securities are then listed or quoted, (iv) such merger, consolidation, amalgamation or replacement does not cause the Trust Preferred Securities (including any Successor Securities) to be downgraded by any nationally recognized statistical rating organization, (v) such merger,



consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the holders of the Trust Preferred Securities (including any Successor Securities) in any material respect, (vi) such successor entity has a purpose substantially identical to that of the Trust, (vii) the Company guarantees the obligations of such successor entity under the Successor

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Securities to the same extent as provided by the Trust Guarantee and (viii) prior to such merger, consolidation, amalgamation or replacement, the Company has received an opinion of a nationally recognized independent counsel to the Trust experienced in such matters to the effect that: (A) such merger, consolidation, amalgamation or replacement will not adversely affect the rights, preferences and privileges of the holders of the Trust Preferred Securities (including any Successor Securities) in any material respect (other than with respect to any dilution of the holders' interest in the new entity), (B) following such merger, consolidation, amalgamation or replacement, neither the Trust nor such successor entity will be required to register as an investment company under the 1940 Act, (C) following such merger, consolidation, amalgamation or replacement, the Trust (or such successor trust) will not be classified as an association or a publicly traded partnership taxable as a corporation for United States federal income tax purposes and (D) following such merger, consolidation, amalgamation or replacement, the Partnership will not be classified as an association or a publicly traded partnership taxable as a corporation for United States federal income tax purposes. Notwithstanding the foregoing, the Trust shall not, except with the consent of holders of 100% in liquidation amount of the Trust Preferred Securities, consolidate, amalgamate, merge with or into, or be replaced by any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it, if such consolidation, amalgamation, merger or replacement would cause the Trust or the successor entity to be classified as an association or a publicly traded partnership taxable as a corporation for United States federal income tax purposes.

#### MODIFICATION OF THE DECLARATION

The Declaration may be modified and amended if approved by a majority of the Regular Trustees (and in certain circumstances the Property Trustee and the Delaware Trustee), provided, that if any proposed amendment provides for, or the Regular Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Trust Securities, whether by way of amendment to the Declaration or otherwise or (ii) the dissolution, winding-up or termination of the Trust other than pursuant to the terms of the Declaration, then the holders of the Trust Securities voting together as a single class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of at least a majority in liquidation amount of the Trust Securities affected thereby; provided, further that if any amendment or proposal referred to in clause (i) above would adversely affect only the Trust Preferred Securities or the Trust Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of a majority in liquidation amount of such class of Trust Securities.

The Declaration may be amended without the consent of the holders of the Trust Securities to (i) cure any ambiguity, (ii) correct or supplement any provision in the Declaration that may be defective or inconsistent with any other provision of the Declaration, (iii) add to the covenants, restrictions or obligations of the Sponsor, (iv) conform to any change in the 1940 Act, the Trust Indenture Act or the rules or regulations of either such Act and (v) modify, eliminate and add to any provision of the Declaration to such extent as may be necessary or desirable; provided that no such amendment shall have a material adverse effect on the rights, preferences or privileges of the holders of the Trust Securities.

Notwithstanding the foregoing, no amendment or modification may be made to the Declaration if such amendment or modification would (i) cause the Trust to fail to be classified as a grantor trust for United States federal income tax purposes, (ii) cause the Partnership to be classified as an association or publicly traded partnership taxable as a corporation for such purposes, (iii) reduce or otherwise adversely affect the powers of the Property Trustee or (iv) cause the Trust or the Partnership to be deemed an "investment company" which is required to be registered under the 1940 Act.

#### BOOK-ENTRY ONLY ISSUANCE -- THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") will act as securities depository (the "Depository") for the Trust Preferred Securities and, to the extent distributed to the holders of Trust Preferred Securities, the Partnership Preferred Securities. The Trust Preferred Securities will be issued only as fully-registered securities registered in

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the name of Cede & Co. (DTC's nominee). One or more fully-registered global Trust Preferred Securities certificates ("Global Certificates"), representing the total aggregate number of Trust Preferred Securities, will be issued and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law,

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. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Participants in DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its 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 system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Trust Preferred Securities within the DTC system must be made by or through Participants, which will receive a credit for the Trust Preferred Securities on DTC's records. The ownership interest of each actual purchaser of Trust Preferred Securities ("Beneficial Owner") is in turn to be recorded on the Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Participants or Indirect Participants through which the Beneficial Owners purchased Trust Preferred Securities. Transfers of ownership interests in the Trust Preferred Securities are to be accomplished by entries made on the books of Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Trust Preferred Securities, except in the event that use of the book-entry system for the Trust Preferred Securities is discontinued.

DTC has no knowledge of the actual Beneficial Owners of the Trust Preferred Securities; DTC's records reflect only the identity of the Participants to whose accounts such Trust Preferred Securities are credited, which may or may not be the Beneficial Owners. The Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as DTC, or its nominee, is the registered owner or holder of a Global Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Trust Preferred Securities represented thereby for all purposes under the Declaration and the Trust Preferred Securities. No beneficial owner of an interest in a Global Certificate will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Declaration.

DTC has advised the Company that it will take any action permitted to be taken by a holder of Trust Preferred Securities (including the presentation of Trust Preferred Securities for exchange as described below) only at the direction of one or more Participants to whose account the DTC interests in the Global Certificates are credited and only in respect of such portion of the aggregate liquidation amount of Trust Preferred Securities as to which such Participant or Participants has or have given such direction. Also, if there is a Trust Enforcement Event under the Trust Preferred Securities, DTC will exchange the Global Certificates for Certificated Securities, which it will distribute to its Participants in accordance with its customary procedures.

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.

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Redemption notices in respect of the Trust Preferred Securities held in book-entry form will be sent to Cede & Co. If less than all of the Trust Preferred Securities are being redeemed, DTC will determine the amount of the interest of each Participant to be redeemed in accordance with its procedures.

Although voting with respect to the Trust Preferred Securities is limited, in those cases where a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to Trust Preferred Securities. Under its usual procedures, DTC would mail an Omnibus Proxy to the Trust as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Participants to whose accounts the Trust Preferred Securities are allocated on the record date (identified in a listing attached to the Omnibus Proxy).

Distributions on the Trust Preferred Securities held in book-entry form will be made to DTC in immediately available funds. DTC's practice is to credit Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices and will be the

responsibility of such Participants and Indirect Participants and not of DTC, the Trust or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of any distributions to DTC is the responsibility of the Trust, disbursement of such payments to Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Participants and Indirect Participants.

Except as described, a Beneficial Owner of an interest in a Global Certificate will not be entitled to receive physical delivery of Trust Preferred Securities. Accordingly, each Beneficial Owner must rely on the procedures of DTC to exercise any rights under the Trust Preferred Securities.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Certificates among Participants of DTC, DTC is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Company nor the Trust will have any responsibility for the performance by DTC or its Participants or Indirect Participants under the rules and procedures governing DTC. DTC may discontinue providing its services as securities depository with respect to the Trust Preferred Securities at any time by giving notice to the Trust. Under such circumstances, in the event that a successor securities depository is not obtained, Trust Preferred Security certificates are required to be printed and delivered to the Property Trustee. Additionally, the Trust (with the consent of the Company) may decide to discontinue use of the system of book-entry transfers through DTC or any successor depository. In that event, certificates for the Trust Preferred Securities will be printed and delivered to the Property Trustee. In each of the above circumstances, the Company will appoint a paying agent with respect to the Trust Preferred Securities.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the global Trust Preferred Securities as represented by a Global Certificate.

#### PAYMENT

Payments in respect of the Trust Preferred Securities represented by the Global Certificates shall be made to DTC, which shall credit the relevant accounts at DTC on the scheduled payment dates or, in the case of certificated securities, if any, such payments shall be made by check mailed to the address of the holder entitled thereto as such address shall appear on the register. The Paying Agent shall be permitted to resign as Paying Agent upon 30 days written notice to the Regular Trustees. In the event that The Chase Manhattan Bank shall no longer be the Paying Agent, the Regular Trustees shall appoint a successor to act as Paying Agent (which shall be a bank or trust company).

#### REGISTRAR, TRANSFER AGENT, AND PAYING AGENT

The Property Trustee will act as Registrar, Transfer Agent and Paying Agent for the Trust Preferred Securities.

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Registration of transfers of Trust Preferred Securities will be effected without charge by or on behalf of the Trust, but upon payment (with the giving of such indemnity as the Trust or the Company may require) in respect of any tax or other government charges which may be imposed in relation to it.

The Trust will not be required to register or cause to be registered the transfer of Trust Preferred Securities after such Trust Preferred Securities have been called for redemption.

#### INFORMATION CONCERNING THE PROPERTY TRUSTEE

The Property Trustee, prior to the occurrence of a default with respect to the Trust Securities, undertakes to perform only such duties as are specifically set forth in the Declaration and, after default, shall exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Subject to such provisions, the Property Trustee is under no obligation to exercise any of the powers vested in it by the Declaration at the request of any holder of Trust Preferred Securities, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. The holders of Trust Preferred Securities will not be required to offer such indemnity in the event such holders, by exercising their voting rights, direct the Property Trustee to take any action following a Trust Enforcement Event.

#### GOVERNING LAW

The Declaration and the Trust Preferred Securities will be governed by, and construed in accordance with, the internal laws of the State of Delaware.

#### MISCELLANEOUS

The Regular Trustees are authorized and directed to conduct the affairs of and to operate the Trust in such a way that the Trust will not be deemed to be an "investment company" required to be registered under the 1940 Act or characterized as other than a grantor trust for United States federal income tax purposes. In this connection, the Regular Trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust or

the Declaration that the Regular Trustees determine in their discretion to be necessary or desirable for such purposes as long as such action does not adversely affect the interests of the holders of the Trust Preferred Securities.

Holders of the Trust Preferred Securities have no preemptive rights.

#### DESCRIPTION OF THE TRUST GUARANTEE

Set forth below is a summary of information concerning the Trust Guarantee which will be executed and delivered by the Company for the benefit of the holders from time to time of Trust Preferred Securities. The summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Trust Guarantee, which is filed as an exhibit to the Registration Statement of which this Prospectus is a part. The Trust Guarantee incorporates by reference the terms of, and will be qualified as an indenture under, the Trust Indenture Act. The Chase Manhattan Bank, as the Trust Guarantee Trustee, will hold the Trust Guarantee for the benefit of the holders of the Trust Preferred Securities and will act as indenture trustee for the purposes of compliance with the Trust Indenture Act.

#### GENERAL

Pursuant to the Trust Guarantee, the Company will irrevocably agree, on a subordinated basis and to the extent set forth therein, to pay in full to the holders of the Trust Preferred Securities (except to the extent paid by the Trust), as and when due, regardless of any defense, right of set off or counterclaim which the Trust may have or assert, the following payments (the "Trust Guarantee Payments"), without duplication: (i) any accumulated and unpaid distributions on the Trust Preferred Securities to the extent the Trust has funds available

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therefor, (ii) the Redemption Price with respect to any Trust Preferred Securities called for redemption by the Trust, to the extent the Trust has funds available therefor and (iii) upon a voluntary or involuntary dissolution, winding-up or termination of the Trust (other than in connection with the distribution of Partnership Preferred Securities to the holders of Trust Preferred Securities or the redemption of all of the Trust Preferred Securities), the lesser of (a) the aggregate of the liquidation amount and all accumulated and unpaid distributions on the Trust Preferred Securities and (b) the amount of assets of the Trust remaining available for distribution to holders of Trust Preferred Securities upon the liquidation of the Trust. The Company's obligation to make a Trust Guarantee Payment may be satisfied by direct payment of the required amounts by the Company to the holders of Trust Preferred Securities or by causing the Trust to pay such amounts to such holders.

The Trust Guarantee will be a guarantee on a subordinated basis with respect to the Trust Preferred Securities from the time of issuance of such Trust Preferred Securities but will only apply to any payment of distributions or Redemption Price, or to payments upon the dissolution, winding-up or termination of the Trust, to the extent the Trust shall have funds available therefor. If the Partnership fails to declare distributions on Partnership Preferred Securities, the Trust would lack available funds for the payment of distributions or amounts payable on redemption of the Trust Preferred Securities or otherwise, and in such event holders of the Trust Preferred Securities would not be able to rely upon the Trust Guarantee for payment of such amounts. Instead, holders of the Trust Preferred Securities will have the remedies described herein under "Description of the Trust Preferred Securities -- Trust Enforcement Events", including the right to direct the Trust Guarantee Trustee to enforce the covenant restricting certain payments by the Company and Finance Subsidiaries. See "-- Covenants of the Company" below.

The Guarantees, when taken together with the Company Debenture and the Company's obligations to pay all fees and expenses of the Trust and the Partnership, constitute a guarantee to the extent set forth herein by the Company of the distribution, redemption and liquidation payments payable to the holders of the Trust Preferred Securities. The Guarantees do not apply, however, to current distributions by the Partnership unless and until such distributions are declared by the Partnership out of funds legally available for payment or to liquidating distributions unless there are assets available for payment in the Partnership, each as more fully described under "Risk Factors -- Insufficient Income or Assets Available to Partnership".

#### COVENANTS OF THE COMPANY

The Company will covenant in the Trust Guarantee that, if (a) for any distribution period, full distributions on a cumulative basis on any Trust Preferred Securities have not been paid, (b) an Investment Event of Default by any Investment Affiliate in respect of any Affiliate Investment Instrument has occurred and is continuing or (c) the Company is in default of its obligations under the Trust Guarantee, the Partnership Guarantee or any Investment Guarantee, then, during such period (i) the Company shall not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of its capital stock or comparable equity interest (except for (x) dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, its capital stock, and conversions or exchanges of common stock of

one class into common stock of another class, (y) redemptions or purchases of any rights pursuant to the Rights Agreement and the issuance of preferred stock pursuant to such rights and (z) purchases or acquisitions by the Company or its affiliates in connection with transactions effected by or for the account of customers of the Company or any of its subsidiaries or in connection with the distribution or trading of such capital stock or comparable equity interest) and (ii) the Company shall not make, permit any Finance Subsidiary to make, or make any payments that would enable any Finance Subsidiary to make, any payment of any dividends on, any distribution with respect to, or any redemption, purchase or other acquisition of, or any liquidation payment with respect to, any preferred security or comparable equity interest of any Finance Subsidiary.

#### EVENTS OF DEFAULT; ENFORCEMENT OF TRUST GUARANTEE

An event of default under the Trust Guarantee will occur upon the failure of the Company to perform any of its payment or other obligations thereunder.

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The holders of a majority in liquidation amount of the Trust Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trust Guarantee Trustee or to direct the exercise of any trust or power conferred upon the Trust Guarantee Trustee under the Trust Guarantee. If the Trust Guarantee Trustee fails to enforce its rights under the Trust Guarantee after a holder of Trust Preferred Securities has made a written request, such holder may institute a legal proceeding directly against the Company to enforce the Trust Guarantee Trustee's rights under the Trust Guarantee, without first instituting a legal proceeding against the Trust, the Trust Guarantee Trustee or any other person or entity. In any event, if the Company has failed to make a guarantee payment under the Trust Guarantee, a holder of Trust Preferred Securities may directly institute a proceeding in such holder's own name against the Company for enforcement of the Trust Guarantee for such payment.

#### STATUS OF THE TRUST GUARANTEE; SUBORDINATION

The Trust Guarantee will constitute an unsecured obligation of the Company and will rank subordinate and junior in right of payment to all other liabilities of the Company and will rank pari passu with the most senior preferred stock, if any, issued from time to time by the Company, with similar guarantees issued by the Company in connection with the \$275,000,000 aggregate liquidation amount of 7 3/4% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust I, the \$300,000,000 aggregate liquidation amount of 8% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust II, the \$750,000,000 aggregate liquidation amount of 7% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust III, the \$400,000,000 aggregate liquidation amount of 7.12% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust IV and with any guarantee now or hereafter entered into by the Company in respect of any preferred stock of any other Finance Subsidiary. Accordingly, the rights of the holders of Trust Preferred Securities to receive payments under the Trust Guarantee will be subject to the rights of the holders of any obligations of the Company that are senior in priority to the obligations under the Trust Guarantee. Furthermore, the holders of obligations of the Company that are senior to the obligations under the Trust Guarantee (including, but not limited to, obligations constituting Senior Indebtedness) will be entitled to the same rights upon payment default or dissolution, liquidation and reorganization in respect of the Trust Guarantee that inure to the holders of Senior Indebtedness as against the holders of the Company Debenture. The terms of the Trust Preferred Securities provide that each holder of Trust Preferred Securities, by acceptance thereof, agrees to the subordination provisions and other terms of the Trust Guarantee.

The Trust Guarantee will constitute a guarantee of payment and not of collection (that is, the guaranteed party may directly institute a legal proceeding against the Company to enforce its rights under the Trust Guarantee without instituting a legal proceeding against any other person or entity).

#### AMENDMENTS AND ASSIGNMENT

Except with respect to any changes that do not materially adversely affect the rights of holders of Trust Preferred Securities (in which case no vote will be required), the Trust Guarantee may be amended only with the prior approval of the holders of at least a majority in liquidation amount of all the outstanding Trust Preferred Securities. The manner of obtaining any such approval of holders of the Trust Preferred Securities will be as set forth under "Description of the Trust Preferred Securities -- Voting Rights". All guarantees and agreements contained in the Trust Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Company and shall inure to the benefit of the holders of the Trust Preferred Securities then outstanding. Except in connection with permitted merger or consolidation of the Company with or into another entity or permitted sale, transfer or lease of the Company's assets to another entity in which the surviving corporation (if other than the Company) assumes the Company's obligations under the Trust Guarantee, the Company may not assign its rights or delegate its obligations under the Trust Guarantee without the prior approval of the holders of at least a majority of the aggregate stated liquidation amount of the Trust Preferred Securities then outstanding.

#### TERMINATION OF THE TRUST GUARANTEE

The Trust Guarantee will terminate as to each holder of Trust Preferred Securities upon (i) full payment of the Redemption Price of all Trust Preferred Securities, (ii) distribution of the Partnership Preferred Securities

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held by the Trust to the holders of the Trust Preferred Securities or (iii) full payment of the amounts payable in accordance with the Declaration upon liquidation of the Trust. The Trust Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of Trust Preferred Securities must restore payment of any sum paid under such Trust Preferred Securities or such Trust Guarantee.

#### INFORMATION CONCERNING THE TRUST GUARANTEE TRUSTEE

The Trust Guarantee Trustee, prior to the occurrence of a default with respect to the Trust Guarantee, undertakes to perform only such duties as are specifically set forth in the Trust Guarantee and, after default with respect to the Trust Guarantee, shall exercise the same degree of care as a prudent man would exercise in the conduct of his own affairs. Subject to such provision, the Trust Guarantee Trustee is under no obligation to exercise any of the powers vested in it by the Trust Guarantee at the request of any holder of Trust Preferred Securities unless it is offered reasonable indemnity against the costs, expenses and liabilities that might be incurred thereby.

#### GOVERNING LAW

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

#### DESCRIPTION OF THE PARTNERSHIP PREFERRED SECURITIES

##### GENERAL

All of the partnership interests in the Partnership, other than the Partnership Preferred Securities acquired by the Trust, are owned directly by the Company. Initially, the Company will be the sole General Partner of the Partnership. The Limited Partnership Agreement authorizes and creates the Partnership Preferred Securities, which represent limited partner interests in the Partnership. The limited partner interests represented by the Partnership Preferred Securities will have a preference with respect to distributions and amounts payable on redemption or liquidation over the General Partner's interest in the Partnership. Except as otherwise described herein or provided in the Limited Partnership Agreement, the Limited Partnership Agreement does not permit the issuance of any additional partnership interests, or the incurrence of any indebtedness by the Partnership.

The summary of certain material terms and provisions of the Partnership Preferred Securities set forth below does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Limited Partnership Agreement, which is filed as an exhibit to the Registration Statement of which this Prospectus is a part, and the Partnership Act.

##### DISTRIBUTIONS

Holders of Partnership Preferred Securities will be entitled to receive cumulative cash distributions, if, as and when declared by the General Partner in its sole discretion out of assets of the Partnership legally available for payment. The distributions payable on each Partnership Preferred Security will be fixed at a rate per annum of % of the stated liquidation preference of \$25 per Partnership Preferred Security. Distributions not paid on the scheduled payment date will accumulate and compound quarterly at the rate per annum equal to %. The amount of distributions payable for any period will be computed on the basis of a 360-day year of twelve 30-day months.

Distributions on the Partnership Preferred Securities will be payable quarterly in arrears on , and of each year, commencing . If distributions are not declared and paid when scheduled, the accumulated distributions shall be paid to the holders of record of Partnership Preferred Securities as they appear on the books and records of the Partnership on the record date with respect to the payment date for the Partnership Preferred Securities.

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The Partnership's earnings available for distribution to the holders of the Partnership Preferred Securities will be limited to payments made on the Affiliate Investment Instruments and Investment Guarantees and payments on Eligible Debt Securities in which the Partnership has invested from time to time. See "-- Partnership Investments". To the extent that the issuers (and, where applicable, the Company, as guarantor) of the securities in which the Partnership invests fail to make any payment in respect of such securities (or, if applicable, such guarantees), the Partnership will not have sufficient funds to pay and will not declare or pay distributions on the Partnership Preferred Securities, in which event the Partnership Guarantee will not apply to such distributions until the Partnership has sufficient funds available therefor. See "Description of the Partnership Guarantee". In addition, distributions on the Partnership Preferred Securities may be declared and paid only as determined in the sole discretion of the General Partner of the

Partnership. If the Partnership fails to declare and pay distributions on the Partnership Preferred Securities out of funds legally available for distribution, the Trust will not have sufficient funds to make distributions on the Trust Preferred Securities, in which event the Trust Guarantee will not apply to such distributions until the Trust has sufficient funds available therefor. In addition, as described under "Risk Factors -- Insufficient Income or Assets Available to Partnership", the Partnership may not have sufficient funds to pay current or liquidating distributions on the Partnership Preferred Securities if (i) at any time that the Partnership is receiving current payments in respect of the securities held by the Partnership (including the Debentures), the General Partner, in its sole discretion, does not declare distributions on the Partnership Preferred Securities and the Partnership receives insufficient amounts to pay the additional compounded distributions that will accumulate in respect of the Partnership Preferred Securities, (ii) the Partnership reinvests the proceeds received in respect of the Debentures upon their retirement or at their maturities in Affiliate Investment Instruments that do not generate income in an amount that is sufficient to pay full distributions in respect of the Partnership Preferred Securities or (iii) the Partnership invests in debt securities of Investment Affiliates that are not guaranteed by the Company and that cannot be liquidated by the Partnership for an amount sufficient to pay such distributions in full.

Distributions on the Partnership Preferred Securities will be payable to the holders thereof as they appear on the books and records of the Partnership on the relevant record dates, which, as long as the Trust Preferred Securities remain (or, in the event that the Trust is liquidated in connection with a Trust Special Event, as long as the Partnership Preferred Securities remain) in book-entry only form, will be one Business Day prior to the relevant payment dates. In the event the Trust Preferred Securities (or in the event that the Trust is liquidated in connection with a Trust Special Event, the Partnership Preferred Securities) shall not continue to remain in book-entry only form, the relevant record dates shall be the 15th day of the month of the relevant payment dates. In the event that any date on which distributions are payable on the Partnership Preferred Securities is not a Business Day, then payment of the distribution payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

#### PARTNERSHIP ENFORCEMENT EVENTS

If one or more of the following events shall occur and be continuing (each a "Partnership Enforcement Event"): (i) arrearages on distributions on the Partnership Preferred Securities shall exist for six consecutive quarterly distribution periods, (ii) the Company is in default on any of its obligations under the Partnership Guarantee or any Investment Guarantee or (iii) an Investment Event of Default occurs and is continuing on any Affiliate Investment Instrument, then the Property Trustee, for so long as the Partnership Preferred Securities are held by the Property Trustee, will have the right, or holders of the Partnership Preferred Securities will be entitled by the vote of a majority in aggregate liquidation preference of such holders (a) under the Limited Partnership Agreement to enforce the terms of the Partnership Preferred Securities, including the right to appoint and authorize a special representative of the Partnership and the limited partners (a "Special Representative") to enforce (1) the Partnership's creditors' rights and other rights with respect to the Affiliate Investment Instruments and the Investment Guarantees, (2) the rights of the holders of the Partnership Preferred Securities under the Partnership Guarantee and (3) the rights of the holders of the Partnership Preferred Securities to receive distributions (only if and to the extent declared out of funds legally available therefor) on the Partnership

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Preferred Securities, and (b) under the Partnership Guarantee to enforce the terms of the Partnership Guarantee, including the right to enforce the covenant restricting certain payments by the Company and Finance Subsidiaries.

If the Special Representative fails to enforce its rights under the Affiliate Investment Instruments after a holder of Partnership Preferred Securities has made a written request, such holder of record of Partnership Preferred Securities may directly institute a legal proceeding against the Company to enforce the rights of the Special Representative and the Partnership under the Affiliate Investment Instruments without first instituting any legal proceeding against the Special Representative, the Partnership or any other person or entity. In any event, if a Partnership Enforcement Event has occurred and is continuing and such event is attributable to the failure of an Investment Affiliate to make any required payment when due on any Affiliate Investment Instrument, then a holder of Partnership Preferred Securities may on behalf of the Partnership directly institute a proceeding against such Investment Affiliate with respect to such Affiliate Investment Instrument for enforcement of payment. A holder of Partnership Preferred Securities may also bring a direct action against the Company to enforce such holder's right under the Partnership Guarantee. See "Description of the Partnership Guarantee -- Events of Default; Enforcement of Partnership Guarantee".

Under no circumstances, however, shall the Special Representative have authority to cause the General Partner to declare distributions on the Partnership Preferred Securities. As a result, although the Special

Representative may be able to enforce the Partnership's creditors' rights to accelerate and receive payments in respect of the Affiliate Investment Instruments and the Investment Guarantees, the Partnership would be entitled to reinvest such payments in additional Affiliate Investment Instruments, subject to satisfying the reinvestment criteria described under "--

Partnership Investments", and Eligible Debt Securities, rather than declaring and making distributions on the Partnership Preferred Securities. The Special Representative shall not, by virtue of acting in such capacity, be admitted as a general partner in the Partnership or otherwise be deemed to be a general partner in the Partnership and shall have no liability for the debts, obligations or liabilities of the Partnership.

#### PARTNERSHIP INVESTMENTS

Approximately 99% of the proceeds from the issuance of the Partnership Preferred Securities and the General Partner's contemporaneous capital contribution (the "Initial Partnership Proceeds") will be used by the Partnership to purchase the Debentures and the remaining 1% of the Initial Partnership Proceeds will be used to purchase Eligible Debt Securities. The purchase of the Debentures by the Partnership will occur contemporaneously with the issuance of the Partnership Preferred Securities.

The initial Affiliate Investment Instruments purchased by the Partnership will consist of two or more debt instruments (the "Debentures"). The Company anticipates that approximately 85% of the Initial Partnership Proceeds will be used to purchase a Debenture of the Company (the "Company Debenture"), and approximately 14% of the Initial Partnership Proceeds will be used to purchase Debentures of one or more eligible controlled affiliates of the Company (the "Affiliate Debentures"). Each Debenture is expected to have a term of 20 years and to provide for interest payable on , , and of each year, commencing , at market rates for such Debentures. The Debentures will be general unsecured debt obligations of the relevant issuer, except that the Company Debenture will rank subordinate and junior to all Senior Indebtedness of the Company.

The payment of interest on each of the Debentures may be deferred at any time, and from time to time, by the relevant issuer for a period not exceeding six consecutive quarters. If an issuer were to so defer the payment of interest, interest would continue to accrue and compound at the stated interest rate on such Debenture. The Debentures will contain covenants appropriate for unsecured debt securities issued or guaranteed by similar borrowers pursuant to a public offering or private placement under Rule 144A of the Securities Act of a comparable debt security, including a limitation on consolidation, merger and sale or conveyance of assets. The Debentures will contain redemption provisions that correspond to the redemption provisions applicable to the Partnership Preferred Securities, including an option to redeem the Debentures by the relevant issuer, in whole or in part, from time to time, on or after , and following the occurrence of a Partnership Special

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Event, in each case, in the same manner described under "-- Optional Redemption" and "-- Partnership Special Event Redemption". The Debentures, and any other Affiliate Investment Instruments that are debt instruments acquired by the Partnership in the future, will also contain customary events of default (the "Investment Events of Default"), including events of default for defaults in payments on such securities when due (provided that no default shall occur upon a valid deferral of an interest payment by an issuer), defaults in the performance of the relevant issuer's obligations under its Debenture or Affiliate Investment Instruments, as the case may be, and certain bankruptcy, insolvency or reorganization events (subject to customary exceptions and grace periods).

The payment of interest and principal when due and other payment terms of the Debentures (other than the Company Debenture), will be guaranteed to the extent described herein (each, an "Investment Guarantee") by the Company for the benefit of the holders of Partnership Preferred Securities. See "-- Investment Guarantees".

Approximately 1% of the Initial Partnership Proceeds will be invested in Eligible Debt Securities. "Eligible Debt Securities" means cash or book-entry securities, negotiable instruments, or other securities of entities not affiliated with the Company which evidence any of the following: (a) any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing; (b) commercial paper issued pursuant to Section 3(a)(3) of the Securities Act and having, at the time of the investment or contractual commitment to invest therein, a rating from each of Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's") in the highest investment rating category granted by such rating agency and having a maturity not in excess of nine months; (c) demand deposits, time deposits and certificates of deposit which are fully insured by the Federal Deposit Insurance Corporation ("FDIC"); (d) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the Government of the United States of America or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the United States of America, in either case entered into with a depository institution or trust company which is an Eligible Institution (as defined herein) and the deposits of which



are insured by the FDIC; and (e) any other security which is identified as a permitted investment of a finance subsidiary pursuant to Rule 3a-5 under the 1940 Act at the time it is acquired by the Partnership.

"Eligible Institution" means (a) a depository institution organized under the laws of the United States or any one of the states thereof or the District of Columbia (or any domestic branch of a foreign bank), (1) (i) which has either (A) a long-term unsecured debt rating of AA or better by S&P and Aa or better by Moody's or (B) a short-term unsecured debt rating or a certificate of deposit rating of A-1+ by S&P and P-1 by Moody's and (ii) whose deposits are insured by the FDIC or (2) (i) the parent of which has a long-term or short-term unsecured debt rating which signifies investment grade and (ii) whose deposits are insured by the FDIC.

The Partnership may, from time to time and subject to the restrictions described below, reinvest payments received with respect to the Affiliate Investment Instruments (including the Debentures) and the Eligible Debt Securities in additional Affiliate Investment Instruments and Eligible Debt Securities. As of the date of this Prospectus, the Company, as the General Partner, does not intend to cause the Partnership to reinvest regularly scheduled, periodic payments of interest or dividends received by the Partnership in the manner described below, although there can be no assurance that the General Partner's intention in respect of such reinvestments will not change in the future.

The fairness of specific terms of all Affiliate Investment Instruments (including the Debentures) will be passed upon by a nationally recognized accounting firm, bank or investment banking firm that does not (and whose directors, officers, employees and affiliates do not) have a direct or indirect material equity interest in the Company or any of its subsidiaries (the "Independent Financial Advisor").

The Partnership may reinvest in additional Affiliate Investment Instruments only if certain procedures and criteria are satisfied with respect to each such Affiliate Investment Instrument, including the satisfaction of the following conditions: (i) the Partnership did not hold debt securities of the issuer of the proposed Affiliate

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Investment Instrument within the three-year period ending on the date of such proposed investment; (ii) there was never a default on any debt obligation of, or arrearages of dividends on preferred stock issued by, the issuer of the proposed Affiliate Investment Instrument that was previously or is currently owned by the Partnership; (iii) the applicable terms and provisions with respect to the proposed Affiliate Investment Instrument have been determined by the Independent Financial Advisor to be at least as favorable as terms which could be obtained by the Partnership in a public offering or private placement under Rule 144A of the Securities Act of a comparable security issued by the relevant Investment Affiliate and guarantees, if any, included therein; and (iv) the requesting Investment Affiliate shall not be deemed to be an investment company by reason of Section 3(a) or 3(b) of the 1940 Act or is otherwise an eligible recipient of funds directly or indirectly from the Trust pursuant to an order issued by the Commission. The term "Investment Affiliate" means the Company or any corporation, partnership, limited liability company or other entity (other than the Partnership or the Trust) that is controlled by the Company. If the Partnership is unable to reinvest payments and proceeds from Affiliate Investment Instruments in additional Affiliate Investment Instruments meeting the above criteria, the Partnership may only invest such funds in Eligible Debt Securities (subject to restrictions of applicable law, including the 1940 Act).

#### INVESTMENT GUARANTEES

##### General

The Company will agree to execute and deliver an Investment Guarantee, on a subordinated basis, for the benefit of the holders of Partnership Preferred Securities with respect to each Debenture issued by an Investment Affiliate (other than the Company Debenture) to the extent set forth below. The Investment Guarantees shall be enforceable regardless of any defense, right of set-off or counterclaim that the Company may have or assert. The Investment Guarantees will be full and unconditional guarantees, to the extent set forth therein, with respect to the applicable Debentures from the time of issuance. To the extent that, as described above, the Partnership invests in additional Affiliate Investment Instruments, the determination as to whether such Affiliate Investment Instrument will contain an Investment Guarantee will be made at the date of its issuance and will be based, among other things, upon its approval by the Independent Financial Advisor in accordance with the reinvestment criteria described above.

The Investment Guarantees will constitute guarantees of payment and not of collection (that is, the guaranteed party may directly institute a legal proceeding against the Company to enforce its rights under the applicable Investment Guarantee without instituting a legal proceeding against any other person or entity). If no Special Representative has been appointed to enforce any Investment Guarantee, the General Partner has the right to enforce such Investment Guarantee on behalf of the holders of the Partnership Preferred Securities. The holders of not less than a majority in aggregate liquidation preference of the Partnership Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available in respect of any Investment Guarantee, including the giving of

directions to the General Partner or the Special Representative, as the case may be. If the General Partner or the Special Representative fails to enforce any Investment Guarantee as above provided, any holder of Trust Preferred Securities may institute its own legal proceeding to enforce such Investment Guarantee. No Investment Guarantee will be discharged except by payment in full of all amounts guaranteed by such Investment Guarantee (without duplication of amounts theretofore paid by the relevant Investment Affiliate).

#### Amendments and Assignment

Except with respect to any changes that do not adversely affect the rights of holders of Partnership Preferred Securities (in which case no consent will be required), the Investment Guarantees may be amended only with the prior approval of the holders of not less than a majority in liquidation preference of the outstanding Partnership Preferred Securities, provided that for so long as the Property Trustee of the Trust is the holder of the Partnership Preferred Securities, such amendment will not be effective without the prior written approval of a majority in liquidation amount of the outstanding Trust Preferred Securities. All guarantees and agreements contained in the Investment Guarantees shall bind the successors, assigns, receivers, trustees and representatives of the Company and shall inure to the benefit of the holders of Partnership Preferred Securities. Except in connection with any

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permitted merger or consolidation of the Company with or into another entity or any permitted sale, transfer or lease of the Company's assets to another entity in which the surviving corporation (if other than the Company) assumes the Company's obligations under the Investment Guarantees, the Company may not assign its rights or delegate its obligations under the Investment Guarantees without the prior approval of the holders of at least a majority of the aggregate stated liquidation preference of the Partnership Preferred Securities then outstanding.

#### Status of the Investment Guarantees

The Company's obligations under the Investment Guarantees will constitute unsecured obligations of the Company and will rank subordinate and junior in right of payment to all other liabilities of the Company and will rank *pari passu* with the most senior preferred stock, if any, issued from time to time by the Company, with similar guarantees issued by the Company in connection with the \$275,000,000 aggregate liquidation amount of 7 3/4% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust I, the \$300,000,000 aggregate liquidation amount of 8% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust II, the \$750,000,000 aggregate liquidation amount of 7% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust III, the \$400,000,000 aggregate liquidation amount of 7.12% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust IV and with any guarantee now or hereafter entered into by the Company in respect of any preferred stock of any other Finance Subsidiary. Accordingly, the rights of the holders of the Debentures to receive payments under the Investment Guarantees will be subject to the rights of the holders of any obligations that are senior in priority to the obligations under the Investment Guarantees. Furthermore, the holders of obligations of the Company that are senior to the obligations under the Investment Guarantees (including, but not limited to, obligations constituting Senior Indebtedness) will be entitled to the same rights upon payment default or dissolution, liquidation and reorganization in respect of the Investment Guarantees that inure to the holders of Senior Indebtedness as against the holders of the Company Debenture. The terms of the Debentures provide that each holder of Debentures, by acceptance thereof, agrees to the subordination provisions and other terms of the Investment Guarantees.

#### Governing Law

The Investment Guarantees will be governed by and construed in accordance with the internal laws of the State of New York.

#### OPTIONAL REDEMPTION

The Partnership Preferred Securities are redeemable, at the option of the General Partner, in whole or in part, from time to time, on or after , upon not less than 30 nor more than 60 days notice, at an amount per Partnership Preferred Security equal to \$25 plus accumulated and unpaid distributions thereon. If the Partnership redeems Partnership Preferred Securities in accordance with the terms thereof, Trust Securities will be mandatorily redeemed at the Redemption Price. If a partial redemption would result in the delisting of the Trust Preferred Securities (or, if the Trust is liquidated in connection with a Trust Special Event, or if a partial redemption would result in the delisting of the Partnership Preferred Securities), the Partnership may only redeem the Partnership Preferred Securities in whole.

#### PARTNERSHIP SPECIAL EVENT REDEMPTION

If, at any time, a Partnership Tax Event or a Partnership Investment Company Event (each as hereinafter defined, and each a "Partnership Special Event") shall occur and be continuing, the General Partner shall, within 90 days following the occurrence of such Partnership Special Event, elect to either (i) redeem the Partnership Preferred Securities in whole (but not in part), upon not less than 30 or more than 60 days notice at the Redemption Price,

provided that, if at the time there is available to the Partnership the opportunity to eliminate, within such 90-day period, the Partnership Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable such measure that in the sole judgment of the Company has or will cause no adverse effect on the Partnership, the Trust or the Company, the General Partner will pursue such measure in lieu of redemption; or (ii) cause the Partnership Preferred Securities to remain

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outstanding, provided that in the case of this clause (ii), the General Partner shall pay any and all costs and expenses incurred by or payable by the Partnership attributable to the Partnership Special Event.

"Partnership Tax Event" means that the General Partner shall have requested and received an opinion of nationally recognized independent tax counsel experienced in such matters to the effect that there has been a Tax Action which affects any of the events described in (i) through (iii) below and that there is more than an insubstantial risk that (i) the Partnership is, or will be, subject to United States federal income tax with respect to income accrued or received on the Affiliate Investment Instruments or the Eligible Debt Securities, (ii) the Partnership is, or will be, subject to more than a de minimis amount of other taxes, duties or other governmental charges or (iii) interest payable by an Investment Affiliate with respect to the Debenture issued by such Investment Affiliate to the Partnership is not, or will not be, deductible by such Investment Affiliate for United States federal income tax purposes.

Recently, the IRS asserted that the interest payable on a security issued in circumstances with certain similarities to the issuance of the Debentures issued by the Investment Affiliates to the Partnership was not deductible for United States federal income tax purposes. The taxpayer in that case has filed a petition in the United States Tax Court challenging the IRS's position on this matter. If this matter were to be litigated and the Tax Court were to sustain the IRS's position on this matter, such judicial decision could constitute a Partnership Tax Event, which could result in an early redemption of the Partnership Preferred Securities.

"Partnership Investment Company Event" means that the General Partner shall have requested and received an opinion of nationally recognized independent legal counsel experienced in such matters to the effect that as a result of the occurrence on or after the date hereof of a Change in 1940 Act Law, the Partnership is or will be considered an "investment company" which is required to be registered under the 1940 Act.

#### REDEMPTION PROCEDURES

The Partnership may not redeem fewer than all the outstanding Partnership Preferred Securities unless all accumulated and unpaid distributions have been paid on all Partnership Preferred Securities for all quarterly distribution periods terminating on or prior to the date of redemption.

If the Partnership gives a notice of redemption in respect of Partnership Preferred Securities (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Partnership (i) if the Partnership Preferred Securities are in book entry form with DTC, will deposit irrevocably with DTC funds sufficient to pay the applicable Redemption Price and will give DTC irrevocable instructions and authority to pay the Redemption Price in respect of the Partnership Preferred Securities held through DTC in global form or (ii) if the Partnership Preferred Securities are held in certificated form, will deposit with the paying agent for the Partnership Preferred Securities funds sufficient to pay such amount in respect of any Partnership Preferred Securities in certificated form and will give such paying agent irrevocable instructions and authority to pay such amounts to the holders of Partnership Preferred Securities upon surrender of their certificates. See "Description of the Trust Preferred Securities -- Book-Entry Only Issuance -- The Depository Trust Company".

If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit, all rights of holders of such Partnership Preferred Securities so called for redemption will cease, except the right of the holders of such Partnership Preferred Securities to receive the Redemption Price, but without interest on such Redemption Price. In the event that any date fixed for redemption of Partnership Preferred Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. In the event that payment of the Redemption Price in respect of Partnership Preferred Securities is improperly withheld or refused and not paid either by the Partnership or by the Company pursuant to the Partnership Guarantee described under "Description of the Partnership Guarantee," distributions on such Partnership Preferred Securities will continue to accumulate, from the original redemption date to the date of payment.

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Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws), the Company or any of its subsidiaries

may at any time and from time to time purchase outstanding Partnership Preferred Securities by tender, in the open market or by private agreement.

#### LIQUIDATION DISTRIBUTION UPON DISSOLUTION

In the event of any voluntary or involuntary dissolution, winding-up or termination of the Partnership, the holders of the Partnership Preferred Securities at the time will be entitled to receive out of the assets of the Partnership available for distribution to partners after satisfaction of liabilities of creditors as required by the Partnership Act, before any distribution of assets is made to the General Partner, an amount equal to, in the case of holders of Partnership Preferred Securities, the aggregate of the stated liquidation preference of \$25 per Partnership Preferred Security plus accumulated and unpaid distributions thereon to the date of payment (such amount being the "Partnership Liquidation Distribution").

Pursuant to the Limited Partnership Agreement, the Partnership shall be dissolved and its affairs shall be wound up: (i) upon the bankruptcy of the General Partner, (ii) upon the assignment by the General Partner of its entire interest in the Partnership when the assignee is not admitted to the Partnership as a general partner of the Partnership in accordance with the Limited Partnership Agreement, or the filing of a certificate of dissolution or its equivalent with respect to the General Partner, or the revocation of the General Partner's charter and the expiration of 90 days after the date of notice to the General Partner of revocation without a reinstatement of its charter, or if any other event occurs that causes the General Partner to cease to be a general partner of the Partnership under the Partnership Act, unless the business of the Partnership is continued in accordance with the Partnership Act, (iii) if the Partnership has redeemed or otherwise purchased all the Partnership Preferred Securities, (iv) upon the entry of a decree of judicial dissolution or (v) upon the written consent of all partners of the Partnership.

#### VOTING RIGHTS

Except as provided below and under "Description of the Partnership Guarantee -- Amendments and Assignment" and as otherwise required by law and the Limited Partnership Agreement, the holders of the Partnership Preferred Securities will have no voting rights.

Not later than 30 days after any Partnership Enforcement Event occurs, the General Partner will convene a meeting for the purpose of appointing a Special Representative. If the General Partner fails to convene such meeting within such 30-day period, the holders of 10% in liquidation preference of the outstanding Partnership Preferred Securities will be entitled to convene such meeting. The provisions of the Limited Partnership Agreement relating to the convening and conduct of the meetings of the partners will apply with respect to any such meeting. In the event that, at any such meeting, holders of less than a majority in aggregate liquidation preference of Partnership Preferred Securities entitled to vote for the appointment of a Special Representative vote for such appointment, no Special Representative shall be appointed. Any Special Representative appointed shall cease to be a Special Representative of the Partnership and the limited partners if (1) the Partnership (or the Company pursuant to the Partnership Guarantee) shall have paid in full all accumulated and unpaid distributions on the Partnership Preferred Securities, (2) such Investment Event of Default, as the case may be, shall have been cured, and (3) the Company is in compliance with all its obligations under the Partnership Guarantee and the Company, in its capacity as the General Partner, shall continue the business of the Partnership without dissolution. Notwithstanding the appointment of any such Special Representative, the Company shall continue as General Partner and shall retain all rights under the Limited Partnership Agreement, including the right to declare, in its sole discretion, the payment of distributions on the Partnership Preferred Securities for which the failure of such declaration would not constitute a default under the Limited Partnership Agreement.

If any proposed amendment to the Limited Partnership Agreement provides for, or the General Partner otherwise proposes to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Partnership Preferred Securities, whether by way of amendment to the Limited Partnership Agreement or otherwise (including, without limitation, the authorization or issuance of any limited partner interests in the

Partnership ranking, as to participation in the profits or distributions or in the assets of the Partnership, senior to the Partnership Preferred Securities), or (ii) the dissolution, winding-up or termination of the Partnership, other than (x) in connection with the occurrence of a Partnership Special Event or (y) as described under "Merger, Consolidation or Amalgamation of the Partnership" below, then the holders of outstanding Partnership Preferred Securities will be entitled to vote on such amendment or proposal of the General Partner (but not on any other amendment or proposal) as a class, and such amendment or proposal shall not be effective except with the approval of the holders of a majority in liquidation preference of such outstanding Partnership Preferred Securities having a right to vote on the matter; provided, however, that if the Property Trustee on behalf of the Trust is the holder of the Partnership Preferred Securities, any such amendment or proposal not excepted by clauses (x) and (y) above shall not be effective without the prior or concurrent approval of the holders of a majority in liquidation amount of the outstanding Trust Preferred Securities having a right to vote on such matters.

The General Partner shall not (i) direct the time, method and place of conducting any proceeding for any remedy available, (ii) waive any Investment Event of Default that is waivable under the Affiliate Investment Instruments, (iii) exercise any right to rescind or annul a declaration that the principal of any Affiliate Investment Instruments shall be due and payable, (iv) waive the breach of the covenant by the Company to restrict certain payments by the Company, or (v) consent to any amendment, modification or termination of any Affiliate Investment Instrument, where such consent shall be required from the investor, without, in each case, obtaining the prior approval of the holders of at least a majority in liquidation preference of the Partnership Preferred Securities; provided, however, that if the Property Trustee on behalf of the Trust is the holder of the Partnership Preferred Securities, such waiver, consent or amendment or other action shall not be effective without the prior or concurrent approval of at least a majority in liquidation amount of the outstanding Trust Preferred Securities having a right to vote on such matters. The General Partner shall not revoke any action previously authorized or approved by a vote of the holders of the Partnership Preferred Securities without the approval of such revocation by a majority in liquidation preference of the outstanding Partnership Preferred Securities. The General Partner shall notify all holders of the Partnership Preferred Securities of any notice of an Investment Event of Default received with respect to any Affiliate Investment Instrument.

Any required approval of holders of Partnership Preferred Securities may be given at a separate meeting of holders of Partnership Preferred Securities convened for such purpose, at a meeting of all of the partners in the Partnership or pursuant to written consent. The Partnership will cause a notice of any meeting at which holders of Partnership Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be mailed to each holder of record of Partnership Preferred Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such holders are entitled to vote or of such matters upon which written consent is sought and (iii) instruction for the delivery of proxies or consents.

No vote or consent of the holders of Partnership Preferred Securities will be required for the Partnership to redeem and cancel Partnership Preferred Securities in accordance with the Limited Partnership Agreement.

Notwithstanding that holders of Partnership Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Partnership Preferred Securities at such time that are beneficially owned by the Company or by any entity directly or indirectly controlled by, or under direct or indirect common control with, the Company, except for Partnership Preferred Securities purchased or acquired by the Company or its affiliates in connection with transactions effected by or for the account of customers of the Company or any of its subsidiaries or in connection with the distribution or trading of such Partnership Preferred Securities; shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if they were not outstanding, provided, however, that persons (other than affiliates of the Company) to whom the Company or any of its subsidiaries have pledged Partnership Preferred Securities may vote or consent with respect to such pledged Partnership Preferred Securities pursuant to the terms of such pledge.

Holders of the Partnership Preferred Securities will have no rights to remove or replace the General Partner.

#### MERGER, CONSOLIDATION OR AMALGAMATION OF THE PARTNERSHIP

The Partnership may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any corporation or other body, except as described below. The Partnership may, without the consent of the holders of the Partnership Preferred Securities, consolidate, amalgamate, merge with or into, or be replaced by a limited partnership, limited liability company or trust organized as such under the laws of any state of the United States of America, provided that (i) such successor entity either (x) expressly assumes all of the obligations of the Partnership under the Partnership Preferred Securities or (y) substitutes for the Partnership Preferred Securities other securities having substantially the same terms as the Partnership Preferred Securities (the "Partnership Successor Securities") so long as the Partnership Successor Securities are not junior to any other equity securities of the successor entity, with respect to participation in the profits and distributions, and in the assets, of the successor entity, (ii) the Investment Affiliates expressly acknowledge such successor entity as the holder of the Affiliate Investment Instruments, (iii) the Partnership Preferred Securities or any Partnership Successor Securities are listed, or any Partnership Successor Securities will be listed upon notification of issuance, on any national securities exchange or other organization on which the Partnership Preferred Securities, if so listed, are then listed, (iv) such merger, consolidation, amalgamation or replacement does not cause the Trust Preferred Securities (or, in the event that the Trust is liquidated in connection with a Trust Special Event, the Partnership Preferred Securities (including any Partnership Successor Securities)) to be downgraded by any nationally recognized statistical rating organization, (v) such merger, consolidation, amalgamation or replacement does not adversely affect the powers, preferences

and other special rights of the holders of the Trust Preferred Securities or Partnership Preferred Securities (including any Partnership Successor Securities) in any material respect (other than, in the case of the Partnership Preferred Securities, with respect to any dilution of the holders' interest in the new resulting entity), (vi) such successor entity has a purpose substantially identical to that of the Partnership, (vii) prior to such merger, consolidation, amalgamation or replacement, the Company has received an opinion of nationally recognized independent counsel to the Partnership experienced in such matters to the effect that (A) such successor entity will be treated as a partnership for United States federal income tax purposes, (B) such merger, consolidation, amalgamation or replacement would not cause the Trust to be classified as an association taxable as a corporation for United States federal income tax purposes, (C) following such merger, consolidation, amalgamation or replacement, the Company and such successor entity will be in compliance with the 1940 Act without registering thereunder as an investment company, and (D) such merger, consolidation, amalgamation or replacement will not adversely affect the limited liability of the holders of the Partnership Preferred Securities and (viii) the Company guarantees the obligations of such successor entity under the Partnership Successor Securities at least to the extent provided by the Partnership Guarantee.

#### BOOK-ENTRY AND SETTLEMENT

If the Partnership Preferred Securities are distributed to holders of Trust Preferred Securities in connection with the involuntary or voluntary dissolution, winding-up or liquidation of the Trust as a result of the occurrence of a Trust Special Event, the Partnership Preferred Securities will be issued in the form of one or more global certificates (each a "Global Partnership Security") registered in the name of DTC as the depository or its nominee. For a description of DTC and the specific terms of the Depository arrangements, see "Description of the Trust Preferred Securities -- Book-Entry Only Issuance -- The Depository Trust Company". As of the date of this Prospectus, the description therein of DTC's book-entry system and DTC's practices as they relate to purchases, transfers, notices and payments with respect to the Trust Preferred Securities apply in all material respects to any Partnership Preferred Securities represented by one or more Global Partnership Securities.

#### REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The General Partner will act as registrar, transfer agent and paying agent for the Partnership Preferred Securities for so long as the Partnership Preferred Securities are held by the Trust or, if the Trust is liquidated in connection with a Trust Special Event, for so long as the Partnership Preferred Securities remain in book-entry only form. In the event the Partnership Preferred Securities are distributed in connection with a Trust Special

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Event and the book-entry system for the Partnership Preferred Securities is discontinued, it is anticipated that The Chase Manhattan Bank or one of its affiliates will act as registrar, transfer agent and paying agent for the Partnership Preferred Securities.

Registration of transfers of Partnership Preferred Securities will be effected without charge by or on behalf of the Partnership, but upon payment (with the giving of such indemnity as the Partnership or the General Partner may require) in respect of any tax or other governmental charges that may be imposed in relation to it.

The Partnership will not be required to register or cause to be registered the transfer of Partnership Preferred Securities after such Partnership Preferred Securities have been called for redemption.

#### MISCELLANEOUS

The General Partner is authorized and directed to conduct its affairs and to operate the Partnership in such a way that (i) the Partnership will not be deemed to be an "investment company" required to be registered under the 1940 Act or characterized as an association taxable as a corporation for United States federal income tax purposes, (ii) the Affiliate Investment Instruments will be treated as indebtedness of the issuer of such debt instruments for United States federal income tax purposes and (iii) the Partnership will not be treated as an association or as a "publicly traded partnership" (within the meaning of Section 7704 of the Code) taxable as a corporation. In this connection, the General Partner is authorized to take any action, not inconsistent with applicable law, the certificate of limited partnership of the Partnership or the Limited Partnership Agreement, that the General Partner determines in its discretion to be necessary or desirable for such purposes as long as such action does not adversely affect the interests of the holders of the Partnership Preferred Securities.

#### DESCRIPTION OF THE PARTNERSHIP GUARANTEE

Set forth below is a summary of information concerning the Partnership Guarantee that will be executed and delivered by the Company for the benefit of the holders from time to time of Partnership Preferred Securities. The summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Partnership Guarantee, which is filed as an exhibit to the Registration

Statement of which this Prospectus is a part. The General Partner will hold the Partnership Guarantee for the benefit of the holders of the Partnership Preferred Securities.

#### GENERAL

Pursuant to the Partnership Guarantee, the Company will irrevocably agree, on a subordinated basis to the extent set forth therein, to pay in full to the holders of the Partnership Preferred Securities (without duplication of amounts theretofore paid by the Partnership), as and when due, regardless of any defense, right of set-off or counterclaim that the Partnership may have or assert, the following payments (the "Partnership Guarantee Payments"): (i) any accumulated and unpaid distributions that have theretofore been declared on the Partnership Preferred Securities out of funds legally available therefor, (ii) the redemption price with respect to any Partnership Preferred Securities called for redemption by the Partnership out of funds legally available therefor, and (iii) upon a liquidation of the Partnership, the lesser of (a) the aggregate of the liquidation preference and all accumulated and unpaid distributions on the Partnership Preferred Securities to the date of payment and (b) the amount of assets of the Partnership, after satisfaction of all liabilities, remaining available for distribution to holders of Partnership Preferred Securities in liquidation of the Partnership. The Company's obligation to make a Partnership Guarantee Payment may be satisfied by direct payment of the required amounts by the Company to the holders of Partnership Preferred Securities or by causing the Partnership to pay such amounts to such holders.

The Partnership Guarantee will be a guarantee on a subordinated basis with respect to the Partnership Preferred Securities from the time of issuance of such Partnership Preferred Securities but will not apply to any

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payment of distributions or Redemption Price, or to payments upon the dissolution, winding-up or termination of the Trust, except to the extent the Partnership shall have funds available therefor. If Investment Affiliates (including, where applicable, the Company, as guarantor) of the Affiliate Investment Instruments in which the Partnership invests fail to make any payment in respect of such securities (or, if applicable, guarantees), the Partnership may not declare or pay dividends on the Partnership Preferred Securities. In such event, holders of the Partnership Preferred Securities would not be able to rely upon the Partnership Guarantee for payment of such amounts. Instead, holders of the Partnership Preferred Securities will have the remedies described herein under "Description of the Partnership Preferred Securities -- Partnership Enforcement Events", including the right to direct the General Partner or the Special Representative, as the case may be, to enforce the covenant restricting certain payments by the Company and Finance Subsidiaries. See "--- Covenants of the Company" below.

The Guarantees, when taken together with the Company Debenture and the Company's obligations to pay all fees and expenses of the Trust and the Partnership, constitute a guarantee to the extent set forth herein by the Company of the distribution, redemption and liquidation payments payable to the holders of the Trust Preferred Securities. The Guarantees do not apply, however, to current distributions by the Partnership unless and until such distributions are declared by the Partnership out of funds legally available for payment or to liquidating distributions unless there are assets available for payment in the Partnership, each as more fully described under "Risk Factors -- Insufficient Income or Assets Available to Partnership".

#### COVENANTS OF THE COMPANY

The Company will covenant in the Partnership Guarantee that if (a) for any distribution period, full distributions on a cumulative basis on any Partnership Preferred Securities have not been paid or declared and set apart for payment, (b) an Investment Event of Default by any Investment Affiliate in respect of any Affiliate Investment Instrument has occurred and is continuing or (c) the Company is in default of its obligations under the Trust Guarantee, the Partnership Guarantee or any Investment Guarantee, then, during such period (i) the Company shall not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of its capital stock or comparable equity interest (except for (x) dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, its capital stock, and conversions or exchanges of common stock of one class into common stock of another class, (y) redemptions or purchases of any rights pursuant to the Rights Agreement and the issuance of preferred stock pursuant to such rights and (z) purchases or acquisitions by the Company or its affiliates in connection with transactions effected by or for the account of customers of the Company or any of its subsidiaries or in connection with the distribution or trading of such capital stock or comparable equity interest) and (ii) the Company shall not make, permit any Finance Subsidiary to make, or make any payments that would enable any Finance Subsidiary to make, any payment of any dividends on, any distribution with respect to, or any redemption, purchase or other acquisition of, or any liquidation payment with respect to, any preferred security or comparable equity interest of any Finance Subsidiary.

#### EVENTS OF DEFAULT; ENFORCEMENT OF PARTNERSHIP GUARANTEE

An event of default under the Partnership Guarantee will occur upon the failure of the Company to perform any of its payment or other obligations

thereunder.

The holders of a majority in liquidation amount of the Partnership Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Special Representative in respect of the Partnership Guarantee or to direct the exercise of any trust or power conferred upon the Special Representative under the Partnership Guarantee. If the Special Representative fails to enforce its rights under the Partnership Guarantee, after a holder of Partnership Preferred Securities has made a written request, such holder of Partnership Preferred Securities may institute a legal proceeding directly against the Company to enforce the Special Representative's rights under the Partnership Guarantee without first instituting a legal proceeding against the Partnership, the Special Representative or any other person or entity.

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Notwithstanding the foregoing, if the Company has failed to make a guarantee payment, a holder of Partnership Preferred Securities may directly institute a proceeding against the Company for enforcement of the Partnership Guarantee for such payment.

#### STATUS OF THE PARTNERSHIP GUARANTEE; SUBORDINATION

The Partnership Guarantee will constitute an unsecured obligation of the Company and will rank subordinate and junior in right of payment to all other liabilities of the Company and will rank pari passu with the most senior preferred stock issued from time to time by the Company, with similar guarantees issued by the Company in connection with the \$275,000,000 aggregate liquidation amount of 7 3/4% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust I, the \$300,000,000 aggregate liquidation amount of 8% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust II, the \$750,000,000 aggregate liquidation amount of 7% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust III, the \$400,000,000 aggregate liquidation amount of 7.12% Trust Originated Preferred Securities issued by Merrill Lynch Preferred Capital Trust IV and with any guarantee now or hereafter entered into by the Company in respect of any preferred stock of any other Finance Subsidiary. Accordingly, the rights of the holders of Partnership Preferred Securities to receive payments under the Partnership Guarantee will be subject to the rights of the holders of any obligations of the Company that are senior in priority to the obligations under the Partnership Guarantee. Furthermore, the holders of obligations of the Company that are senior to the obligations under the Partnership Guarantee (including, but not limited to, obligations constituting Senior Indebtedness) will be entitled to the same rights upon payment default or dissolution, liquidation and reorganization in respect of the Partnership Guarantee that inure to the holders of Senior Indebtedness as against the holders of the Company Debenture. The Limited Partnership Agreement provides that each holder of Partnership Preferred Securities, by acceptance thereof, agrees to the subordination provisions and other terms of the Partnership Guarantee.

The Partnership Guarantee will constitute a guarantee of payment and not of collection (that is, the guaranteed party may directly institute a legal proceeding against the Company to enforce its rights under the Partnership Guarantee without instituting a legal proceeding against any other person or entity).

The Partnership Guarantee will be deposited with the General Partner to be held for the benefit of the holders of the Partnership Preferred Securities. In the event of the appointment of a Special Representative to, among other things, enforce the Partnership Guarantee, the Special Representative may take possession of the Partnership Guarantee for such purpose. If no Special Representative has been appointed to enforce the Partnership Guarantee, the General Partner has the right to enforce the Partnership Guarantee on behalf of the holders of the Partnership Preferred Securities.

#### AMENDMENTS AND ASSIGNMENT

Except with respect to any changes that do not adversely affect the rights of holders of Partnership Preferred Securities (in which case no consent will be required), the Partnership Guarantee may be amended only with the prior approval of the holders of not less than a majority in liquidation preference of the outstanding Partnership Preferred Securities. All guarantees and agreements contained in the Partnership Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Company and shall inure to the benefit of the holders of the Partnership Preferred Securities then outstanding. Except in connection with any permitted merger or consolidation of the Company with or into another entity or any permitted sale, transfer or lease of the Company's assets to another entity in which the surviving corporation (if other than the Company) assumes the Company's obligations under the Partnership Guarantee, the Company may not assign its rights or delegate its obligations under the Partnership Guarantee without the prior approval of the holders of at least a majority of the aggregate stated liquidation preference of the Partnership Preferred Securities then outstanding.

#### TERMINATION OF THE PARTNERSHIP GUARANTEE

The Partnership Guarantee will terminate and be of no further force and effect as to the Partnership Preferred Securities upon (i) full payment of the redemption price of all Partnership Preferred Securities or (ii)



full payment of the amounts payable in accordance with the Limited Partnership Agreement upon liquidation of the Partnership. The Partnership Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of Partnership Preferred Securities must in accordance with the Partnership Act restore payment of any sums paid under the Partnership Preferred Securities or the Partnership Guarantee. The Partnership Act provides that a limited partner of a limited partnership who wrongfully receives a distribution may be liable to the limited partnership for the amount of such distribution.

#### GOVERNING LAW

The Partnership Guarantee will be governed by and construed in accordance with the internal laws of the State of New York.

#### CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

##### GENERAL

In the opinion of Brown & Wood LLP, tax counsel to the Company, the Trust and the Partnership ("Tax Counsel"), the following summary accurately describes the material United States federal income tax consequences that may be relevant to the purchase, ownership and disposition of Trust Preferred Securities. Unless otherwise stated, this summary deals only with Trust Preferred Securities held as capital assets by United States Persons (defined herein) who purchase the Trust Preferred Securities upon original issuance. As used herein, a "United States Person" means a person that is a citizen or resident of the United States, a corporation or a partnership (including an entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia (unless, in the case of a partnership, Treasury regulations are adopted that provide otherwise), or an estate or trust as defined in section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"). The tax treatment of a holder may vary depending on its particular situation. This summary does not address all the tax consequences that may be relevant to holders who may be subject to special tax treatment, such as banks, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, tax-exempt investors, or foreign investors. This summary does not include any description of any alternative minimum tax consequences or the tax laws of any state or local government or of any foreign government that may be applicable to the Trust Preferred Securities. This summary is based on the Code, the Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, as of the date hereof, all of which are subject to change, possibly on a retroactive basis.

The Trust Preferred Securities are not being marketed to persons that are not United States Persons ("non-United States Persons") and, consequently, the following discussion does not discuss the tax consequences that might be relevant to non-United States Persons. Moreover, in order to protect the Trust and the Partnership from potential adverse consequences, non-United States Persons will be subject to withholding on distributions on the Trust Preferred Securities held by such non-United States Persons at a rate of 30%. In determining a holder's status, the United States entity otherwise required to withhold taxes may rely on an IRS form W-8, an IRS form W-9, or a holder's certification of its non-foreign status signed under penalty of perjury. NON-UNITED STATES PERSONS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TRUST PREFERRED SECURITIES.

Tax Counsel has advised that there is no authority directly on point dealing with securities such as the Trust Preferred Securities or transactions of the type described herein and that the opinions of Tax Counsel are not binding on the IRS or the courts, either of which could take a contrary position. No rulings have been or will be sought from the IRS. Accordingly, there can be no assurance that the IRS will not challenge the opinions expressed herein or that a court would not sustain such a challenge. Nevertheless, Tax Counsel has advised that it is of the view that, if challenged, the opinions expressed herein would be sustained by a court with jurisdiction in a properly presented case.

HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TRUST PREFERRED SECURITIES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN, AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES FEDERAL OR OTHER TAX LAWS. FOR A DISCUSSION OF THE POSSIBLE REDEMPTION OF THE TRUST PREFERRED SECURITIES OR REDEMPTION OF THE PARTNERSHIP PREFERRED SECURITIES UPON THE OCCURRENCE OF CERTAIN TAX EVENTS SEE "DESCRIPTION OF THE TRUST PREFERRED SECURITIES -- TRUST SPECIAL EVENT REDEMPTION OR DISTRIBUTION" AND "DESCRIPTION OF THE PARTNERSHIP PREFERRED SECURITIES -- PARTNERSHIP SPECIAL EVENT REDEMPTION" RESPECTIVELY.

#### CLASSIFICATION OF THE TRUST

Tax Counsel is of the opinion that, under current law, and based on certain representations, facts and assumptions set forth in such opinion, the Trust will be classified for United States federal income tax purposes as a grantor

trust and not as an association taxable as a corporation. Accordingly, for United States federal income tax purposes, each holder of Trust Preferred Securities will be considered the owner of an undivided interest in the Partnership Preferred Securities held by the Trust, and each holder will be required to include in its gross income its distributive share of income attributable to the Partnership, which generally will be equal to such holder's allocable share of amounts accrued on the Partnership Preferred Securities. No amount included in income with respect to the Trust Preferred Securities will be eligible for the corporate dividends-received deduction.

#### CLASSIFICATION OF THE PARTNERSHIP

Tax Counsel is of the opinion that, under current law, and based on certain representations, facts and assumptions set forth in such opinion, the Partnership will be classified for United States federal income tax purposes as a partnership and not as an association or publicly traded partnership taxable as a corporation.

Tax Counsel's opinion is based on certain factual assumptions relating to the organization and operation of the Partnership and is conditioned upon certain representations made by the General Partner and the Partnership as to factual matters, such as the organization and the operation of the Partnership and the type and frequency of investments made by the Partnership.

The General Partner has represented that it intends to operate the Partnership in a manner such that it will continue to constitute a partnership for all future taxable periods in which any Partnership Preferred Securities remain outstanding. In particular, pursuant to the Limited Partnership Agreement, the General Partner is prohibited from taking any action that would cause the Partnership to constitute a "publicly traded partnership" taxable as a corporation under section 7704(a) of the Code. Accordingly, it is expected that the Partnership will continue to qualify as a partnership, and therefore will not constitute a publicly traded partnership taxable as a corporation, for all taxable years in which the Partnership Preferred Securities remain outstanding.

#### CLASSIFICATION OF THE DEBENTURES

The Partnership, the Company, the relevant Investment Affiliates and the holders of the Trust Securities (by acceptance of a beneficial interest in a Trust Security) will agree to treat the Debentures as indebtedness of the relevant issuer for all United States tax purposes. In connection with the issuance of the Debentures, Tax Counsel will issue its opinion that, under current law, and based on certain representations, facts and assumptions set forth in such opinion, the Debentures will be classified as indebtedness of the relevant issuer for United States federal income tax purposes.

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#### INCOME AND DEDUCTIONS

A holder's distributive share of income attributable to the Partnership generally will be substantially equal to the amount of the cash distributions that accumulate with respect to the Trust Preferred Securities. Accordingly, if quarterly distributions on the Trust Preferred Securities are paid currently, the amount of income recognized by a holder during a taxable year generally will be substantially equal to the cash distributions received by the holder with respect to its Trust Preferred Securities.

The nature and timing of the income that is allocated to holders of Trust Preferred Securities will, however, depend on the United States federal income tax characterization of the investments held by the Partnership during the period in question. Because the Partnership will be an accrual basis taxpayer for United States federal income tax purposes, income will accrue on the Trust Preferred Securities and will be allocated to holders of Trust Preferred Securities on a daily accrual basis, generally at a rate that is expected to be equal to (and that will not be greater than) the distribution rate on the Trust Preferred Securities, regardless of the holders' method of accounting. Actual cash distributions on the Trust Preferred Securities will not, however, be separately reported as taxable income to the holders at the time they are received.

If distributions on the Partnership Preferred Securities are not made currently, the corresponding distributions on the Trust Preferred Securities will not be made currently. Because the Partnership is an accrual basis taxpayer it can be expected that during a period in which interest payments on the Debentures or distributions on the Partnership Preferred Securities are deferred (for whatever reason), holders will generally recognize income in advance of their receipt of any cash distributions with respect to their Trust Preferred Securities. The amount of income that will be allocated to holders of Trust Preferred Securities during any such deferral period will equal their pro rata share of the amount of distributions accruing on the Partnership Preferred Securities during such deferral period.

The Partnership does not presently intend to make an election under Section 754 of the Code. Accordingly, a subsequent purchaser of Trust Preferred Securities will not be permitted to adjust the tax basis in his allocable share of the Partnership's assets so as to reflect any difference between his purchase price for the Trust Preferred Securities and his share of the Partnership's underlying tax basis in its assets. As a result, a holder of Trust Preferred Securities may be required to report a larger or smaller amount of income from holding the Trust Preferred Securities than would

otherwise be appropriate based upon the holder's purchase price for the Trust Preferred Securities.

#### RECEIPT OF PARTNERSHIP PREFERRED SECURITIES UPON LIQUIDATION OF THE TRUST

Under certain circumstances, as described under the caption "Description of the Trust Preferred Securities-- Trust Special Event Redemption or Distribution", Partnership Preferred Securities may be distributed to holders of Trust Preferred Securities in exchange for their Trust Preferred Securities and in liquidation of the Trust. Unless the liquidation of the Trust occurs as a result of the Trust being subject to United States federal income tax with respect to income accrued or received on the Partnership Preferred Securities, such a distribution to holders would, for United States federal income tax purposes, be treated as a nontaxable event to each holder, each holder would receive an aggregate tax basis in the Partnership Preferred Securities equal to such holder's aggregate tax basis in its Trust Preferred Securities, and a holder's holding period in the Partnership Preferred Securities so received in liquidation of the Trust would include the period during which the Trust Preferred Securities were held by such holder. If, however, the liquidation of the Trust were to occur because the Trust is subject to United States federal income tax with respect to income accrued or received on the Partnership Preferred Securities, the distribution of Partnership Preferred Securities to holders by the Trust would likely be a taxable event to each holder, and a holder would recognize gain or loss as if the holder had exchanged its Trust Preferred Securities for the Partnership Preferred Securities it received upon the liquidation of the Trust. Such gain or loss would be equal to the difference between the holder's aggregate tax basis in its Trust Preferred Securities surrendered in the exchange and the aggregate fair market value of the Partnership Preferred Securities received in the exchange.

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#### REDEMPTION OF TRUST PREFERRED SECURITIES FOR CASH

Under certain circumstances, as described under the caption "Description of the Trust Preferred Securities-- Mandatory Redemption", "Description of the Trust Preferred Securities -- Trust Special Event Redemption or Distribution" and "Description of the Partnership Preferred Securities -- Partnership Special Event Redemption", the General Partner may cause the Partnership to redeem the Partnership Preferred Securities for cash, in which event the Trust shall simultaneously apply the proceeds of such redemption to redeem the Trust Preferred Securities. Under current law, such a redemption would constitute, for United States federal income tax purposes, a taxable disposition, and a holder would recognize gain or loss as if it sold the holder's proportionate interest in the redeemed Partnership Preferred Securities for an amount of cash equal to the proceeds received upon redemption. See "-- Disposition of Trust Preferred Securities".

#### DISPOSITION OF TRUST PREFERRED SECURITIES

A holder that sells Trust Preferred Securities will recognize gain or loss equal to the difference between the amount realized on the sale of the Trust Preferred Securities and the holder's adjusted tax basis in such Trust Preferred Securities. Such gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the Trust Preferred Securities have been held for more than one year at the time of the sale. A holder will be required to include accumulated but unpaid distributions on the Partnership Preferred Securities through the date of disposition in income as ordinary income, and to add such amount to the adjusted tax basis of its Trust Preferred Securities.

A holder's tax basis in its Trust Preferred Securities generally will equal (i) the amount paid by such holder for its Trust Preferred Securities, (ii) increased by the amount includible in income by such holder with respect to its Trust Preferred Securities, and (iii) reduced by the amount of cash or other property distributed to such holder with respect to its Trust Preferred Securities. A holder who acquires Trust Preferred Securities at different prices may be required to maintain a single aggregate adjusted tax basis in all of his Trust Preferred Securities and, upon sale or other disposition of some of such Trust Preferred Securities, to allocate a pro rata portion of such aggregate tax basis to the Trust Preferred Securities sold (rather than maintaining a separate tax basis in each Trust Preferred Security for purposes of computing gain or loss on a sale of that Trust Preferred Security).

On August 5, 1997, the Taxpayer Relief Act of 1997 (the "Tax Act"), was enacted into law. The Tax Act reduces the maximum rates on long-term capital gains recognized on capital assets held by individual taxpayers for more than eighteen months as of the date of disposition and would further reduce the maximum rates on such gains in the year 2001 and thereafter for certain individual taxpayers who meet specified conditions. Prospective investors should consult their own tax advisers concerning these tax law changes. The IRS Restructuring and Reform Act of 1998 (the "IRS Reform Act"), which was enacted into law on July 22, 1998, contains a provision that eliminates the 28% maximum capital gains rate on the sale of capital assets held for more than one year but less than 18 months and taxes gains from dispositions of capital assets held for more than 12 months at a maximum capital gains rate of 20%. This provision applies to dispositions of capital assets occurring after December 31, 1997.

#### OTHER PARTNERSHIP PROVISIONS

Section 708. Under Section 708 of the Code, the Partnership will be deemed

to terminate for United States federal income tax purposes if 50% or more of the capital and profits interests in the Trust are sold or exchanged within a 12-month period. Pursuant to final Treasury regulations issued on May 9, 1997, if such a deemed termination were to occur, the Partnership would be considered to have contributed its assets to a new partnership in return for partnership interests therein and then to have distributed those new partnership interests to the partners of the old partnership in liquidation thereof.

Section 701. The Department of Treasury has promulgated regulations under Section 701 of the Code that generally permit it to recast a transaction or disregard a partnership if a partnership is formed or availed of in

connection with a transaction a principal purpose of which is to reduce substantially the present value of the partners' aggregate federal tax liability in a manner that is inconsistent with the intent of the partnership provisions of the Code or to treat a partnership as an aggregate of its partners as appropriate to carry out the purpose of any provision of the Code or the Treasury regulations thereunder. The Partnership has been formed for, and will engage in, activities typical for partnerships. Although there is no precedent that applies to the transactions contemplated herein, Tax Counsel believes that the Partnership is not of the type intended to fall within the scope of these regulations.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Income on the Trust Preferred Securities will be reported to holders on an IRS Form 1099, which form should be mailed to holders of Trust Preferred Securities by January 31 following each calendar year. Payments made on and proceeds from the sale of Trust Preferred Securities may be subject to a "back-up" withholding tax of 31% unless the holder complies with certain identification requirements. Any withheld amount generally will be allowed as a credit against the holder's United States federal income tax, provided the required information is timely filed with the IRS.

NEW WITHHOLDING REGULATIONS

On October 6, 1997, the Treasury Department issued new regulations (the "New Regulations") which make certain modifications to the back-up withholding and information reporting rules described above. The New Regulations attempt to unify certification requirements and modify reliance standards. The New Regulations will generally be effective for payments made after December 31, 1999, subject to certain transition rules. Prospective investors are urged to consult their own tax advisors regarding the New Regulations.

UNDERWRITING

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement"), the Trust has agreed to sell to each of the Underwriters named below, and each of the Underwriters, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated and are acting as representatives (the "Representatives"), has severally agreed to purchase the number of Trust Preferred Securities set forth opposite its name below. In the Purchase Agreement, the several Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all the Trust Preferred Securities offered hereby if any of the Trust Preferred Securities are purchased. In the event of default by an Underwriter, the Purchase Agreement provides that, in certain circumstances, the purchase commitments of the non-defaulting Underwriters may be increased or the Purchase Agreement may be terminated.

<TABLE>  
<CAPTION>

UNDERWRITERS -----	NUMBER OF TRUST PREFERRED SECURITIES -----
<S> Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	<C>  -----
Total.....	=====

</TABLE>

The Underwriters propose to offer the Trust Preferred Securities to the public at the public offering price set forth on the cover page of this Prospectus, and, to certain dealers at such price less a concession not in excess of \$ per Trust Preferred Security; provided, that such concession for sales of 10,000 or more Trust Preferred Securities to any single purchaser will be \$ per Trust Preferred Security. The Underwriters may allow, and such dealers may reallow, a discount not in excess of \$ per Trust Preferred Security to certain brokers and dealers. After the Trust Preferred Securities are released for sale to the public, the offering price, concession and discount.

In view of the fact that the proceeds of the sale of the Trust Preferred Securities will ultimately be used to purchase the investment instruments of the Company and its subsidiaries, the Purchase Agreement provides that the

Company will pay as compensation (the "Underwriters' Compensation") to the Underwriters, an amount in immediately available funds of \$ per Trust Preferred Security (or \$ in the aggregate) for the accounts of the several Underwriters; provided that, such compensation for sales of 10,000 or more Trust Preferred Securities to any single purchaser will be \$ per Trust Preferred Security. Therefore, to the extent of such sales, the actual amount of Underwriters' Compensation will be less than the aggregate amount specified in the preceding sentence.

Application will be made to list the Trust Preferred Securities on the NYSE. Trading of the Trust Preferred Securities on the NYSE is expected to commence within a 30-day period after the initial delivery of the Trust Preferred Securities. The Representatives have advised the Trust that they intend to make a market in the Trust Preferred Securities prior to the commencement of trading on the NYSE. The Representatives will have no obligation to make a market in the Trust Preferred Securities, however, and may cease market making activities, if commenced, at any time.

Prior to this offering there has been no public market for the Trust Preferred Securities. In order to meet one of the requirements for listing the Trust Preferred Securities on the NYSE, the Underwriters will undertake to sell lots of 100 or more Trust Preferred Securities to a minimum of 400 beneficial holders, that there will be at least one million units of Trust Preferred Securities outstanding and that the Trust Preferred Securities will have a minimum market value of \$4,000,000.

The Trust, the Company, and the Partnership have agreed to indemnify the Underwriters against, or contribute to payments that the Underwriters may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Act").

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Because MLPF&S, one of the Underwriters in the offering, is an affiliate of the Company and a member of the National Association of Securities Dealers, Inc. (the "NASD"), the offering of Trust Preferred Securities will be conducted pursuant to the applicable sections of Rule 2810 of the Conduct Rules of the NASD. The Underwriters may not confirm sales to any discretionary account without the prior specific written approval of the customer.

The Underwriters are permitted to engage in certain transactions that stabilize the price of the Trust Preferred Securities. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Trust Preferred Securities.

If an Underwriter creates a short position in the Trust Preferred Securities in connection with the offering, i.e., if it sells more Units of the Trust Preferred Securities than are set forth on the cover page of this Prospectus, the Underwriter may reduce that short position by purchasing Units of the Trust Preferred Securities in the open market.

The Underwriters may also impose a penalty bid on certain Underwriters and selling group members. This means that if an Underwriter purchases Units of the Trust Preferred Securities in the open market to reduce the Underwriter's short position or to stabilize the price of the Trust Preferred Securities, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those Units as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Trust Preferred Securities. In addition, neither the Company nor any of the Underwriters makes any representation that the Underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

MLPF&S may use this Prospectus for offers and sales related to market-making transactions in the Trust Preferred Securities. MLPF&S may act as principal or agent in these transactions, and the sales will be made at prices related to prevailing market prices at the time of sale.

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#### LEGAL MATTERS

Certain matters of Delaware law relating to the legality of the Trust Preferred Securities, the validity of the Trust Agreement, the formation of the Trust and the Partnership and the legality under state law of the Trust Preferred Securities and the Partnership Preferred Securities are being passed upon by Skadden, Arps, Slate, Meagher & Flom (Delaware), special Delaware counsel to the Trust, the Partnership and the Company. The legality under state law of the Trust Guarantee, the Partnership Guarantee, the Company Debenture and the Investment Guarantees with respect to the Affiliate Debentures will be passed upon on behalf of the Trust, the Partnership and the Company by Brown & Wood LLP, New York, New York. The validity of the Trust Preferred Securities, the Partnership Preferred Securities and the Trust

Guarantee and the Partnership Guarantee will be passed upon on behalf of the Underwriters by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, counsel to the Underwriters.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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. The balance sheets of Merrill Lynch Preferred Funding V, L.P. and Merrill Lynch Preferred Capital Trust V as of January 8, 1998 included in this Prospectus have also been audited by Deloitte & Touche LLP and have been included 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 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 Act.

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INDEPENDENT AUDITORS' REPORT

To the General Partner and Initial Limited Partner of  
Merrill Lynch Preferred Funding V, L.P.

We have audited the accompanying balance sheet of Merrill Lynch Preferred Funding V, L.P. (the "Partnership") as of January 8, 1998. This balance sheet is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Partnership as of January 8, 1998, in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP  
 January 23, 1998  
 New York, New York

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BALANCE SHEET OF  
 MERRILL LYNCH PREFERRED FUNDING V, L.P.

OPENING BALANCE SHEET  
 JANUARY 8, 1998

<S>	<C>
Assets.....	\$ --
	=====
Partnership Securities	
Limited partner interest.....	\$ 85
General partner interest.....	15
	-----
	\$ 100
Less: Receivables from partners for subscribed partnership inter- ests.....	(100)
	-----
	--
	=====

</TABLE>

NOTES TO BALANCE SHEET OF MERRILL LYNCH PREFERRED FUNDING V, L.P.

Merrill Lynch Preferred Funding V, L.P. (the "Partnership") is a limited partnership that was formed under the Delaware Revised Uniform Limited Partnership Act on January 8, 1998 for the exclusive purposes of purchasing certain eligible debt instruments of Merrill Lynch & Co., Inc. (the "Company") and wholly owned subsidiaries of the Company (the "Affiliate Investment Instruments") with the proceeds from the sale of Partnership Preferred Securities (the "Partnership Preferred Securities") to Merrill Lynch Preferred Capital Trust V (the "Trust") and a capital contribution from the Company in exchange for the general partnership interest in the Partnership (collectively, the "Partnership Proceeds").

The Partnership Preferred Securities will be redeemable for cash, at the option of the Partnership, in whole or in part, from time to time, after a certain date to be determined. Except as provided in the Limited Partnership Agreement and Partnership Preferred Securities Guarantee Agreement, and as otherwise provided by law, the holders of the Partnership Preferred Securities will have no voting rights.

The Partnership Proceeds will be used initially to purchase debt instruments from the Company and certain domestic wholly owned subsidiaries of the Company, retaining 1% in unaffiliated debt securities. The Partnership shall have a perpetual existence subject to certain termination events. The Company serves as the sole general partner of the Partnership. The Company, in its capacity as General Partner of the Partnership, has agreed to pay all fees and expenses related to the organization and operations of the Partnership (including any taxes, duties, assessments or government charges of whatever nature (other than withholding taxes) imposed by the United States or any other domestic taxing authority upon the Partnership) and the offering of the Partnership Preferred Securities and be responsible for all debts and other obligations of the Partnership (other than with respect to the Partnership Preferred Securities). The General Partner has agreed to indemnify certain officers and agents of the Partnership.

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BALANCE SHEET OF  
 MERRILL LYNCH PREFERRED FUNDING V, L.P.

MARCH 27, 1998  
 (UNAUDITED)

<S>	<C>
Assets.....	\$ --
	=====
Partnership Securities	
Limited partner interest.....	\$ 85



General partner interest.....	15
	-----
	\$ 100
Less: Receivables from partners for subscribed partnership inter- ests.....	(100)
	-----
	--
	=====

</TABLE>

NOTES TO BALANCE SHEET OF MERRILL LYNCH PREFERRED FUNDING V, L.P.

Merrill Lynch Preferred Funding V, L.P. (the "Partnership") is a limited partnership that was formed under the Delaware Revised Uniform Limited Partnership Act on January 8, 1998 for the exclusive purposes of purchasing certain eligible debt instruments of Merrill Lynch & Co., Inc. (the "Company") and wholly owned subsidiaries of the Company (the "Affiliate Investment Instruments") with the proceeds from the sale of Partnership Preferred Securities (the "Partnership Preferred Securities") to Merrill Lynch Preferred Capital Trust V (the "Trust") and a capital contribution from the Company in exchange for the general partnership interest in the Partnership (collectively, the "Partnership Proceeds").

The Partnership Preferred Securities will be redeemable for cash, at the option of the Partnership, in whole or in part, from time to time, after a certain date to be determined. Except as provided in the Limited Partnership Agreement and Partnership Preferred Securities Guarantee Agreement, and as otherwise provided by law, the holders of the Partnership Preferred Securities will have no voting rights.

The Partnership Proceeds will be used initially to purchase debt instruments from the Company and certain domestic wholly owned subsidiaries of the Company, retaining 1% in unaffiliated debt securities. The Partnership shall have a perpetual existence subject to certain termination events. The Company serves as the sole general partner of the Partnership. The Company, in its capacity as General Partner of the Partnership, has agreed to pay all fees and expenses related to the organization and operations of the Partnership (including any taxes, duties, assessments or government charges of whatever nature (other than withholding taxes) imposed by the United States or any other domestic taxing authority upon the Partnership) and the offering of the Partnership Preferred Securities and be responsible for all debts and other obligations of the Partnership (other than with respect to the Partnership Preferred Securities). The General Partner has agreed to indemnify certain officers and agents of the Partnership.

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INDEPENDENT AUDITORS' REPORT

To the Trustees of  
Merrill Lynch Preferred Capital Trust V

We have audited the accompanying balance sheet of Merrill Lynch Preferred Capital Trust V (the "Trust"), as of January 8, 1998. This balance sheet is the responsibility of the Trust's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Trust as of January 8, 1998, in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP  
January 23, 1998  
New York, New York

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BALANCE SHEET OF  
MERRILL LYNCH PREFERRED CAPITAL TRUST V

OPENING BALANCE SHEET  
JANUARY 8, 1998

<TABLE>		
<S>		<C>
Assets.....		\$0
		===
Trust securities.....		\$0
		===

</TABLE>

NOTES TO BALANCE SHEET OF MERRILL LYNCH PREFERRED CAPITAL TRUST V

Merrill Lynch Preferred Capital Trust V (the "Trust") is a statutory business trust formed on January 8, 1998 under the laws of the State of Delaware for the exclusive purposes of (i) issuing the Trust Originated Preferred Securities (the "Trust Preferred Securities") and the Trust Common Securities (together with the Trust Preferred Securities, the "Trust Securities") representing undivided beneficial ownership interests in the assets of the Trust, (ii) purchasing Partnership Preferred Securities (the "Partnership Preferred Securities") representing the limited partnership interests of Merrill Lynch Preferred Funding V, L.P. (the "Partnership") with the proceeds from the sale of the Trust Securities, and (iii) engaging in only those other activities necessary or incidental thereto. The Trust has a perpetual existence, subject to certain termination events as provided in the Declaration of Trust under which it was formed. Subsequent to January 8, 1998, the Trust intends to issue and sell its Trust Preferred Securities in a public offering and to issue and sell its Trust Common Securities to Merrill Lynch & Co., Inc. (the "Company"). No Trust Preferred Securities have been issued as of January 8, 1998.

The proceeds from the Trust's sale of the Trust Securities will be used to purchase the Partnership Preferred Securities from the Partnership. The Partnership Preferred Securities will be redeemable for cash, at the option of the Partnership, in whole or in part, from time to time, after a certain date to be determined. Upon any redemption of the Partnership Preferred Securities, the Trust Preferred Securities will be redeemed, in whole or in part, as applicable. Holders of the Trust Preferred Securities will have limited voting rights and will not be entitled to vote to appoint, remove or replace, or to increase or decrease the number of, Trustees, which voting rights are vested exclusively in the holder of the Trust Common Securities.

The Company will be obligated to pay compensation to the underwriters of the offering of the Trust Preferred Securities. The company will pay all fees and expenses related to the organization and operations of the Trust (including any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States or any other domestic taxing authority upon the Trust) and the offering of the Trust Preferred Securities and be responsible for all debts and other obligations of the Trust (other than the Trust Securities). The Company has also agreed to indemnify the Trustees and certain other persons.

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BALANCE SHEET OF  
MERRILL LYNCH PREFERRED CAPITAL TRUST V

MARCH 27, 1998  
(UNAUDITED)

<TABLE>	
<S>	<C>
Assets.....	\$0
	===
Trust securities.....	\$0
	===
</TABLE>	

NOTES TO BALANCE SHEET OF MERRILL LYNCH PREFERRED CAPITAL TRUST V

Merrill Lynch Preferred Capital Trust V (the "Trust") is a statutory business trust formed on January 8, 1998 under the laws of the State of Delaware for the exclusive purposes of (i) issuing the Trust Originated Preferred Securities (the "Trust Preferred Securities") and the Trust Common Securities (together with the Trust Preferred Securities, the "Trust Securities") representing undivided beneficial ownership interests in the assets of the Trust, (ii) purchasing Partnership Preferred Securities (the "Partnership Preferred Securities") representing the limited partnership interests of Merrill Lynch Preferred Funding V, L.P. (the "Partnership") with the proceeds from the sale of the Trust Securities, and (iii) engaging in only those other activities necessary or incidental thereto. The Trust has a perpetual existence, subject to certain termination events as provided in the Declaration of Trust under which it was formed. Subsequent to March 27, 1998, the Trust intends to issue and sell its Trust Preferred Securities in a public offering and to issue and sell its Trust Common Securities to Merrill Lynch & Co., Inc. (the "Company"). No Trust Preferred Securities have been issued as of March 27, 1998.

The proceeds from the Trust's sale of the Trust Securities will be used to purchase the Partnership Preferred Securities from the Partnership. The Partnership Preferred Securities will be redeemable for cash, at the option of the Partnership, in whole or in part, from time to time, after a certain date to be determined. Upon any redemption of the Partnership Preferred Securities, the Trust Preferred Securities will be redeemed, in whole or in part, as applicable. Holders of the Trust Preferred Securities will have limited voting rights and will not be entitled to vote to appoint, remove or replace, or to increase or decrease the number of, Trustees, which voting rights are vested exclusively in the holder of the Trust Common Securities.

The Company will be obligated to pay compensation to the underwriters of the offering of the Trust Preferred Securities. The company will pay all fees and expenses related to the organization and operations of the Trust (including any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States or any other domestic taxing authority upon the Trust) and the offering of the Trust Preferred

Securities and be responsible for all debts and other obligations of the Trust (other than the Trust Securities). The Company has also agreed to indemnify the Trustees and certain other persons.

NO DEALER, SALESPERSON OR ANY OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING COVERED BY THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE TRUST PREFERRED SECURITIES IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

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LOGO

TRUST PREFERRED SECURITIES

MERRILL LYNCH PREFERRED  
CAPITAL TRUST V

% TRUST ORIGINATED  
PREFERRED SECURITIES SM ("TOPRS SM")

GUARANTEED TO THE EXTENT SET  
FORTH HEREIN BY

MERRILL LYNCH & CO., INC.

PROSPECTUS

MERRILL LYNCH & CO.

, 1998

+++++  
+INFORMATION CONTAINED IN THIS PRELIMINARY PROSPECTUS SUPPLEMENT IS SUBJECT TO +  
+COMPLETION OR AMENDMENT. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING +  
+PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN +  
+OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN +

+WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO +  
 +REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE. +  
 +-----+

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

PROSPECTUS SUPPLEMENT  
 (TO PROSPECTUS DATED JULY , 1998)

§

LOGO  
 MERRILL LYNCH & CO., INC.  
 MEDIUM-TERM NOTES, SERIES B  
 DUE NINE MONTHS OR MORE FROM DATE OF ISSUE  
 -----

Merrill Lynch & Co., Inc. (the "Company") may offer from time to time up to \$ aggregate principal amount (except that with respect to Notes sold at a discount, the initial offering price will be used), or the equivalent thereof in one or more foreign currencies or currency units, of its Medium-Term Notes, Series B (the "Notes"). Each Note will mature on a day nine months or more from the date of issue, as selected by the purchaser and agreed to by the Company, and may be subject to redemption by the Company or repayment at the option of the Holder thereof, in each case, in whole or in part, prior to its Stated Maturity, as set forth therein and specified in a pricing supplement hereto (each, a "Pricing Supplement").

The interest rate, if any, or the formula for the determination of any such interest rate, applicable to each Note and other variable terms of the Notes as described herein will be established by the Company at the date of issue of such Note and will be set forth therein and specified in a Pricing Supplement. Interest rates, interest rate formulae and such other variable terms are subject to change by the Company, but no change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company. Each Note will be issued in fully registered book-entry form (a "Book-Entry Note") or certificated form (a "Certificated Note"), as set forth in the applicable Pricing Supplement, in denominations of \$1,000 and integral multiples thereof, unless otherwise specified in the applicable Pricing Supplement. Each Book-Entry Note will be represented by one or more global securities ("Global Notes") deposited with or on behalf of The Depository Trust Company (or such other depository as is identified in an applicable Pricing Supplement) (the "Depository") and registered in the name of the Depository's nominee. Beneficial interests in Book-Entry Notes will be shown on, and transfers thereof will be effected only through, records maintained by the Depository (with respect to its participants) and the Depository's participants (with respect to Beneficial Owners). Beneficial Owners of the Book-Entry Notes will not have the right to receive physical certificates evidencing their ownership except under the limited circumstances described herein.

Unless otherwise specified in an applicable Pricing Supplement, the Notes will bear interest at fixed rates (the "Fixed Rate Notes") or at floating rates (the "Floating Rate Notes"). The applicable Pricing Supplement will specify whether a Floating Rate Note is a Floating Rate/Fixed Rate Note, Inverse Floating Rate Note or Regular Floating Rate Note and whether its rate of interest is determined by reference to one or more of the CD Rate, the CMT Rate, the Commercial Paper Rate, the Eleventh District Cost of Funds Rate, the Federal Funds Rate, LIBOR, the Prime Rate or the Treasury Rate, or any other interest rate basis or formula (each, an "Interest Rate Basis"), as adjusted by any Spread and/or Spread Multiplier and will specify such other terms applicable to such Note. Interest rates offered by the Company with respect to the Notes may differ depending upon the aggregate principal amount of Notes subject to purchase in any single transaction. See "Description of Notes".

SEE "RISK FACTORS" ON PAGE S-2 FOR A DISCUSSION OF CERTAIN RISKS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES OFFERED HEREBY.

-----

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, THE PROSPECTUS OR ANY SUPPLEMENT HERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

-----

<TABLE>  
 <CAPTION>

	PRICE TO PUBLIC(1)	AGENT'S DISCOUNTS AND COMMISSIONS (1) (2)	PROCEEDS TO COMPANY (1) (3)
Per Note.....	100%	.050% --.600%	99.950% --99.400%
Total(4).....	\$	\$ --	\$ --

</TABLE>

(1) Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Agent") will purchase the Notes, as principal, from the Company, for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by the Agent,

or, if so specified in an applicable Pricing Supplement, for resale at a fixed public offering price. Unless otherwise specified in an applicable Pricing Supplement, any Note sold to the Agent as principal will be purchased by such Agent at a price equal to 100% of the principal amount thereof less a percentage of the principal amount equal to the commission applicable to an agency sale (as described below) of a Note of identical maturity. If agreed to by the Company and the Agent, the Agent may utilize their reasonable efforts on an agency basis to solicit offers to purchase the Notes at 100% of the principal amount thereof, unless otherwise specified in an applicable Pricing Supplement. The Company will pay a commission to an Agent, ranging from .050% to .600% (or, with respect to Notes for which the Stated Maturity is in excess of 30 years, such commission as shall be agreed upon by the Company and the related Agent at the time of sale) of the principal amount of a Note, depending upon its Stated Maturity, sold through such Agent.

- (2) The Company has agreed to indemnify the Agent against, and to provide contribution with respect to, certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Plan of Distribution".
- (3) Before deducting expenses payable by the Company.
- (4) Or the equivalent thereof in one or more foreign or composite currencies.

-----

The Notes are being offered on a continuing basis by the Company through the Agent. Unless otherwise specified in an applicable Pricing Supplement, the Notes will not be listed on any securities exchange and there can be no assurance that the Notes offered by this Prospectus Supplement will be sold or that there will be a secondary market for the Notes. The Company reserves the right to cancel or modify the offer made hereby without notice. The Company or the Agent, if it solicits the offer, may reject any offer to purchase Notes in whole or in part. See "Plan of Distribution".

This Prospectus Supplement and the accompanying Prospectus may be used by the Agent, a wholly-owned subsidiary of the Company, in connection with offers and sales related to market-making transactions in the Notes. The Agent may act as principal or agent in such transactions.

-----  
MERRILL LYNCH & CO.  
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The date of this Prospectus Supplement is July , 1998.

IN CONNECTION WITH AN OFFERING OF NOTES PURCHASED BY THE AGENT AS PRINCIPAL ON A FIXED OFFERING PRICE BASIS, THE AGENT MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF SUCH NOTES. SUCH TRANSACTIONS MAY INCLUDE STABILIZING AND THE PURCHASE OF NOTES TO COVER SHORT POSITIONS OF THE AGENT. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION".

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#### RISK FACTORS

This Prospectus Supplement does not describe all of the risks of an investment in Notes that result from such Notes being denominated or payable in or determined by reference to a currency or composite currency other than United States dollars or to one or more interest rate, currency or other indices or formulas. The Company and the Agent disclaim any responsibility to advise prospective investors of such risks as they exist at the date of this Prospectus Supplement or as they change from time to time. Prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in such Notes and the suitability of investing in such Notes in light of their circumstances. Such Notes are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions or transactions involving the applicable interest rate index or currency index or other indices or formulas. Prospective investors should carefully consider, among other factors, the matters described below.

#### STRUCTURE RISKS

An investment in Notes indexed, as to principal, premium, if any, and/or interest, if any, to one or more currencies or composite currencies (including exchange rates and swap indices between currencies or composite currencies), commodities, interest rates or other indices or formulas, either directly or inversely, entails significant risks that are not associated with similar investments in a conventional fixed rate or floating rate debt security. Such risks include, without limitation, the possibility that such indices or formulas may be subject to significant changes, that no interest will be payable in respect of such Notes or that the resulting interest rate will be less than that payable on a conventional fixed rate or floating rate debt security issued by the Company at the same time, that the repayment of principal and/or premium, if any, can occur at times other than that expected by the investor, and that the investor could lose all or a substantial portion of principal and/or premium, if any, payable on the Maturity Date (as defined under "Description of Notes--General"). Such risks depend on a number of interrelated factors, including economic, financial and political events, over which the Company has no control. Additionally, if the formula used to determine the amount of principal, premium, if any, and/or interest, if any, payable with respect to such Notes contains a multiplier or leverage factor, the effect of any change in the applicable index or indices or formula or formulas will be magnified. In recent years, values of certain indices and formulas have been highly volatile and such volatility may be expected to

continue in the future. Fluctuations in the value of any particular index or formula that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

Any optional redemption feature of Notes might affect the market value of such Notes. Since the Company may be expected to redeem such Notes when prevailing interest rates are relatively low, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on such Notes.

The Notes will not have an established trading market when issued, and there can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops. See "Plan of Distribution".

The secondary market, if any, for such Notes will be affected by a number of factors independent of the creditworthiness of the Company and the value of the applicable index or indices or formula or formulas, including the complexity and volatility of each such index or formula, the method of calculating the principal, premium, if any, and/or interest, if any, in respect of such Notes, the time remaining to the maturity of such Notes, the outstanding amount of such Notes, any redemption features of such Notes, the amount of other debt securities linked to such index or formula and the level, direction and volatility of market interest rates generally.

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Such factors also will affect the market value of such Notes. In addition, certain Notes may be designed for specific investment objectives or strategies and, therefore, may have a more limited secondary market and experience more price volatility than conventional debt securities. Investors may not be able to sell such Notes readily or at prices that will enable investors to realize their anticipated yield. No investor should purchase Notes unless such investor understands and is able to bear the risk that such Notes may not be readily saleable, that the value of such Notes will fluctuate over time and that such fluctuations may be significant.

CREDIT RATINGS

Any credit ratings assigned to the Company's medium-term note program may not reflect the potential impact of all risks related to structure and other factors on the market value of the Notes. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in the Notes and the suitability of such Notes in light of their particular circumstances.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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DESCRIPTION OF NOTES

The Notes will be issued as a series of debt securities under a senior indenture, dated as of October 1, 1993, as amended (the "1993 Indenture"), between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.), as trustee (as used in this Prospectus Supplement, the "Trustee"). The term "Senior Debt Securities," as used in this Prospectus Supplement, refers to all securities issued and issuable from time to time under the Senior Indentures (as defined in the accompanying Prospectus) and includes the Notes. The Senior Debt Securities and the Trustee are more fully described in the accompanying Prospectus. The following summary of certain provisions of the Notes and of the 1993 Indenture does not purport to be complete and is qualified in its entirety by reference to the 1993 Indenture, a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus Supplement and the accompanying Prospectus are a part. Capitalized terms used but not defined herein have the meanings given to them in the 1993 Indenture or the Notes, as the case may be.

THE FOLLOWING DESCRIPTION OF NOTES WILL APPLY UNLESS OTHERWISE SPECIFIED IN AN APPLICABLE PRICING SUPPLEMENT.

GENERAL

All Senior Debt Securities, including the Notes, issued and to be issued under the Senior Indentures will be unsecured general obligations of the Company and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding. However, because 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 Notes), 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 Merrill Lynch, Pierce, Fenner & Smith Incorporated, to the Company are restricted by net capital requirements under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and under rules of certain exchanges and other regulatory bodies.

The Senior Indentures do not limit the aggregate principal amount of Senior Debt Securities which may be issued thereunder and Senior Debt Securities may be issued thereunder from time to time as a single series or in two or more separate series up to the aggregate principal amount from time to time authorized by the Company for each series. The Company may, from time to time, without the consent of the Holders of the Notes, provide for the issuance of Notes or other Senior Debt Securities under the Senior Indentures in addition to the \$ aggregate principal amount of Notes offered hereby. As of June 26, 1998, the Company had issued and outstanding Notes in an aggregate principal amount of approximately \$16.9 billion. The aggregate principal amount of Notes which may be offered hereby may be reduced by the issuance of other securities of the Company pursuant to the registration statement of which this Prospectus Supplement and the accompanying Prospectus are a part.

The Notes will be offered on a continuing basis and will mature on a day nine months or more from the date of issue, as selected by the purchaser and agreed to by the Company. Interest-bearing Notes will either be Fixed Rate Notes or Floating Rate Notes as specified in the applicable Pricing Supplement. Notes may be issued at significant discounts from their principal amount payable at Stated Maturity (or on any prior date on which the principal or an installment of principal of a Note becomes due and payable, whether by the declaration of acceleration, call for redemption at the option of the Company, repayment at the option of the Holder or otherwise) (each such date, a "Maturity"), and some Notes may not bear interest.

Unless otherwise indicated in a Note and in the applicable Pricing Supplement, the Notes will be denominated in United States dollars and payments of principal of, and premium, if any, and interest on, the Notes will be made in United States dollars. If any of the Notes to be denominated other than in United States dollars or if the principal of, and interest on, the Notes, and any premium provided for in any Note is to be

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payable in or by reference to a currency (or in composite currency units or in amounts determined by reference to one or more currencies) other than that in which such Note is denominated, provisions with respect thereto will be set forth in such Note and in the applicable Pricing Supplement.

Interest rates, interest rate formulae and other variable terms of the Notes are subject to change by the Company from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company.

Each Note will be issued in fully registered book-entry form (a "Book-Entry Note") or certificated form (a "Certificated Note"), in denominations of \$1,000 and integral multiples thereof, unless otherwise specified in the applicable Pricing Supplement. Book-Entry Notes may be transferred or exchanged only through a participating member of The Depository Trust Company (or such other depository as is identified in an applicable Pricing Supplement) (the "Depository"). See "Book-Entry Notes." Registration of transfer of Certificated Notes will be made at the Corporate Trust Office of the Trustee. No service charge will be made by the Company, the Trustee or the Security Registrar for any such registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith (other than exchanges pursuant to the 1993 Indenture, not involving any transfer).

Payments of principal of, and premium and interest, if any, on Book-Entry Notes will be made by the Company through the Trustee to the Depository or its nominee. See "Book-Entry Notes." Unless otherwise specified in the applicable Pricing Supplement, a Beneficial Owner of Book-Entry Notes denominated in a currency other than United States dollars (a "Specified Currency") electing to receive payments of principal or any premium or interest in such Specified Currency must notify the Participant through which its interest is held on or prior to the applicable Record Date, in the case of a payment of interest, and on or prior to the sixteenth day, whether or not a Business Day (as defined below), prior to its Stated Maturity, in the case of principal or premium, of such Beneficial Owner's election to receive all or a portion of such payment in a Specified Currency. Such Participant must notify the Depository of such election on or prior to the third Business Day after such Record Date. The Depository will notify the Paying Agent of such election on or prior to the fifth Business Day after such Record Date. If complete instructions are received by the Participant and forwarded by the Participant to the

Depository, and by the Depository to the Paying Agent, on or prior to such dates, the Beneficial Owner will receive payments in the Specified Currency.

In the case of Certificated Notes, payment of principal or premium, if any, at the Maturity of each Certificated Note will be made in immediately available funds upon presentation of the Certificated Note at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, or at such other place as the Company may designate. Payment of interest due at Maturity will be made to the person to whom payment of the principal of the Certificated Note shall be made. Payment of interest due on Certificated Notes other than at Maturity will be made at the Corporate Trust Office of the Trustee or, at the option of the Company, may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register. Notwithstanding the foregoing, a Holder of \$1,000,000 or more in aggregate principal amount of Certificated Notes (whether having identical or different terms and provisions) having the same Interest Payment Dates will, at the option of the Company, be entitled to receive interest payments (other than at Maturity) by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the Trustee not less than 15 days prior to the applicable Interest Payment Date. Any such wire instructions received by the Trustee shall remain in effect until revoked by such Holder.

#### TRANSACTION AMOUNT

Interest rates offered by the Company with respect to the Notes may differ depending upon, among other things, the aggregate principal amount of Notes purchased in any transaction. Notes with similar variable terms but different interest rates may be offered concurrently at any time. The Company may also concurrently offer Notes having different variable terms (as are described herein or in any Prospectus Supplement) to different investors.

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#### REDEMPTION AT THE OPTION OF THE COMPANY

The Notes will not be subject to any sinking fund. The Notes will be redeemable at the option of the Company prior to their Stated Maturity only if an Initial Redemption Date is specified therein and in the applicable Pricing Supplement. If so indicated in the applicable Pricing Supplement, Notes will be subject to redemption at the option of the Company on any date on and after the applicable Initial Redemption Date specified in such Pricing Supplement. On and after the Initial Redemption Date, if any, the related Note may be redeemed at any time in whole or from time to time in part (in increments of \$1,000, provided that any remaining principal amount shall be an authorized denomination of the applicable Note) at the option of the Company at the applicable Redemption Price (as defined below) together with interest thereon payable to the Redemption Date, on notice given, unless otherwise specified in the applicable Pricing Supplement, not more than 60 nor less than 30 days prior to the Redemption Date. Unless otherwise specified in the applicable Pricing Supplement, "Redemption Price" with respect to a Note will initially mean a percentage, the Initial Redemption Percentage, of the principal amount of such Note to be redeemed specified in the applicable Pricing Supplement and shall decline at each anniversary of the Initial Redemption Date by a percentage, the Annual Redemption Percentage Reduction, if any, specified in the applicable Pricing Supplement, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

#### REPAYMENT AT THE OPTION OF THE HOLDER

If so indicated in an applicable Pricing Supplement, Notes will be repayable by the Company in whole or in part at the option of the Holders thereof on their respective Optional Repayment Dates specified in such Pricing Supplement. If no Optional Repayment Date is indicated with respect to a Note, such Note will not be repayable at the option of the Holder prior to its Stated Maturity. Any repayment in part will be in an amount equal to \$1,000 or integral multiples thereof, provided that any remaining principal amount shall be an authorized denomination of the applicable Note. The repurchase price for any Note so repurchased will be 100% of the principal amount to be repaid, together with interest thereon payable to the date of repayment. For any Note to be repaid, such Note must be received, together with the form thereon entitled "Option to Elect Repayment" duly completed, by the Trustee at its office maintained for such purpose in the Borough of Manhattan, The City of New York, currently the Corporate Trust Office of the Trustee, not more than 60 nor less than 30 days prior to the Optimal Repayment Date. Notices of elections from a Holder to exercise the repayment option must be received by the Trustee by 5:00 p.m., New York City time, on the last day for giving such notice. Exercise of such repayment option by the Holder will be irrevocable.

While the Book-Entry Notes are represented by Global Notes held by or on behalf of the Depository, and registered in the name of the Depository or the Depository's nominee, the option for repayment may be exercised by the applicable Participant (as defined below under "Book-Entry Notes") on behalf of the Beneficial Owners (as defined below) of such Book-Entry Notes by delivering a written notice to the Trustee at the Corporate Trust Office, not more than 60 nor less than 30 days prior to the Optional Repayment Date. Notices of elections from Participants on behalf of Beneficial Owners of the Book-Entry Notes to exercise their option to have the Book-Entry Notes repaid must be received by the Trustee by 5:00 p.m., New York City time, on the last day for giving such notice. In order to ensure that a notice is received by the Trustee on a particular day, the Beneficial Owner of Book-Entry Notes must so direct the applicable Participant before such Participant's cut-off time



for accepting instructions for that day. Different firms may have different cut-off times for accepting instructions from their customers. Accordingly, Beneficial Owners of Book-Entry Notes should consult the Participants through which they own their interest in the Book-Entry Notes for the cut-off times for such Participants. All notices shall be executed by a duly authorized officer of such Participant (with signature guaranteed) and shall be irrevocable. In addition, such Beneficial Owners of Book-Entry Notes shall effect delivery of such Book-Entry Notes at the time such notices of election are given to the Depository by causing the Participant to transfer such Beneficial Owner's interest in the Book-Entry Notes, on the Depository's records, to the Trustee. Conveyance of notices and other communications by the Depository to Participants, by Participants to Indirect Participants (as defined below) and by Participants and Indirect Participants to Beneficial Owners of the Book-Entry Notes will be governed by agreements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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The Company may at any time purchase Notes at any price or prices in the open market or otherwise. Notes so purchased by the Company may, at the discretion of the Company, be held, resold or surrendered to the Trustee for cancellation.

## INTEREST

### General

Each Note will bear interest from the date of issue at the rate per annum or, in the case of a Floating Rate Note, pursuant to the interest rate formula stated therein and in the applicable Pricing Supplement until the principal thereof is paid or made available for payment. Interest will be payable in arrears on each date specified in the applicable Pricing Supplement on which an installment of interest is due and payable (an "Interest Payment Date") and at Maturity. The first payment of interest on any Note originally issued between a Regular Record Date and the related Interest Payment Date will be made on the Interest Payment Date immediately following the next succeeding Regular Record Date to the registered Holder on such next succeeding Regular Record Date. The "Regular Record Date" shall be the fifteenth calendar day (whether or not a Business Day) (as defined below) immediately preceding the related Interest Payment Date.

### Fixed Rate Notes

Unless otherwise specified in an applicable Pricing Supplement, each Fixed Rate Note will bear interest from, and including, the date of issue, at the rate per annum stated on the face thereof until the principal amount thereof is paid or made available for payment. Interest payments on Fixed Rate Notes will equal the amount of interest accrued from and including the immediately preceding Interest Payment Date in respect of which interest has been paid (or from and including the date of issue, if no interest has been paid with respect to such Fixed Rate Notes), to, but excluding, the related Interest Payment Date or Maturity, as the case may be. Unless otherwise specified in the applicable Pricing Supplement, interest on Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified in the applicable Pricing Supplement, interest on Fixed Rate Notes will be payable semiannually on May 15 and November 15 of each year and at Maturity. If any Interest Payment Date or the Maturity of a Fixed Rate Note falls on a day that is not a Business Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or Maturity, as the case may be.

### Floating Rate Notes

Floating Rate Notes will be issued as described below. Each applicable Pricing Supplement will specify certain terms with respect to which such Floating Rate Note is being delivered, including: whether such Floating Rate Note is a "Regular Floating Rate Note" (as defined below), an "Inverse Floating Rate Note" (as defined below) or a "Floating Rate/Fixed Rate Note" (as defined below); the Interest Rate Basis or Bases, Initial Interest Rate, Interest Reset Dates, Interest Payment Dates, Index Maturity, Maximum Interest Rate and Minimum Interest Rate, if any, and the Spread and/or Spread Multiplier, if any, and, if one or more of the specified Interest Rate Bases is LIBOR, the Index Currency, the Index Maturity and the Designated LIBOR Page or, if one or more of the specified Interest Rate Bases is the CMT Rate, the Designated CMT Telerate Page and Designated CMT Maturity Index, as described below.

The interest rate borne by the Floating Rate Notes will be determined as follows:

- (i) Unless such Floating Rate Note is designated as a Floating Rate/Fixed Rate Note, an Inverse Floating Rate Note or as having an Addendum attached or as having "Other Provisions" apply relating to a different interest rate formula, such Floating Rate Note will be designated a "Regular Floating Rate Note" and, except as described below or in an applicable Pricing Supplement, bear interest at the rate determined

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by reference to the applicable Interest Rate Basis or Bases (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Regular Floating Rate Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period from the Original Issue Date to the first Interest Reset Date will be the Initial Interest Rate.

(ii) If such Floating Rate Note is designated as a "Floating Rate/Fixed Rate Note", then such Floating Rate Note will bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Floating Rate/Fixed Rate Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the first Interest Reset Date will be the Initial Interest Rate, and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to Maturity shall be the Fixed Interest Rate, if such rate is specified in the applicable Pricing Supplement, or if no such Fixed Interest Rate is so specified, the interest rate in effect thereon on the day immediately preceding the Fixed Rate Commencement Date.

(iii) If such Floating Rate Note is designated as an "Inverse Floating Rate Note," then, except as described below, such Floating Rate Note will bear interest equal to the Fixed Interest Rate specified in the related Pricing Supplement minus the rate determined by reference to the applicable Interest Rate Basis or Bases (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any; provided, however, that unless otherwise specified in the applicable Pricing Supplement, the interest rate thereon will not be less than zero percent. Commencing on the first Interest Reset Date, the rate at which interest on such Inverse Floating Rate Note is payable shall be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period from the Original Issue Date to the first Interest Reset Date will be the Initial Interest Rate.

Notwithstanding the foregoing, if such Floating Rate Note is designated as having an Addendum attached or as having "Other Provisions" apply as specified on the face thereof, such Floating Rate Note shall bear interest in accordance with the terms described in such Addendum or specified under "Other Provisions" and the applicable Pricing Supplement.

Each Interest Rate Basis shall be the rate determined in accordance with the applicable provisions below. Except as set forth above, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the applicable Interest Reset Date.

Interest on Floating Rate Notes will be determined by reference to an "Interest Rate Basis," which may be one or more of (i) the "CD Rate," (ii) the "CMT Rate," (iii) the "Commercial Paper Rate," (iv) the "Eleventh District Cost of Funds Rate," (v) the "Federal Funds Rate," (vi) "LIBOR," (vii) the "Prime Rate," (viii) the "Treasury Rate," or (ix) such other Interest Rate Basis or interest rate formula as may be set forth in the applicable Pricing Supplement. In addition, a Floating Rate Note may bear interest in respect of two or more Interest Rate Bases.

The "Spread" is the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to such Floating Rate Note. The "Spread Multiplier" is the percentage of the related Interest Rate Basis or Bases applicable to such Floating Rate Note by which such Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate on such Floating Rate Note. The "Index Maturity" is the period to maturity of the instrument or obligation with respect to which the Interest Rate Basis or Bases will be calculated.

Each applicable Pricing Supplement will specify the dates on which such Interest Rate will be reset (each, an "Interest Reset Date"). Unless otherwise specified in the applicable Pricing Supplement, the Interest Reset

Date will be, in the case of Floating Rate Notes which reset: (i) daily, each Business Day; (ii) weekly, the Wednesday of each week (with the exception of weekly reset Treasury Rate Notes which will reset the Tuesday of each week, except as specified below); (iii) monthly, the third Wednesday of each month (with the exception of monthly reset Eleventh District Cost of Funds Rate Notes, which will reset on the first calendar day of the month); (iv) quarterly, the third Wednesday of March, June, September and December of each year; (v) semiannually, the third Wednesday of the two months specified in the applicable Pricing Supplement; and (vi) annually, the third Wednesday of the month specified in the applicable Pricing Supplement; provided, however, that with respect to Floating Rate/Fixed Rate Notes, the fixed rate of interest in effect for the period from the Fixed Rate Commencement Date until Maturity shall be the Fixed Interest Rate or the interest rate in effect on the day immediately preceding the Fixed Rate Commencement Date, as specified in the

applicable Pricing Supplement. If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Reset Date will be postponed to the next succeeding day that is a Business Day, except that in the case of a Floating Rate Note as to which LIBOR is an applicable Interest Rate Basis, if such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day. In addition, in the case of a Floating Rate Note for which the Treasury Rate is an applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day. As used herein, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that, with respect to non-United States-dollar denominated Notes, such day is also not a day on which banking institutions are authorized or required by law, regulation or executive order to close in the Principal Financial Center (as hereinafter defined) of the country issuing the Specified Currency (unless the Specified Currency is European Currency Units ("ECU"), in which case such day is also not a day that appears as an ECU non-settlement day on the displayed designated as "ISDE" on the Reuter Monitor Money Rates Service (or is not a day designated as an ECU non-settlement day by the ECU Banking Association) or, if ECU non-settlement days do not appear on that page (and are not so designated), a day that is not a day on which payments in ECU cannot be settled in the international interbank market); provided, further, that, with respect to Notes as to which LIBOR is an applicable Interest Rate Basis, such day is also a London Business Day. "London Business Day" means a day on which dealings in the Index Currency (as hereinafter defined) are transacted in the London interbank market.

A Floating Rate Note may also have either or both of the following: (i) a maximum numerical limitation, or ceiling, on the rate at which interest may accrue during any interest period (a "Maximum Interest Rate"), and (ii) a minimum numerical limitation, or floor, on the rate at which interest may accrue during any period (a "Minimum Interest Rate"). The Indenture provides that the Indenture and the Securities will be governed by and construed in accordance with the laws of the State of New York. 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 has covenanted for the benefit of the beneficial owners 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 beneficial owner of the Securities.

Each applicable Pricing Supplement will specify the dates on which interest will be payable (each an "Interest Payment Date"). Each Floating Rate Note will bear interest from the date of issue at the rates specified therein until the principal thereof is paid or otherwise made available for payment. Unless otherwise specified in the applicable Pricing Supplement and, except as provided below, interest will be payable in the case of Floating Rate Notes which reset: (i) daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year as specified in the applicable Pricing Supplement; (ii) quarterly, on the third Wednesday of March, June, September and December of each year; (iii)

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semiannually, on the third Wednesday of the two months of each year specified in the applicable Pricing Supplement; and (iv) annually, on the third Wednesday of the month of each year specified in the applicable Pricing Supplement and, in each case, at Maturity. If any Interest Payment Date for any Floating Rate Note (other than an Interest Payment Date at Maturity) would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding day that is a Business Day except that in the case of a Floating Rate Note as to which LIBOR is an applicable Interest Rate Basis, if such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day. If the Maturity of a Floating Rate Note falls on a day that is not a Business Day, the payment of principal, premium, if any, and interest will be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after such Maturity.

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

Interest payments on Floating Rate Notes will equal the amount of interest accrued from and including the immediately preceding Interest Payment Date in respect of which interest has been paid (or from and including the date of issue, if no interest has been paid with respect to such Floating Rate Notes), to but excluding the related Interest Payment Date or Maturity.

With respect to each Floating Rate Note, accrued interest is calculated by multiplying its face amount by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each

day in the period for which accrued interest is being calculated. The interest factor for each such day will be computed by dividing the interest rate applicable to such day by 360, in the case of Notes for which the Interest Rate Basis is the CD Rate, the Commercial Paper Rate, the Eleventh District Cost of Funds Rate, the Federal Funds Rate, LIBOR or the Prime Rate, or by the actual number of days in the year in the case of Notes for which the Interest Rate Basis is the CMT Rate or the Treasury Rate. The interest factor for Notes for which the interest rate is calculated with reference to two or more Interest Rate Bases will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

The interest rate applicable to each interest reset period commencing on the Interest Reset Date with respect to such interest reset period will be the rate determined as of the applicable "Interest Determination Date." The Interest Determination Date with respect to the CD Rate, the CMT Rate and the Commercial Paper Rate will be the second Business Day preceding each Interest Reset Date for the related Note; the Interest Determination Date with respect to the Federal Funds Rate and the Prime Rate, unless otherwise specified in the applicable Pricing Supplement, will be the Business Day immediately preceding each Interest Reset Date; the Interest Determination Date with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); the Interest Determination Date with respect to LIBOR will be the second London Business Day preceding each Interest Reset Date. With respect to the Treasury Rate, unless otherwise specified in an applicable Pricing Supplement, the Interest Determination Date will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date will be such preceding Friday; and provided, further, that if an auction falls on any Interest Reset Date, then the related Interest Reset Date will instead be the first Business Day following such auction. Unless otherwise specified in the applicable Pricing Supplement, the Interest Determination Date pertaining to a Floating Rate Note the interest rate of which is determined with reference to two or more Interest Rate Bases will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date for such Floating Rate Note on which each Interest Reset Basis is determinable. Each Interest Rate Basis will be determined on such date, and the applicable interest rate will take effect on the related Interest Reset Date.

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Unless otherwise provided in the applicable Pricing Supplement, Merrill Lynch, Pierce, Fenner & Smith Incorporated, a subsidiary of the Company, will be the "Calculation Agent." Upon the request of the Holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next Interest Reset Date with respect to such Floating Rate Note. Unless otherwise specified in the applicable Pricing Supplement, the "Calculation Date," if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date, or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day preceding the applicable Interest Payment Date or Maturity, as the case may be.

CD Rate. CD Rate Notes will bear interest at the rates (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in such CD Rate Notes and in any applicable Pricing Supplement.

"CD Rate" means, with respect to any Interest Determination Date relating to a CD Rate Note or any Floating Rate Note for which the interest rate is determined with reference to the CD Rate (a "CD Rate Interest Determination Date"), the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified in the applicable Pricing Supplement as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication ("H.15(519)") under the heading "CDs (Secondary Market)," or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity specified in the applicable Pricing Supplement as published by the Federal Reserve Bank of New York in its daily statistical release "Composite 3:30 P.M. Quotations for U.S. Government Securities" or any successor publication ("Composite Quotations") under the heading "Certificates of Deposit." If such rate is not yet published in either H.15(519) or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading non-bank dealers in negotiable United States dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity designated in the applicable Pricing Supplement in an amount that is representative for a single transaction in that market at that time; provided, however, that if the

dealers so selected by the Calculation Agent are not quoting as set forth above, the CD Rate with respect to such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

CMT Rate. CMT Rate Notes will bear interest at the rates (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in such CMT Rate Notes and in any applicable Pricing Supplement.

"CMT Rate" means, with respect to any Interest Determination Date relating to any Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a "CMT Rate Interest Determination Date"), the rate displayed on the Designated CMT Telerate Page under the caption "Treasury Constant Maturities. Federal Reserve Board Release H.15. Mondays Approximately 3:45 P.M.," under the column for the Designated CMT Maturity Index for (i) if the Designated CMT Telerate Page is 7055, the rate on such CMT Rate Interest Determination Date and (ii) if the Designated CMT Telerate Page is 7052, the weekly or the monthly average, as specified in the Pricing Supplement, for the week or the month, as applicable, ended immediately preceding the week in which the related CMT Rate Interest Determination Date occurs. If such rate is no longer displayed on the relevant page or is not displayed by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Rate Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index as published in the relevant H.15(519). If such rate is no longer published or is not published by 3:00 P.M., New York City time, on the related Calculation

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Date, then the CMT Rate on such CMT Rate Interest Determination Date will be such treasury constant maturity rate of the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) for the CMT Rate Interest Determination Date with respect to such Interest Reset Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in the relevant H.15(519). If such information is not provided by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate on the CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each, a "Reference Dealer") in The City of New York (which may include the Agent or its affiliates) selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury Notes") with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent is unable to obtain three such Treasury Note quotations, the CMT Rate on such CMT Rate Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers in The City of New York (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least \$100 million. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of such quotes will be eliminated; provided, however, that if fewer than three Reference Dealers so selected by the Calculation Agent are quoting as mentioned herein, the CMT Rate determined as of such CMT Rate Interest Determination Date will be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two Treasury Notes with an original maturity as described in the second preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the Calculation Agent will obtain from five Reference Dealers quotations for the Treasury Note with the shorter remaining term to maturity.

"Designated CMT Telerate Page" means the display on the Dow Jones Markets Limited on the page specified in the applicable Pricing Supplement (or any other page as may replace such page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)) for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no such page is specified in the applicable Pricing Supplement, the Designated CMT Telerate Page shall be 7052 for the most recent week.

"Designated CMT Maturity Index" means the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the applicable Pricing Supplement with respect to which the CMT Rate will be calculated. If no such maturity is specified in the applicable Pricing Supplement, the Designated CMT Maturity Index shall be 2 years.

Commercial Paper Rate. Commercial Paper Rate Notes will bear interest at the rates (calculated with reference to the Commercial Paper Rate and the Spread

and/or Spread Multiplier, if any) specified in such Commercial Paper Rate Notes and in any applicable Pricing Supplement.

"Commercial Paper Rate" means, with respect to any Interest Determination Date relating to a Commercial Paper Rate Note or any Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a "Commercial Paper Rate Interest Determination Date"), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified in the

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applicable Pricing Supplement as published in H.15(519) under the caption "Commercial Paper--Nonfinancial". In the event that such rate is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate will be the Money Market Yield on such Commercial Paper Rate Interest Determination Date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in Composite Quotations under the heading "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If by 3:00 P.M., New York City time, on the related Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, then the Commercial Paper Rate for such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity designated in the applicable Pricing Supplement placed for a non-financial entity whose bond rating is "Aa", or the equivalent, from a nationally recognized securities rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined on such Commercial Paper Rate Interest Determination Date will be the rate in effect on such Commercial Paper Rate Interest Determination Date.

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

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

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

Eleventh District Cost of Funds Rate. Eleventh District Cost of Funds Rate Notes will bear interest at the rates (calculated with reference to the Eleventh District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in such Eleventh District Cost of Funds Rate Notes and in any applicable Pricing Supplement.

"Eleventh District Cost of Funds Rate" means, with respect to any Interest Determination Date relating to an Eleventh District Cost of Funds Rate Note or any Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate (an "Eleventh District Cost of Funds Rate Interest Determination Date"), the rate equal to the monthly weighted average cost of funds for the calendar month preceding such Eleventh District Cost of Funds Rate Interest Determination Date as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on any related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month preceding the date of such announcement. If the FHLB of San Francisco fails to announce the Index on or prior to such Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

Federal Funds Rate. Federal Funds Rate Notes will bear interest at the rates (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in such Federal Funds Rate Notes and in any applicable Pricing Supplement.

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"Federal Funds Rate" means, with respect to any Interest Determination Date relating to a Federal Funds Rate Note or any Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate (a "Federal Funds Rate Interest Determination Date"), the rate on such date for United States dollar Federal Funds as published in H.15(519) under the heading

"Federal Funds (Effective)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate." If such rate is not published in either H.15(519) or Composite Quotations by 3:00 P.M., New York City time, on the related Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in The City of New York selected by the Calculation Agent prior to 9:00 A.M., New York City time on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. LIBOR Notes will bear interest at the rates (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any) specified in such LIBOR Notes and in any applicable Pricing Supplement.

"LIBOR" means the rate determined by the Calculation Agent in accordance with the following provisions:

(i) With respect to an Interest Determination Date relating to a LIBOR Note or any Floating Rate Note for which the interest rate is determined with reference to LIBOR (a "LIBOR Interest Determination Date"), LIBOR will be either: (a) if "LIBOR Reuters" is specified in the applicable Pricing Supplement, the arithmetic mean of the offered rates (unless the specified Designated LIBOR Page (as defined below) by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Index Currency (as defined below) having the Index Maturity designated in the applicable Pricing Supplement, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appear on the Designated LIBOR Page specified in the applicable Pricing Supplement as of 11:00 A.M., London time, on that LIBOR Interest Determination Date, if at least two such offered rates appear (unless, as aforesaid, only a single rate is required) on such Designated LIBOR Page, or (b) if "LIBOR Telerate" is specified in the applicable Pricing Supplement, the rate for deposits in the Index Currency having the Index Maturity designated in the applicable Pricing Supplement commencing on the second London Business Day immediately following that LIBOR Interest Determination Date that appears on the Designated LIBOR Page specified in the applicable Pricing Supplement as of 11:00 A.M., London time, on that LIBOR Interest Determination Date. If fewer than two offered rates appear, or no rate appears, as applicable, LIBOR in respect of the related LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the applicable Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity designated in the applicable Pricing Supplement, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time. If at least two such quotations are provided, LIBOR determined on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR determined on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M. (or such other time specified in the applicable Pricing Supplement), in the applicable Principal Financial Center(s) (as defined below), on such LIBOR Interest

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Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent for loans in the Index Currency to leading European banks, having the Index Maturity designated in the applicable Pricing Supplement and in a principal amount that is representative for a single transaction in such Index Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined on such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

"Index Currency" means the currency (including composite currencies) specified in the applicable Pricing Supplement as the currency for which LIBOR shall be calculated. If no such currency is specified in the applicable Pricing Supplement, the Index Currency shall be United States dollars.

"Designated LIBOR Page" means either (a) if "LIBOR Reuters" is designated in the applicable Pricing Supplement, the display on the Reuter Monitor Money Rates Service for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency, or (b) if "LIBOR Telerate" is designated in the applicable Pricing Supplement, the display on the Dow Jones

Markets Limited (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for the Index Currency) for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency. If neither LIBOR Reuters nor LIBOR Telerate is specified in the applicable Pricing Supplement, LIBOR for the applicable Index Currency will be determined as if LIBOR Telerate (and, if the United States dollar is the Index Currency, Page 3750) had been specified.

"Principal Financial Center" means, unless otherwise specified in the applicable Pricing Supplement, (i) the capital city of the country issuing the Specified Currency (except with respect to ECU) or (ii) the capital city of the country to which the Index Currency, if applicable, relates (or, in the case of ECU, Luxembourg), except, in each case, that with respect to United States dollars, Australian dollars, Canadian dollars, Deutsche marks, Dutch guilders, Italian lire and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Frankfurt, Amsterdam, Milan (solely in the case of clause (i) above) and Zurich, respectively.

Prime Rate. Prime Rate Notes will bear interest at the rates (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in such Prime Rate Notes and any applicable Pricing Supplement.

"Prime Rate" means the rate determined by the Calculation Agent in accordance with the provisions set out in clause (i) or in clause (ii) below, depending upon whether such rate is specified as "Prime Rate--Major Banks" or as "Prime Rate--H.15" in the applicable Pricing Supplement:

(i) If the applicable Pricing Supplement indicates that the applicable rate is "Prime Rate--Major Banks": "Prime Rate" means, with respect to any Interest Determination Date relating to a Prime Rate Note or any Floating Rate Note for which the interest rate is determined with reference to the Prime Rate (a "Prime Rate Interest Determination Date"), the arithmetic mean of the prime rates of interest publicly announced by three major banks in The City of New York as its United States dollar prime rate or base lending rate as in effect for that day. Each change in the prime rate or base lending rate of any bank so announced by such bank will be effective as of the effective date of the announcement or, if no effective date is specified, as of the date of the announcement. If fewer than three such quotations are provided, the Prime Rate will be calculated by the Calculation Agent and will be determined as the arithmetic mean on the basis of the prime rates quoted in The City of New York by three substitute banks or trust companies organized and doing business under the laws of the United States, or any state thereof, each having total equity capital of at least \$500 million and being subject to supervision or examination by a federal or state authority, selected by the Calculation Agent to quote such rate or rates; provided, however, that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate with respect to such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

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(ii) If the applicable Pricing Supplement indicates that the applicable rate is "Prime Rate--H.15": "Prime Rate" means, with respect to any Prime Rate Interest Determination Date, the rate on such date as such rate is published in H.15(519) under the heading "Bank Prime Loan." If such rate is not published prior to 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 as such bank's prime rate or base lending rate as in effect for that Prime Rate Interest Determination Date. If fewer than four such rates but more than one such rate appear on the Reuters Screen USPRIME1 for such Prime Rate Interest Determination Date, the Prime Rate shall be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by four major money center banks in The City of New York selected by the Calculation Agent. If fewer than two such rates appear on the Reuters Screen USPRIME1, the Prime Rate will be determined by the Calculation Agent on the basis of the rates furnished in The City of New York by three substitute banks or trust companies organized and doing business under the laws of the United States, or any state thereof, having total equity capital of at least \$500 million and being subject to supervision or examination by Federal or state authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks or trust companies selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate for such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen USPRIME1" means the display designated as page "USPRIME1" (or such other page as may replace such page) on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate. Treasury Rate Notes will bear interest at the rates (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in such Treasury Rate Notes and in any applicable Pricing Supplement.

"Treasury Rate" means, with respect to an Interest Determination Date relating to a Treasury Rate Note or any Floating Rate Note for which the



interest rate is determined by reference to the Treasury Rate (a "Treasury Rate Interest Determination Date"), the rate applicable to the most recent auction of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified in the applicable Pricing Supplement, as such rate is published in H.15(519) under the heading "Treasury Bills-auction average (investment)" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury Bills having the Index Maturity designated in the applicable Pricing Supplement are not reported as provided by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held in a particular week, then the Treasury Rate will be calculated by the Calculation Agent and will be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include the Agent) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity designated in the applicable Pricing Supplement; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate with respect to such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

#### OTHER PROVISIONS; ADDENDA

Any provisions with respect to an issue of Notes, including the determination of one or more Interest Rate Bases, the specification of one or more Interest Rate Bases, calculation of the interest rate applicable to a Floating

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Rate Note, its Interest Payment Dates or any other matter relating thereto may be modified by the terms as specified under "Other Provisions" on the face thereof or in an Addendum relating thereto, if so specified on the face thereof and in the applicable Pricing Supplement.

#### ORIGINAL ISSUE DISCOUNT NOTES

Notes may be issued at a price less than their redemption price at Maturity, resulting in such Notes being treated as if they were issued with original issue discount for federal income tax purposes ("Original Issue Discount Notes"). Such Original Issue Discount Notes may currently pay no interest or interest at a rate which at the time of issuance is below market rates. Certain additional considerations relating to any Original Issue Discount Notes may be described in the Pricing Supplement relating thereto.

#### AMORTIZING NOTES

The Company may from time to time offer Amortizing Notes. Unless otherwise specified in the applicable Pricing Supplement, interest on each Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and conditions of any issue of Amortizing Notes will be provided in the applicable Pricing Supplement. A table setting forth repayment information in respect of each Amortizing Note will be included in the applicable Pricing Supplement and set forth on such Notes.

#### BOOK-ENTRY NOTES

Upon issuance, all Book-Entry Notes having the same Original Issue Date, Maturity and otherwise having identical terms and provisions will be represented by one or more fully registered global Notes (the "Global Notes"). Each such Global Note will be deposited with, or on behalf of, The Depository Trust Company as Depository (the "Depository") registered in the name of the Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for Notes in definitive form, no Global Note 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 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.

The following is based on information furnished by the Depository:

The Depository will act as securities depository for the Book-Entry Notes. The Book-Entry Notes will be issued as fully registered securities registered in the name of Cede & Co. (the Depository's partnership nominee). One fully registered Global Note will be issued for each issue of Book-Entry Notes, each in the aggregate principal amount of such issue, and will be deposited with the Depository. If, however, the aggregate principal amount of any issue exceeds \$200,000,000, one Global Note will be issued with respect to each \$200,000,000 of principal amount and an additional Global Note will be issued with respect to any remaining principal amount of such issue.

The Depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York

Banking Law, 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 Depository holds securities that its participants ("Participants") deposit with the Depository. The Depository also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of the Depository ("Direct Participants") include securities brokers and dealers (including the Agent), banks, trust companies, clearing corporations and certain other organizations. The Depository is owned by a number of its Direct Participants and by the New York

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Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the Depository's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to the Depository and its Participants are on file with the Securities and Exchange Commission.

Purchasers of Book-Entry Notes under the Depository's system must be made by or through Direct Participants, which will receive a credit for such Book-Entry Notes on the Depository's records. The ownership interest of each actual purchaser of each Book-Entry Note represented by a Global Note ("Beneficial Owner") is, in turn, to be recorded on the records of Direct Participants and Indirect Participants. Beneficial Owners will not receive written confirmation from the Depository 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in a Global Note representing Book-Entry Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners of a Global Note representing Book-Entry Notes will not receive Certificated Notes representing their ownership interests therein, except in the event that use of the book-entry system for such Book-Entry Notes is discontinued.

To facilitate subsequent transfers, all Global Notes representing Book-Entry Notes which are deposited with, or on behalf of, the Depository are registered in the name of the Depository's nominee, Cede & Co. The deposit of Global Notes with, or on behalf of, the Depository and their registration in the name of Cede & Co. effect no change in beneficial ownership. The Depository has no knowledge of the actual Beneficial Owners of the Global Notes representing the Book-Entry Notes; the Depository's records reflect only the identity of the Direct Participants to whose accounts such Book-Entry Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by the Depository to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither the Depository nor Cede & Co. will consent or vote with respect to the Global Notes representing the Book-Entry Notes. Under its usual procedures, the Depository mails an Omnibus Proxy to the Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Book-Entry Notes are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the Global Notes representing the Book-Entry Notes will be made in immediately available funds to the Depository. The Depository's practice is to credit Director Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless the Depository has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of the Depository, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to the Depository is the responsibility of the Company and the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of the Depository, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

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If applicable, redemption notices shall be sent to Cede & Co. If less than all of the Book-Entry Notes of like tenor and terms are being redeemed, the Depository's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

A Beneficial Owner shall give notice of any option to elect to have its Book-Entry Notes repaid by the Company, through its Participant, to the Trustee, and shall effect delivery of such Book-Entry Notes by causing the Direct Participant to transfer the Participant's interest in the Global Note or Notes representing such Book-Entry Notes, on the Depository's records, to the Trustee. The requirement for physical delivery of Book-Entry Notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the Global Note or Notes representing such Book-Entry Notes are transferred by Direct Participants on the Depository's records.

The Depository may discontinue providing its services as securities depository with respect to the Book-Entry Notes at any time by giving reasonable notice to the Company or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Certificated Notes are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through the Depository (or a successor securities depository). In that event, Certificated Notes will be printed and delivered.

The information in this section concerning the Depository and the Depository's system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

Purchases of Book-Entry Notes must be made by or through Participants, which will receive a credit on the records of the Depository. The ownership interest of each actual purchaser of each Book-Entry Note (the "Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Depository 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 Global Notes will be shown on, and the transfer of such ownership interests will be effected only through, records maintained by the 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 Depository, or its nominee, is the registered owner of a Global Note, the Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Note for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners of a Global Note will not be entitled to have the Notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or Holders thereof under the 1993 Indenture. Accordingly, each person owning a beneficial interest in a Global Note must rely on the procedures of the 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 1993 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 1993 Indenture, the 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 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.

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If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, or (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 Notes, the Global Note or Global Notes will be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes 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 Global Notes.

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary of certain United States Federal income tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates) or possible differing interpretations. It deals only with Notes held as capital assets and does not purport to deal with persons in special tax situations, such as financial

institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding Notes as a hedge against currency risks or as a position in a "straddle" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers (except where otherwise specifically noted). Persons considering the purchase of the Notes should consult their own tax advisors concerning the application of United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation or a partnership (including an entity treated as a corporation or a partnership for United States Federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia (unless, in the case of a partnership, Treasury regulations are adopted that provide otherwise), (iii) an estate whose income is subject to United States federal income tax regardless of its source, (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (v) any other person whose income or gain in respect of a Note is effectively connected with the conduct of a United States trade or business. Certain trusts not described in clause (iv) above in existence on August 20, 1996 that elect to be treated as a United States person will also be a U.S. Holder for purposes of the following discussion. As used herein, the term "non-U.S. Holder" means a beneficial owner of a Note that is not a U.S. Holder.

#### U.S. HOLDERS

**Payments of Interest.** Payments of interest on a Note 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).

**Original Issue Discount.** The following summary is a general discussion of the United States Federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of Notes issued with original issue discount ("Discount Notes"). The following summary is based upon final Treasury regulations (the "OID Regulations") released by the Internal Revenue Service ("IRS") on January 27, 1994, as amended on June 11, 1996, under the original issue discount provisions of the Code.

For United States Federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Note over its issue price, if such excess equals or exceeds a de minimis amount (generally 1/4 of 1% of the Note's stated redemption price at maturity multiplied by the number of complete years to its

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maturity from its issue date or, in the case of a Note providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of such Note). The issue price of each Note of an issue of Notes equals the first price at which a substantial amount of such Notes has been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The stated redemption price at maturity of a Note is the sum of all payments provided by the Note other than "qualified stated interest" payments. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. In addition, under the OID Regulations, if a Note bears interest for one or more accrual periods at a rate below the rate applicable for the remaining term of such Note (e.g., Notes with teaser rates or interest holidays), and if the greater of either the resulting foregone interest on such Note or any "true" discount on such Note (i.e., the excess of the Note's stated principal amount over its issue price) equals or exceeds a specified de minimis amount, then the stated interest on the Note would be treated as original issue discount rather than qualified stated interest.

Payments of qualified stated interest on a Note are 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). A U.S. Holder of a Discount Note must include original issue discount in income as ordinary interest for United States Federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. In general, the amount of original issue discount included in income by the initial U.S. Holder of a Discount Note is the sum of the daily portions of original issue discount with respect to such Discount Note for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Discount Note. The "daily portion" of original issue discount on any Discount Note is determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the Discount Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount

of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the Discount Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the sum of the issue price of the Discount Note plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Note that were not qualified stated interest payments. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder who purchases a Discount Note for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the Discount Note after the purchase date other than payments of qualified stated interest, will be considered to have purchased the Discount Note at an "acquisition premium." 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 Discount Note for any taxable year (or portion thereof in which the U.S. Holder holds the Discount Note) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

Under the OID Regulations, Floating Rate Notes and Indexed Notes (hereinafter "Variable Notes") are subject to special rules whereby a Variable Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Note by more than a specified de minimis amount and (b) it provides for stated interest, paid or compounded at least annually, at current values of (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

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A "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Note is denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than .65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than .65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, under the OID Regulations, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate under the OID Regulations unless such cap or floor is fixed throughout the term of the Note. An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula that is based on objective financial or economic information. A rate will not qualify as an objective rate if it is based on information that is within the control of the issuer (or a related party) or that is unique to the circumstances of the issuer (or a related party), such as dividends, profits, or the value of the issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the issuer). A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. The OID Regulations also provide that if a Variable Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate and if the variable rate on the Variable Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

If a Variable Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument" under the OID Regulations, and if the interest on such Note is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually, then all stated interest on the Note will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" under the OID Regulations will generally not be treated as having been issued with original issue discount unless the Variable Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess

of a specified de minimis amount. The amount of qualified stated interest and the amount of original issue discount, if any, that accrues during an accrual period on such a Variable Note is determined under the rules applicable to fixed rate debt instruments by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Note. The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

In general, any other Variable Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the Variable Note. The OID Regulations generally require that such a Variable Note be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the

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Variable Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Note. In the case of a Variable Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Note as of the Variable Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Note is then converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Note will account for such original issue discount and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. Each accrual period appropriate adjustments will be made to the amount of qualified stated interest or original issue discount assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Variable Note during the accrual period.

If a Variable Note does not qualify as a "variable rate debt instrument" under the OID Regulations, then the Variable Note would be treated as a contingent payment debt obligation. On June 11, 1996, the Treasury Department issued final regulations (the "CPDI Regulations") concerning the proper United States Federal income tax treatment of contingent payment debt instruments. In general, the CPDI 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. Specifically, the CPDI 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 CPDI 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 CPDI Regulations apply to debt instruments issued on or after August 13, 1996. The proper United States Federal income tax treatment of Variable Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement. Furthermore, any other special United States Federal income tax considerations, not otherwise discussed herein, which are applicable to any particular issue of Notes will be discussed in the applicable Pricing Supplement.

Certain of the Notes (i) may be redeemable at the option of the Company prior to their stated maturity (a "call option") and/or (ii) may be repayable at the option of the holder prior to their stated maturity (a "put option"). Notes containing such features may be subject to rules that differ from the general rules discussed above. Investors intending to purchase Notes with such features should consult their own tax advisors, since the original issue discount consequences will depend, in part, on the particular terms and features of the purchased Notes.

U.S. Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

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Foreign-Currency Notes. The United States Federal income tax consequences of the purchase, ownership and disposition of Notes providing for payments denominated in a currency other than U.S. dollars will be more fully described in the applicable Pricing Supplement.

Short-Term Notes. Notes that have a fixed maturity of one year or less ("Short-Term Notes") will be treated as having been issued with original issue discount. In general, an individual or other cash method U.S. Holder is not required to accrue such original issue discount unless the U.S. Holder elects to do so. If such an election is not made, any gain recognized by the U.S. Holder on the sale, exchange or maturity of the Short-Term Note will be ordinary income to the extent of the original issue discount accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income is realized. U.S. Holders who report income for United States Federal income tax purposes under the accrual method, and certain other holders including banks and dealers in securities, are required to accrue original issue discount on a Short-Term Note on a straight-line basis unless an election is made to accrue the original issue discount under a constant yield method (based on daily compounding).

Market Discount. If a U.S. Holder purchases a Note, other than a Discount Note, for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity) or, in the case of a Discount Note, for an amount that is less than its adjusted issue price as of the purchase date, such U.S. Holder will be treated as having purchased such Note at a "market discount," unless such market discount is less than a specified de minimis amount.

Under the market discount rules, a U.S. Holder will be required to treat any partial principal payment (or, in the case of a Discount Note, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition of, a Note as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount which has not previously been included in income and is treated as having accrued on such Note at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the Note, 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 Note with market discount until the maturity of the Note or certain earlier dispositions, 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 Note and upon the receipt of certain cash payments 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. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the taxable year to which such election applies and may be revoked only with the consent of the IRS.

Premium. If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased the Note 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 Note and may offset interest otherwise required to be included in respect of the Note during any taxable year by the amortized amount of such excess for the taxable year. However, if the Note may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply which could result in a deferral of the amortization of some bond premium until later in the term of the Note. Any election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS.

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Disposition of a Note. Except as discussed above, upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's

adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note increased by any original issue discount included in income (and accrued market discount, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Note. Such gain or loss generally will be long-term capital gain or loss if the Note were held for more than the applicable holding period. The Taxpayer Relief Act of 1997 reduces the maximum rates on long-term capital gains recognized on capital assets held by individual taxpayers for more than eighteen months as of the date of disposition (and would further reduce the maximum rates on such gains in the year 2001 and thereafter for certain individual taxpayers who meet specified conditions). Prospective investors should consult their own tax advisors concerning these tax law changes.

#### 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 Note, 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 Code. 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 Note 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 Note 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.

On October 6, 1997, the Treasury issued new regulations (the "New Regulations") which make certain modifications to the withholding, backup withholding and information reporting rules. The New Regulations attempt to unify certification requirements and modify reliance standards. The New Regulations will generally be effective for payments made after December 31, 1999, subject to certain transition rules. Prospective investors are urged to consult their own tax advisors regarding the New Regulations.

Generally, a non-U.S. Holder will not be subject to United States Federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a Note, 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.

The Notes 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 the Notes 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 Notes 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.

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Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Notes 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.

In addition, upon the sale of a Note 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. In addition, prospective U.S. Holders are



strongly urged to consult their own tax advisors with respect to the New Withholding Regulations. See "Certain United States Federal Income Tax Considerations--Non-U.S. Holders".

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.

#### PLAN OF DISTRIBUTION

The Notes are being offered on a continuing basis for sale by the Company, through the Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, who will purchase the Notes, as principal, from the Company, for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by the Agent, or, if so specified in an applicable Pricing Supplement, for resale at a fixed public offering price. Unless otherwise specified in an applicable Pricing Supplement, any Note sold to the Agent as principal will be purchased by the Agent at a price equal to 100% of the principal amount thereof less a percentage of the principal amount equal to the commission applicable to an agency sale (as described below) of a Note of identical maturity. If agreed to by the Company and the Agent, the Agent may utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes at 100% of the principal amount thereof, unless otherwise specified in an applicable Pricing Supplement. The Company will pay a commission to the Agent, ranging from .050% to .600% of the principal amount of a Note, depending upon its Stated Maturity (or, with respect to Notes for which the Stated Maturity is in excess of 30 years, such commission as shall be agreed upon by the Company and the Agent at the time of sale), sold through the Agent.

The Agent may sell Notes it has purchased from the Company as principal to other dealers for resale to investors, and may allow any portion of the discount received in connection with such purchases from the Company to such dealers. After the initial public offering of Notes, the public offering price (in the case of Notes to be resold at a fixed public offering price), the concession and the discount allowed to dealers may be changed.

The Company reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part whether placed directly with the Company or through the Agent. The Agent will have the right, in its discretion reasonably exercised, to reject in whole or in part any offer to purchase Notes received by the Agent.

Unless otherwise specified in an applicable Pricing Supplement, payment of the purchase price of the Notes will be required to be made in immediately available funds in New York City on the date of settlement.

No Note will have an established trading market when issued. Unless specified in the applicable Pricing Supplement, the Notes will not be listed on any securities exchange. The Agent may from time to time purchase and sell Notes in the secondary market, but the Agent is not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Agent may make a market in the Notes.

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The Agent may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933, as amended (the "Act"). The Company has agreed to indemnify the Agent against or to make contributions relating to certain civil liabilities, including liabilities under the Act, or to contribute to payments the Agent may be required to make in respect thereof. The Company has agreed to reimburse the Agent for certain expenses.

From time to time, the Company may issue and sell other Securities described in the accompanying Prospectus, and the amount of Notes offered hereby is subject to reduction as a result of such sales.

In connection with the offering of Notes purchased by the Agent as principal on a fixed price basis, the Agent is permitted to engage in certain transactions that stabilize the price of the Notes. Such transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Notes. If the Agent creates a short position in the Notes in connection with the offering (i.e., if it sells Notes in an aggregate principal amount exceeding that set forth in the applicable Pricing Supplement), then the Agent may reduce that short position by purchasing Notes in the open market. In general, purchases of Notes for the purpose of stabilization or to reduce a short position could cause the price of the Notes to be higher than in the absence of such purchases.

Neither the Company nor the Agent make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Company nor the Agent makes any representation that the Agent will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

The distribution of the Notes 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.

LEGAL OPINION

The validity of the Notes will be passed upon for the Company and the Agent 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 OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT, THE APPLICABLE PRICING SUPPLEMENT OR THE PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS SUPPLEMENT, THE APPLICABLE PRICING 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 AGENT. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT, THE APPLICABLE PRICING SUPPLEMENT OR 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, THE APPLICABLE PRICING 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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MERRILL LYNCH & CO., INC.

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PROSPECTUS SUPPLEMENT  
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MERRILL LYNCH & CO.

JULY , 1998  
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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

MERRILL LYNCH & CO., INC.  
SENIOR DEBT SECURITIES

Merrill Lynch & Co., Inc. (the "Company") has issued and intends from time to time to issue senior debt securities (the "Senior Debt Securities" or the "Securities") pursuant to an indenture, dated as of April 1, 1983, as amended and restated, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).

The following Securities have been issued and the indicated aggregate principal amounts are outstanding as of the date hereof:

Redeemable Notes

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\$1,650,000,000 of 6% Notes due February 12, 2003	\$125,000,000 of 6 3/8% Notes due September 8, 2006;
\$150,000,000 of 7.05% Notes due April 15, 2003;	\$700,000,000 6 1/2% Notes due July 15, 2018; and
\$750,000,000 Floating Rate Notes due June 24, 2003;	\$33,015,000 of 8.40% Notes due November 1, 2019.
\$500,000,000 6% Notes due July 15, 2005;	

Non-Redeemable Fixed Rate Notes

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\$165,000,000 of 10 3/8% Notes due February 1, 1999;	\$150,000,000 of 8.30% Notes due November 1, 2002;
\$175,000,000 of 7 3/4% Notes due March 1, 1999;	\$200,000,000 of 6 7/8% Notes due March 1, 2003;
\$200,000,000 of 6 3/8% Notes due March 30, 1999;	\$500,000,000 of 6.55% Notes due August 1, 2004;
\$300,000,000 of 8 1/4% Notes due November 15, 1999;	\$200,000,000 of 6 1/4% Notes due January 15, 2006;
\$150,000,000 of 8 3/8% Notes due February 9, 2000;	\$200,000,000 of 7% Notes due March 15, 2006;
\$150,000,000 of 6.70% Notes due August 1, 2000;	\$350,000,000 of 7 3/8% Notes due May 15, 2006;
\$500,000,000 of 6% Notes due January 15, 2001;	\$500,000,000 of 7% Notes due January 15, 2007;
\$250,000,000 of 6% Notes due March 1, 2001;	\$150,000,000 of 8% Notes due June 1, 2007;
\$300,000,000 of 6 1/2% Notes due April 1, 2001;	\$250,000,000 of 6.56% Notes due December 16, 2007;
\$225,000,000 of 8% Notes due February 1, 2002;	\$250,000,000 of 7% Notes due April 27, 2008;
\$150,000,000 of 7 3/8% Notes due August 17, 2002;	\$150,000,000 of 6 1/4% Notes due October 15, 2008; and
\$250,000,000 of 6.64% Notes due September 19, 2002;	\$250,000,000 of 6 3/4% Notes due June 1, 2028.

Non-Redeemable Floating Rate Notes

\$300,000,000 of Floating Rate Notes due February 4, 2003

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.

This Prospectus has been prepared in connection with the Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on a national securities exchange in the event the particular issue of Securities has been listed on such exchange, 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 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.

MERRILL LYNCH & CO.

THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF INSURANCE FOR THE STATE OF NORTH CAROLINA, NOR HAS THE COMMISSIONER OF INSURANCE RULED UPON THE ACCURACY OR THE ADEQUACY OF THIS DOCUMENT.

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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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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

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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 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 Lawrence M. Egan, Jr., Corporate Secretary's Office, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
Ratio of earnings to fixed charges . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

DESCRIPTION OF SENIOR DEBT SECURITIES

The Senior Debt Securities have been and are to be issued under an Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York. 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). The Company has covenanted for the benefit of the Holders of 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 Securities.

The Outstanding Senior Debt Securities are issuable only in fully registered form without coupons, in denominations set forth below under each description of Outstanding Senior Debt Securities. No service charge will be made for any registration of transfer or exchange of such Senior Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charges that may be imposed in connection therewith. The description below indicates that certain of the Outstanding Senior Debt Securities have been issued in global form (see "Book-Entry Securities").

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

Any principal, premium and interest is and will be payable, the transfer of the Senior Debt Securities is and will be registrable, and Senior Debt Securities are and will be exchangeable, at the office of the Trustee in New York City designated for such purpose, provided that (except as otherwise set forth below with respect to any series of Senior Debt Securities) payment of interest may be made at the option of the Company by check mailed to the address of the person entitled thereto as shown on the Security Register.

Unless otherwise specified with respect to a particular series of Senior Debt Securities, the Senior Debt Securities are not subject to any sinking fund and are not redeemable prior to maturity.

Unless otherwise specified, terms defined under a caption for a specific series of Senior Debt Securities shall have such meanings only as to the Senior Debt Securities described therein.

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#### BOOK-ENTRY SECURITIES

Certain of the Outstanding Senior Debt Securities have been issued in global form (such Outstanding Senior Debt Securities are hereinafter referred to as "Book-Entry Securities"). Such Book-Entry Securities are represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note has been 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 Senior Debt Securities in definitive form, no Global Note 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 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. Investors of certain of the Outstanding Senior Debt Securities have elected to hold interests in the Global Notes through either the Depository (in the United States) or Cedel Bank, societe anonyme ("Cedel Bank"), and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System ("Euroclear"), if they are participants in such systems, or indirectly through organizations which are participants in such systems. Cedel Bank and Euroclear hold interests on behalf of their participants through customers' securities account in Cedel Bank's and Euroclear's names on the books of their respective depositories, which in turn will hold such interest in customers' securities accounts in the depositories' names on the books of the Depository. Citibank, N.A. acts as depository for Cedel Bank and The Chase Manhattan Bank acts as depository for Euroclear (in such capacities, the "U.S. Depositories").

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 Exchange Act. 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, including the Underwriters.

DTC is owned by a number of Participants and by the New York Stock

Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC's 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 Book-Entry 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 Book-Entry Security (the "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 Global Notes 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 Notes.

So long as DTC, or its nominee, is the registered owner of a Global Note, DTC or its nominee, as the case may be, will be considered the sole owner or Holder of the Book-Entry Securities represented by such Global Note for all purposes under the Indenture. Except as provided below, Beneficial Owners in a Global Note will not be entitled to have the Book-Entry Securities represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of the Book-Entry Securities in definitive registered 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 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 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, 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

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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 principal of, and interest on, Book-Entry 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 Note or Global Notes representing such Book-Entry 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 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 interest in respect of a Global Note, 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 Note 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, or (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 Book-Entry Securities, the Global Note or Global Notes will be exchangeable for Senior Debt Securities in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Senior Debt 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 Global Notes.

Cedel Bank has advised the Company that it is incorporated under the laws of Luxembourg as a professional depository. Cedel Bank holds securities for its participating organizations ("Cedel Participants") and facilitates the clearance and settlement of securities transactions between Cedel Participants through electronic book-entry changes in accounts of Cedel Participants, thereby eliminating the need for physical movement of certificates. Cedel Bank provides to Cedel Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Cedel Bank interfaces with domestic markets in several countries. As a professional depository, Cedel Bank is subject to regulation by the Luxembourg Monetary Institute. Cedel Participants

are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Cedel Bank is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Cedel Participant either directly or indirectly.

Distributions with respect to the Book-Entry Securities held beneficially through Cedel Bank are credited to cash accounts of Cedel Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Cedel Bank.

Euroclear has advised the Company that it was created in 1968 to hold securities for participants of Euroclear ("Euroclear Participants") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by the Brussels, Belgium office of Morgan Guaranty Trust Company of New York (the "Euroclear Operator"), under contract with Euro-clear Clearance Systems S.C., a Belgian cooperative corporation (the "Cooperative"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

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The Euroclear Operator is the Belgian branch of a New York banking corporation which is a member bank of the Federal Reserve System. As such, it is regulated and examined by the Board of Governors of the Federal Reserve System and the New York State Banking Department, as well as the Belgian Banking Commission.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to Book-Entry Securities held beneficially through Euroclear are credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for Euroclear.

#### CLEARANCE AND SETTLEMENT PROCEDURES

Secondary market trading between DTC Participants will occur in the ordinary way in accordance with the Depository's rules and will be settled in immediately available funds using the Depository's Same-Day Funds Settlement System. Secondary market trading between Cedel Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Cedel Bank and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through the Depository on the one hand, and directly or indirectly through Cedel or Euroclear Participants, on the other, will be effected in the Depository in accordance with the Depository's rules on behalf of the relevant European international clearing system by its U.S. Depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depository to take action to effect final settlement on its behalf by delivering or receiving Book-Entry Securities in the Depository, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the Depository. Cedel Participants and Euroclear participants may not deliver instructions directly to the Depository.

Because of time-zone differences, credits of Book-Entry Securities received in Cedel Banks or Euroclear as a result of a transaction with a DTC Participant will be made during subsequent securities settlement processing and will be credited the business day following the Depository settlement date. Such credits or any transactions in such Book-Entry Securities settled during such processing will be reported to the relevant Euroclear or Cedel Participants on such business day. Cash received in Cedel Bank or Euroclear as a result of sales of such securities by or through a Cedel Participant or a Euroclear Participant to a DTC Participant will be received with value on the Depository



settlement date but will be available in the relevant Cedel Bank or Euroclear cash account only as of the business day following settlement in the Depository.

Although the Depository, Cedel Bank and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Securities among participants of the Depository, Cedel Bank and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

#### NOTICES

Notices to holders of certain of the Outstanding Senior Debt Securities will be sent by mail to the registered holders and will be published, whether such securities are in global or definitive form, and so long as such securities are listed on the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg. It is expected that publication will be made in Luxembourg in the Luxembourg Wort. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such

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publication. So long as such securities are listed on the Luxembourg Stock Exchange, any change in the Luxembourg Paying Agent and Transfer Agent will be published in Luxembourg in the manner set forth above.

#### FURTHER ISSUES

The Company may from time to time, without notice to or the consent of the registered holders of certain of the Outstanding Senior Debt Securities, create and issue further securities ranking pari passu with such securities in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes) and so that such further notes may be consolidated and form a single series with such securities and have the same terms as to status, redemption or otherwise as the securities of such series.

#### PAYMENT OF ADDITIONAL AMOUNTS

With respect to certain of the Outstanding Senior Debt Securities, the Company will, subject to the exceptions and limitations set forth below, pay as additional interest on such securities, such additional amounts as are necessary in order that the net payment by the Company or a paying agent of the principal of and interest on such securities to a holder who is a non-United States person (as defined below), after deduction for any present or future tax, assessment or other governmental charge of the United States of a political subdivision or taking authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided in such securities to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

(1) to any tax, assessment, or other governmental charge that is imposed or withheld solely by reason of the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been present or engaged in a trade or business in the United States or having had a permanent establishment in the United States;

(b) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;

(c) being or having been a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid United States federal income tax;

(d) being or having been present a "10-percent shareholder" of the Company as defined in section 871 (h) (3) of the United States Internal Revenue Code or any successor provisions; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business.

(2) to any holder that is not the sole beneficial owner of such securities, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment, or other governmental charge that is imposed or withheld solely by reason of the failure of the holder or any

other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such security, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

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(4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by the Company or a paying agent from the payment;

(5) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to any estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or similar tax, assessment or other governmental charge;

(7) to any tax, assessment or other governmental charge required to be withheld by any payment agent from any payment of principal of or interest on any such security, if such payment can be made without such withholding by any other payment agent; or

(8) in the case of any combination of items (1), (2), (3), (4), (5), (6) and (7).

Certain of the Outstanding Senior Debt Securities are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable thereto. Except as specifically provided under this heading "Payment of Additional Amounts" and under the heading "Description of Senior Debt Securities--Redemption for Tax Reasons", the Company shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or a political subdivision or taking authority thereof or therein.

As used under this heading "Payment of Additional Amounts" and "Description of Senior Debt Securities--Redemption for Tax Reasons", the term "United States" means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction, "United States person" means any individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), any estate the income of which is subject to United States federal income taxation regardless of its source, or any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decision of the trust. Notwithstanding the preceding sentence, to the extent provided in the Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date that elect to continue to be treated as United States persons will also be a United States person. "Non-United States person" means a person who is not a United States person.

#### REDEMPTION FOR TAX REASONS

Certain of the Outstanding Senior Debt Securities provide that, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taking authority thereof or therein), or any change in, or amendments to, an official position regarding the applicable or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of such securities were initially issued, the Company becomes or, based upon a written opinion of independent counsel selected by the Company, will become obligated to pay additional amounts as described herein under the heading "Description of Senior Debt Securities--Payment of Additional Amounts" with respect to such securities, then the Company may, at its option redeem, as a whole, but not in part, such securities on not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued but unpaid thereon to the date fixed for redemption.

#### TAX 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 the light of their particular circumstances.

Investors should also consider the tax consequences, if any, of investing in the Securities and should consult their tax advisors.

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REDEEMABLE NOTES

TERMS AND PROVISIONS OF 6% NOTES DUE FEBRUARY 12, 2003/\*/

General

The 6% Notes due February 12, 2003 (the "6% Notes") will mature on February 12, 2003 (the "Stated Maturity"). The 6% Notes bear interest from February 12, 1998, payable semiannually on February 12 and August 12 of each year (each an "Interest Payment Date"), commencing August 12, 1998 and at maturity, to the persons in whose names the Notes are registered on the preceding July 29 and January 29, respectively. If any Interest Payment Date or the Stated Maturity falls on a day that is not a Business Day (as defined below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or Stated Maturity, as the case may be. "Business Day" with respect to any place of payment means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in such place of payment are authorized or obligated by law to close.

The 6% Notes are not subject to redemption by the Company prior to maturity unless certain events occur involving U.S. taxation. See "Description of Senior Debt Securities--Redemption for Tax Reasons".

The 6% Notes are issuable and transferable in denominations of \$1,000 and integral multiples thereof.

Any 6% Notes issued in definitive form will be issued only in fully registered form, without coupons, in denominations of \$1,000 and in integral multiples thereof, in the amount of each holder's registered holdings. Any 6% Notes so issued will be registered in such names, and in such denominations, as the Depository shall request. Such 6% Notes may be presented for registration of transfer or exchange at the office of the Trustee in The City of New York and principal thereof and interest thereon will be payable at such office of the Trustee, provided that interest thereon may be paid by check mailed to the registered holders of the definitive 6% Notes. In the event definitive 6% Notes are issued, the holders thereof will be able to receive payments thereon and effect transfers thereof at the offices of Chase Manhattan Bank Luxembourg S.A. or its successor as paying agent in Luxembourg with respect to the 6% Notes.

The Company has appointed Chase Manhattan Bank Luxembourg S.A. as a paying agent in Luxembourg with respect to the 6% Notes, and as long as the 6% Notes are listed on the Luxembourg Stock Exchange, the Company will maintain a paying agent in Luxembourg and any change in the Luxembourg paying agent and transfer agent will be published in Luxembourg. See "Description of Senior Debt Securities--Notices".

The provisions set forth under the headings "Description of Senior Debt Securities--Further Issues" and "Description of Senior Debt Securities--Payment of Additional Amounts" are applicable to the 6% Notes.

TERMS AND PROVISIONS OF 7.05% NOTES DUE APRIL 15, 2003/\*/

General

The 7.05% Notes due April 15, 2003 (the "7.05% Notes") will mature on April 15, 2003 unless redeemed earlier as provided below. The 7.05% Notes bear interest payable semiannually on each October 15 and April 15 to the persons in whose names the 7.05% Notes are registered on the next preceding October 1 and April 1, respectively. The 7.05% Notes are issuable and transferable only in fully registered form without coupons, in denominations of \$1,000 and integral multiples thereof.

/\*/ Book-Entry Securities,

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Redemption by the Company

The 7.05% Notes are subject to redemption at the option of the Company on or after April 15, 1998, in whole or in part in increments of \$1,000, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest thereon to but excluding the Redemption Date. Notice of redemption of the 7.05% Notes shall be given not less than 30 or more than 60 days prior to the Redemption Date to each Holder of 7.05% Notes to be redeemed.

TERMS AND PROVISIONS OF FLOATING RATE NOTES DUE JUNE 24, 2003/\*/

General

The Floating Rate Notes due June 24, 2003 (the "June 2003 Floating Rate Notes") will mature on June 24, 2003.

The June 2003 Floating Rate Notes are not subject to redemption by the Company prior to maturity unless certain events occur involving U.S. taxation.

See "Description of Senior Debt Securities--Redemption for Tax Reasons".

The June 2003 Floating Rate Notes are issuable and transferable in denominations of \$1,000 and integral multiples thereof.

Any June 2003 Floating Rate Notes issued in definitive form will be issued only in fully registered form, without coupons, in denominations of \$1,000 and in integral multiples thereof, in the amount of each holder's registered holdings. Any June 2003 Floating Rate Notes so issued will be registered in such names, and in such denominations, as the Depositary shall request. Such June 2003 Floating Rate Notes may be presented for registration of transfer or exchange at the office of the Trustee in The City of New York and principal thereof and interest thereon will be payable at such office of the Trustee, provided that interest thereon may be paid by check mailed to the registered holders of the definitive June 2003 Floating Rate Notes. In the event definitive June 2003 Floating Rate Notes are issued, the holders thereof will be able to receive payments thereon and effect transfers thereof at the offices of Chase Manhattan Bank Luxembourg S.A. or its successor as paying agent in Luxembourg with respect to the June 2003 Floating Rate Notes.

The Company has appointed Chase Manhattan Bank Luxembourg S.A. as a paying agent in Luxembourg with respect to the June 2003 Floating Rate Notes, and as long as the June 2003 Floating Rate Notes are listed on the Luxembourg Stock Exchange, the Company will maintain a paying agent in Luxembourg and any change in the Luxembourg paying agent and transfer agent will be published in Luxembourg. See "Description of Senior Debt Securities--Notices".

The provisions set forth under the headings "Description of Senior Debt Securities--Further Issues" and "Description of Senior Debt Securities--Payment of Additional Amounts" are applicable to the June 2003 Floating Rate Notes.

#### Interest

The June 2003 Floating Rate Notes bear interest from June 24, 1998 until their maturity, payable in arrears on March 24, June 24, September 24 and December 24 of each year (each, an "Interest Payment Date"), commencing September 24, 1998, and at maturity, to the persons in whose names the Notes are registered on the preceding March 9, June 9, September 9 and December 9, respectively; provided, however, that interest payable at maturity will be payable to the person to whom principal shall be payable. If any Interest Payment Date would otherwise be a day that is not a Business Day (as defined below), such Interest Payment Date will be postponed to the next succeeding day that is a Business Day except that if such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day. If the maturity of a June 2003 Floating Rate Note falls on a day that is not a Business Day, the payment of principal and interest will be made on

/\*/ Book-Entry Securities.

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the next succeeding Business Day, and no interest on such payment shall accrue from and after such maturity. Interest payable on each Interest Payment Date will include interest accrued from and including the first day of the Interest Period relating to such Interest Payment Date to and including the last day of such Interest Period. "Interest Period" shall mean the period beginning on and including June 24, 1998 and ending on and including the day preceding the first Interest Payment Date, and, thereafter, each successive period beginning on and including each Interest Payment Date and ending on and including the day preceding the next succeeding Interest Payment Date. As used herein, "Business Day", with respect to any place of payment, means any day (other than a Saturday or Sunday) that is neither a legal holiday nor a day on which banking institutions in such place of payment are authorized or required by law, regulation or executive order to close, and such day is also a London Business Day. "London Business Day" means any day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, England.

The per annum rate of interest with respect to the June 2003 Floating Rate Notes will be reset on each Interest Reset Date and will be LIBOR, as defined below, plus 0.15%. Each Interest Payment Date will be an Interest Reset Date.

The interest rate applicable to each Interest Period will be the rate determined on the Interest Determination Date applicable to such Interest Period. The interest rate in effect during the first Interest Period will equal a rate of interest determined as if the original issue date, June 24, 1998, were an Interest Reset Date. The "Interest Determination Date" applicable to an Interest Reset Date will be the second London Business Day preceding such Interest Reset Date.

With respect to each Interest Reset Date, "LIBOR" will be determined by MLPF&S (the "Calculation Agent") for an Interest Determination Date and will be the rate for deposits in United States dollars having a maturity of three months commencing on the second London Business Day immediately following that Interest Determination Date that appears on Telerate Page 3750 as of 11:00 A.M., London time, on that Interest Determination Date.

If fewer than two offered rates appear, or no rate appears, as applicable, the Calculation Agent will request the principal London offices of each of four

major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in United States dollars having a maturity of three months commencing on the second London Business Day immediately following such Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such Interest Determination Date and in a principal amount that is representative for a single transaction in United States dollars in such market at such time. If at least two such quotations are provided, LIBOR determined on such Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR determined on such Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in The City of New York, on such Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent for loans in United States dollars to leading European banks, having a maturity of three months and in a principal amount that is representative for a single transaction in United States dollars in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined on such Interest Determination Date will be LIBOR in effect on such interest Determination Date.

"Telerate Page 3750" means page 3750 on the Dow Jones Markets (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for United States dollars) for the purpose of displaying the London interbank rates of major banks for United States dollars.

Interest on the June 2003 Floating Rate Notes will be computed and paid on the basis of the actual number of days for which interest accrues in each Interest Period divided by 360.

All percentages resulting from any calculation on the June 2003 Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545)) would be rounded to 9.87655% (or .0987655), and all dollar amounts used in or resulting from such calculation on the June 2003 Floating Rate Notes will be rounded to the nearest cent (with one-half cent being rounded upward).

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The Company will notify the Luxembourg Stock Exchange or will cause the Luxembourg Stock Exchange to be notified of the interest rate, the interest amount that will accrue, and commencement and ending dates for each Interest Period as soon as practicable after such determination is made.

#### TERMS AND PROVISIONS OF 6% NOTES DUE JULY 15, 2005/\*/

##### General

The 6% Notes due July 15, 2005 (the "6% Notes") will mature at par on July 15, 2005. The 6% Notes bear interest at the rate of 6% per annum, from July 15, 1998, payable semiannually on January 15 and July 15 of each year (each an "Interest Payment Date"), commencing January 15, 1999, and at maturity, to the persons in whose names the Notes are registered on the preceding December 31 and June 30, respectively. If any Interest Payment Date or maturity date falls on a day that is not a Business Day (as defined below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or maturity date, as the case may be. "Business Day" with respect to any place of payment means each Monday, Tuesday, Wednesday, Thursday and Friday which is neither a legal holiday nor a day on which banking institutions in such place of payment are authorized or obligated by law, regulation or executive order to close.

The 6% Notes are not subject to redemption by the Company prior to maturity unless certain events occur involving U.S. taxation. See "Description of Senior Debt Securities--Redemption for Tax Reasons".

The Notes are issuable in denominations of \$1,000 and integral multiples thereof.

Any 6% Notes issued in definitive form will be issued only in fully registered form, without coupons, in denominations of \$1,000 and in integral multiples there, in the amount of each holder's registered holdings. Any 6% Notes so issued will be registered in such names, and in such denominations, as the Depositary shall request. Such 6% Notes may be presented for registration of transfer or exchange at the office of the Trustee in The City of New York and principal thereof and interest thereon will be payable at such office of the Trustee, provided that interest thereon may be paid by check mailed to the registered holders of the definitive 6% Notes. In the event definitive 6% Notes are issued, the holders thereof will be able to receive payments thereon and effect transfers thereof at the offices of Chase Manhattan Bank Luxembourg S.A. or its successor as paying agent in Luxembourg with respect to the 6% Notes.

The Company has appointed Chase Manhattan Bank Luxembourg S.A. as a paying agent in Luxembourg with respect to the 6% Notes, and as long as the 6% Notes are listed on the Luxembourg Stock Exchange, the Company will maintain a paying agent in Luxembourg and any change in the Luxembourg paying agent and transfer agent will be published in Luxembourg. See "Description of Senior Debt Securities--Notices".

The provisions set forth under the headings "Description of Senior Debt Securities--Further Issues" and "Description of Senior Debt Securities--Payment of Additional Amounts" are applicable to the 6% Notes.

TERMS AND PROVISIONS OF 6 3/8% NOTES DUE SEPTEMBER 8, 2006/\*/

General

The 6 3/8% Notes due September 8, 2006 (the "6 3/8% Notes") will mature on September 8, 2006 unless redeemed earlier as provided below. The 6 3/8% Notes bear interest payable semiannually on each March 8 and September 8 to the persons in whose names the 6 3/8% Notes are registered on the next preceding February 23 and August 23, respectively. The 6 3/8% Notes are issuable and transferable only in fully registered form without coupons, in denominations of \$1,000 and integral multiples thereof.

/\*/ Book-Entry Securities.

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Redemption by the Company

The 6 3/8% Notes are subject to redemption at the option of the Company on or after September 8, 2003, in whole or in part in increments of \$1,000, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest thereon to but excluding the Redemption Date. Notice of redemption of the 6% Notes shall be given not less than 30 or more than 60 days prior to the Redemption Date to each Holder of 6% Notes to be redeemed.

TERMS AND PROVISIONS OF 6 1/2% NOTES DUE JULY 15, 2018/\*/

General

The 6 1/2% Notes due July 15, 2018 (the "6 1/2% Notes") will mature at par on July 15, 2018. The 6 1/2% Notes bear interest at the rate of 6 1/2% per annum, from July 15, 1998, payable semiannually on January 15 and July 15 of each year (each an "Interest Payment Date"), commencing January 15, 1999, and at maturity, to the persons in whose names the Notes are registered on the preceding December 31 and June 30, respectively. If any Interest Payment Date or maturity date falls on a day that is not a Business Day (as defined below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or maturity date, as the case may be. "Business Day" with respect to any place of payment means each Monday, Tuesday, Wednesday, Thursday and Friday which is neither a legal holiday nor a day on which banking institutions in such place of payment are authorized or obligated by law, regulation or executive order to close.

The 6 1/2% Notes are not subject to redemption by the Company prior to maturity unless certain events occur involving U.S. taxation. See "Description of Senior Debt Securities--Redemption for Tax Reasons".

The 6 1/2% Notes are issuable in denominations of \$1,000 and integral multiples thereof.

Any 6 1/2% Notes issued in definitive form will be issued only in fully registered form, without coupons, in denominations of \$1,000 and in integral multiples thereof, in the amount of each holder's registered holdings. Any Notes so issued will be registered in such names, and in such denominations, as the Depository shall request. Such 6 1/2% Notes may be presented for registration of transfer or exchange at the office of the Trustee in The City of New York and principal thereof and interest thereon will be payable at such office of the Trustee, provided that interest thereon may be paid by check mailed to the registered holders of the definitive 6 1/2% Notes. In the event definitive 6 1/2% Notes are issued, the holders thereof will be able to receive payments thereon and effect transfers thereof at the offices of Chase Manhattan Bank Luxembourg S.A. or its successor as paying agent in Luxembourg with respect to the 6 1/2% Notes.

The Company has appointed Chase Manhattan Bank Luxembourg S.A. as a paying agent in Luxembourg with respect to the 6 1/2% Notes, and as long as the 6 1/2% Notes are listed on the Luxembourg Stock Exchange, the Company will maintain a paying agent in Luxembourg and any change in the Luxembourg paying agent and transfer agent will be published in Luxembourg. See "Description of Senior Debt Securities--Notices".

The provisions set forth under the headings "Description of Senior Debt Securities--Further Issues" and "Description of Senior Debt Securities--Payment of Additional Amounts" are applicable to the 6 1/2% Notes.

TERMS AND PROVISIONS OF 8.40% NOTES DUE NOVEMBER 1, 2019

General

The 8.40% Notes due November 1, 2019 (the "8.40% Notes") will mature on November 1, 2019. The 8.40% Notes bear interest payable semiannually on each May 1 and November 1 to the persons in whose names the 8.40% Notes are

registered on the next preceding April 15 and October 15, respectively. The 8.40% Notes

/\*/ Book-Entry Securities.

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are issuable and transferable only in fully registered form without coupons, in denominations of \$1,000 and integral multiples thereof.

Redemption by the Company

The 8.40% Notes are not redeemable by the Company prior to maturity unless \$20,000,000 or less of aggregate principal amount of the 8.40% Notes are outstanding, in which case the 8.40% Notes are redeemable at any time on or after November 1, 1994, in whole but not in part, on at least 15 days and not more than 60 days prior notice at a redemption price of 100% of principal amount thereof plus accrued interest thereon to the date of redemption.

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#### NON-REDEEMABLE FIXED RATE NOTES

##### GENERAL TERMS AND PROVISIONS OF NON-REDEEMABLE FIXED RATE NOTES

Each series of Non-Redeemable Fixed Rate Notes bears interest at a specified rate payable semiannually through maturity to the persons in whose names the Notes are registered on the Regular Record Date preceding each Interest Payment Date. The Non-Redeemable Fixed Rate Notes are not subject to redemption by the Company or repayment at the option of the holders thereof prior to their stated maturity dates, and are issuable and transferable in denominations of \$1,000 and any integral multiple thereof. Beneficial interests in Non-Redeemable Fixed Rate Notes that are Book-Entry Securities may be acquired, or subsequently transferred, only in denominations of \$1,000 and integral multiples thereof. The title of each series of Non-Redeemable Fixed Rate Notes designates the interest rate and maturity date of such Notes.

##### TERMS OF SERIES OF NON-REDEEMABLE FIXED RATE NOTES

<TABLE>

<CAPTION>

Series	Interest Payment Dates	Regular Record Dates
<S>	<C>	<C>
10 3/8% Notes due February 1, 1999	February 1 and August 1	January 15 and July 15
7 3/4% Notes due March 1, 1999	March 1 and September 1	February 15 and August 15
6 3/8% Notes due March 30, 1999/*/	March 30 and September 30	March 15 and September 15
8 1/4% Notes due November 15, 1999	May 15 and November 15	May 1 and November 1
8 3/8% Notes due February 9, 2000/*/	February 9 and August 9	January 25 and July 25
6.70% Notes due August 1, 2000/*/	February 1 and August 1	January 15 and July 15
6% Notes due January 15, 2001/*/	January 15 and July 15	January 1 and July 1
6% Notes due March 1, 2001/*/	March 1 and September 1	February 15 and August 15
6 1/2% Notes due April 1, 2001/*/	April 1 and October 1	March 15 and September 15
8% Notes due February 1, 2002	February 1 and August 1	January 15 and July 15
7 3/8% Notes due August 17, 2002/*/	February 17 and August 17	February 2 and August 2
6.64% Notes due September 19, 2002/*/	March 19 and September 19	March 4 and September 4
8.30% Notes due November 1, 2002	May 1 and November 1	April 15 and October 15
6% Notes due February 12, 2003/*/	February 12 and August 12	January 29 and July 29
6 7/8% Notes due March 1, 2003/*/	March 1 and September 1	February 15 and August 15
6.55% Notes due August 1, 2004/*/	February 1 and August 1	January 15 and July 15
6 1/4% Notes due January 15, 2006/*/	January 15 and July 15	January 1 and July 1
7% Notes due March 15, 2006/*/	March 15 and September 15	March 1 and September 1
7 3/8% Notes due May 15, 2006/*/	May 15 and November 15	May 1 and November 1
7% Notes due January 15, 2007/*/	January 15 and July 15	January 1 and July 1
8% Notes due June 1, 2007	June 1 and December 1	May 15 and November 15
6.56% Notes due December 16, 2007/*/	June 16 and December 16	June 1 and December 1
7% Notes due April 27, 2008/*/	April 27 and October 27	April 12 and October 12
6 1/4% Notes due October 15, 2008/*/	April 15 and October 15	March 31 and September 30
6 3/4% Notes due June 1, 2028/*/	June 1 and December 1	May 15 and November 15

</TABLE>

/\*/Book-Entry Securities.

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#### NON-REDEEMABLE FLOATING RATE NOTES

##### TERMS AND PROVISIONS OF FLOATING RATE NOTES DUE FEBRUARY 4, 2003/\*/

###### General

The Floating Rate Notes due February 4, 2003 (the "February 2003 Floating Rate Notes") will mature on February 4, 2003. The February 2003 Floating Rate Notes are not subject to redemption by the Company prior to maturity. The February 2003 Floating Rate Notes are issuable and transferable in fully registered form without coupons, in denominations of \$1,000 and integral multiples thereof.

###### Interest

The February 2003 Floating Rate Notes bear interest payable in arrears on February 4, May 4, August 4 and November 4 of each year, (each, an "Interest Payment Date"), until maturity. If any Interest Payment Date would otherwise be a day that is not a Business Day (as defined below), such Interest Payment Date will be postponed to the next succeeding day that is a Business Day except that if such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day. Interest payable on each Interest Payment Date will include interest accrued from and including the first day of the Interest Period relating to such Interest Payment Date to and including the last day of such Interest Period. "Interest Period" shall mean the period beginning on and including each Interest Payment Date and ending on and including the day preceding the next succeeding Interest Payment Date. As used herein, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in The City of New York and such day is also a London Business Day. "London Business Day" means any day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, England.

The per annum rate of interest with respect to the February 2003 Floating Rate Notes will be reset on each Interest Reset Date and will be LIBOR, as defined below, plus 0.2%. Each Interest Payment Date will be an Interest Reset Date. The interest rate applicable to each Interest Period will be the rate determined on the Interest Determination Date on which such Interest Period commences. The "Interest Determination Date" applicable to an Interest Reset Date will be the second London Business Day preceding such Interest Reset Date.

With respect to each Interest Reset Date, LIBOR will be determined by MLPF&S (the "Calculation Agent") for an Interest Determination Date and will be the rate for deposits in United States dollars having a maturity of three months commencing on the second London Business Day immediately following that Interest Determination Date that appears on Telerate Page 3750 as of 11:00 A.M., London time, on that Interest Determination Date.

If fewer than two offered rates appear, or no rate appears, as applicable, the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in United States dollars having a maturity of three months commencing on the second London Business Day immediately following such Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such Interest Determination Date and in a principal amount that is representative for a single transaction in United States dollars in such market at such time. If at least two such quotations are provided, LIBOR determined on such Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR determined on such Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in The City of New York, on such Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent for loans in United States dollars to leading European banks, having a maturity of three months and in a principal amount that is representative for a single transaction United States dollars in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined on such Interest Determination Date will be LIBOR in effect on such Interest Determination Date.

"Telerate Page 3750" means page 3750 on the Dow Jones Markets (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates

/\*/ Book-Entry Securities.

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for United States dollars) for the purpose of displaying the London interbank rates of major banks for United States dollars.

Interest on the February 2003 Floating Rate Notes is computed and paid on the basis of the actual number of days for which interest accrues in each Interest Period divided by the actual number of days in the relevant year.

All percentages resulting from any calculation on the February 2003 Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation on the February 2003 Floating Rate Notes will be rounded to the nearest cent (with one-half cent being rounded upward).

#### OTHER TERMS

#### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at



the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing

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requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding

Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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.

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With respect to unaudited interim financial information for the periods included in the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
MEDIUM-TERM NOTES

Merrill Lynch & Co., Inc. (the "Company") has issued Medium-Term Notes with original maturities from and exceeding 9 months from date of issue (the "Notes") pursuant to an indenture, dated as of April 1, 1983, as amended and restated, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor to Manufacturers Hanover Trust Company). The Notes bear interest at fixed or variable rates, or were sold at a discount and do not bear interest. The descriptions of the interest rates on Fixed Rate Notes, the method of determining the interest rates on Floating Rate Notes, the issue prices of

Zero Coupon Notes, the currencies (if other than U.S. dollars) in which Notes were denominated and the dates of maturity and other terms related to specific issues of Notes are set forth in Pricing Supplements relating to each such issue of Notes that were previously filed by the Company with the Securities and Exchange Commission pursuant to regulations promulgated under the Securities Act of 1933. Such Pricing Supplements are hereby incorporated by reference into this Prospectus and are available at the reference facilities maintained by the Securities and Exchange Commission specified in the section entitled "Available Information" contained in this Prospectus. The Notes had original maturities from and exceeding 9 months from their respective dates of original issue. The Notes were issued in the form of a certificate issued in definitive form.

Floating Rate Notes and Zero Coupon Notes were issued in denominations of \$25,000 or any amount in excess thereof which is an integral multiple of \$1,000. Fixed Rate Notes were issued in denominations of \$1,000 or any integral multiple in excess thereof.

Unless otherwise specified in the applicable Pricing Supplement, interest on Fixed Rate Notes will be payable semi-annually on each May 15 and November 15 and at maturity or, if applicable, upon redemption or optional repayment. The interest rate on Floating Rate Notes will be determined by reference to a specified interest rate formula, and may be adjusted by a "Spread" or "Spread Multiplier", as defined herein. Interest on each Floating Rate Note will be payable monthly, quarterly, semi-annually or annually, as set forth in the applicable Pricing Supplement, and at maturity or, if applicable, upon redemption or optional repayment. On and after the Redemption Date, if any, set forth in the applicable Pricing Supplement, a Note will be subject to redemption by the Company, in whole or in part, at 100% of the principal amount to be redeemed, together with interest to the date of redemption. On any Optional Repayment Date set forth in the applicable Pricing Supplement, a Note will be subject to repayment at the option of the Holder, in whole or in part, at 100% of the principal amount to be repaid, together with interest to the date of repayment. (See "Description of Notes" in this Prospectus.)

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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 COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS OR ANY SUPPLEMENT HERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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This Prospectus has been prepared in connection with the Notes 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 Notes. MLPF&S may act as principal or agent in such transactions. Sales will be made at prices related to prevailing prices at the time of sale. The distribution of the Notes 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.

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MERRILL LYNCH & CO.

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The date of this Prospectus is July \_\_, 1998.

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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

YEAR ENDED LAST FRIDAY IN DECEMBER	THREE MONTHS				
	ENDED				
1993	1994	1995	1996	1997	MARCH 27, 1998
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Ratio of earnings

to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2
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For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### DESCRIPTION OF NOTES

##### GENERAL

"Pricing Supplement", as used herein, means a prospectus supplement relating to an individual issue of the Notes, as filed with the Commission.

The terms and conditions set forth below apply to each Note unless otherwise specified in the applicable Pricing Supplement.

Except as provided in the applicable Pricing Supplement, the Notes are denominated in U.S. dollars. If provided in the applicable Pricing Supplement, Notes may be denominated in a foreign currency or in units of two or more currencies ("Multi-Currency Notes").

Except as provided in the applicable Pricing Supplement, (i) the Notes were issued only in fully registered form without coupons, (ii) Floating Rate Notes and Zero Coupon Notes were issued in denominations of \$25,000 or any amount in excess thereof which is an integral multiple of \$1,000, and (iii) Fixed Rate Notes were issued in denominations of \$1,000 or any integral multiple in excess thereof.

Unless otherwise specified in the applicable Pricing Supplement, principal and interest, if any, will be payable, the transfer of the Notes will be registrable, and Notes will be exchangeable for Notes bearing identical terms and provisions at the office of the Trustee in The City of New York designated for such purpose, provided that payment of interest, other than interest payable at maturity (or on any date of redemption or repayment), may be made at the option of the Company by check mailed to the address of the person entitled thereto as shown on the Security Register. The principal and interest payable at maturity or the date of redemption or repayment on each Note will be paid upon maturity, redemption or repayment, as the case may be, in immediately available funds against presentation of the Note at the office of the Trustee maintained for such purpose.

Notwithstanding the above, however, payment of interest on a Note which bears interest at a floating rate (a "Floating Rate Note") at maturity or earlier redemption or repayment may be made by wire transfer of immediately available funds to a designated account maintained in the United States upon (i) receipt of written notice by the Senior Debt Trustee from the Holder thereof not less than one Business Day prior to the due date of such principal payment and (ii) presentation of such Note at the Corporate Trust Office of the Senior Debt Trustee in the Borough of Manhattan, The City of New York (the "Corporate Trust Office"), or at such other place as the Company may designate. A Holder of not less than \$1,000,000 aggregate principal amount of Floating Rate Notes may by written notice to the Senior Debt Trustee at the Corporate Trust Office (or at such other address as the Company will give notice in writing) not less than 15 days prior to an Interest Payment Date, arrange to have the interest payable on all Notes held by such Holder on such Interest Payment Date, and all subsequent Interest Payment Dates until written notice to the contrary is given to the Senior Debt Trustee, made by wire transfer of immediately available funds to a designated account maintained in the United States.

Except as provided in the applicable Pricing Supplement, "Business Day" means any day that is not a Saturday or Sunday and that, in The City of New York, is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or regulation to close.

##### REPAYMENT AT OPTION OF HOLDER

If so indicated in an applicable Pricing Supplement, Notes will be repayable by the Company in whole or in part at the option of the Holders thereof on their respective Optional Repayment Dates specified in such Pricing

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Supplement. If no Optional Repayment Date is indicated with respect to a Note, such Note will not be repayable at the option of the Holder prior to maturity. Any repayment in part will be in increments of \$1,000 provided that any

remaining principal amount of such Note will be an authorized denomination of such Note. The repurchase price for any Note so repurchased will be 100% of the principal amount to be repaid, together with interest thereon payable to the date of repayment.

Notwithstanding anything to the contrary herein, if repayable at the option of the Holder, a Note shall be repayable only on an Interest Payment Date, and if any Optional Repayment Date specified with respect to a Note would not be an Interest Payment Date (whether because such date is not a Business Day or otherwise), such Optional Repayment Date shall (instead of being the date so specified) be the Interest Payment Date nearest such specified Optional Repayment Date (whether such Interest Payment Date shall precede or succeed such specified Optional Repayment Date), or, in the event that an equal number of days shall separate a specified Optional Repayment Date and the preceding Interest Payment Date, on the one hand, and the succeeding Interest Payment Date, on the other hand, such Optional Repayment Date shall be the succeeding Interest Payment Date.

In order for a Note which is by its terms repayable at the option of the Holder to be repaid, prior to maturity, the Company must receive at the Corporate Trust Office of the Senior Debt Trustee (or at such other address of which the Company will from time to time notify the Holder thereof) during the period from and including the 20th Business Day preceding the applicable Optional Repayment Date up to and including the close of business on the 16th Business Day preceding the applicable Optional Repayment Date: (i) such Note with the information under the caption "Option to Elect Repayment" duly completed, or (ii) a telegram, telex, facsimile transmission or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States of America dated no later than the 16th Business Day preceding the applicable Optional Repayment Date and setting forth the name of the Holder of such Note, the principal amount of such Note, the amount of such Note to be repaid, a statement that the option to elect repayment is being exercised thereby and a guarantee that such Note (with the information required under the caption "Option to Elect Repayment" duly completed) will be received at the above-mentioned office of the Senior Debt Trustee, not later than the 5th Business Day after the date of such telegram, telex, facsimile transmission or letter and Note, duly completed, is received at such office of the Trustee by such 5th Business Day. Effective exercise of the repayment option by the Holder of a Note will be irrevocable. No transfer or exchange of a Note (or, in the event that a Note is to be repaid in part, such portion of such Note to be repaid) will be permitted after exercise of the repayment option. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment will be determined by the Company, whose determination will be final, binding and non-appealable. The Company has the right to offer for resale any Note acquired by it pursuant to the foregoing arrangements. Accordingly, the indebtedness evidenced by any Note so repurchased by the Company may not be satisfied by such repurchase.

#### REDEMPTION AT OPTION OF THE COMPANY

The Notes do not have a sinking fund but are redeemable at the option of the Company only if a Redemption Date is specified therein and in the applicable Pricing Supplement. If so indicated in an applicable Pricing Supplement, such Notes will be subject to redemption by the Company on and after their respective Redemption Dates specified in such Pricing Supplement. On and after the Redemption Date, if any, the related Note will be redeemable in whole or in part in increments of \$1,000 (provided that any remaining principal amount of such Note shall be an authorized denomination of such Note) at the option of the Company at a redemption price equal to 100% of the principal amount to be redeemed, together with interest thereon payable to the date of redemption, on notice given not more than 60 nor less than 30 days prior to the date of redemption in the case of Fixed Rate Notes, or on notice given not more than 30 nor less than 15 days prior to the date of redemption in the case of Floating Rate Notes. Notwithstanding the above, however, Floating Rate Notes, if redeemable at the option of the Company, will be redeemable only on Interest Payment Dates occurring on or after the applicable Redemption Dates.

#### INTEREST RATE

Each Floating Rate Note and Note which bears interest at a fixed rate (a "Fixed Rate Note") will bear interest at the rate per annum, or pursuant to the interest rate formula, stated therein and in the applicable Pricing Supplement

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until the principal thereof is paid or made available for payment. Interest will be payable on each Interest Payment Date and at maturity or, if applicable, upon redemption or repayment. Interest will be payable to the person in whose name a Note is registered at the close of business on the Regular Record Date next preceding each Interest Payment Date; provided, however, interest payable at maturity or, if applicable, upon redemption or repayment will be payable to the person to whom principal shall be payable. Except as provided in the applicable Pricing Supplement, Merrill Lynch, Pierce, Fenner & Smith Incorporated will be the calculation agent (the "Calculation Agent") with respect to Floating Rate Notes.

Each Floating Rate Note will bear interest at rates determined by reference to an interest rate formula, which may be adjusted by a Spread or Spread Multiplier (each as defined below), unless otherwise specified therein. A Floating Rate

Note may also have either or both of the following: (i) a maximum limitation, or ceiling, on the rate at which interest which may accrue during any interest period; and (ii) a minimum limitation, or floor, on the rate at which interest which may accrue during any interest period. The applicable Pricing Supplement relating to Fixed Rate Notes or Floating Rate Notes will designate either a fixed rate of interest per annum payable on the applicable Note, in which case such Note will be a Fixed Rate Note, or one of the following Base Rates, as applicable to the relevant Floating Rate Note: (a) the Commercial Paper Index Rate, in which case such Note will be a Commercial Paper Index Rate Note, (b) the Federal Funds Rate, in which case such Note will be a Federal Funds Rate Note, (c) the Prime Rate, in which case such Note will be a Prime Rate Note, (d) the Treasury Index Rate, in which case such Note will be a Treasury Index Rate Note, (e) LIBOR, in which case such Note will be a LIBOR Note, or (f) such other interest rate formula as is set forth in such Pricing Supplement. Except as specified in the applicable Pricing Supplement, Floating Rate Notes will have daily, weekly, monthly, quarterly, semiannual or annual resets of the rate of interest.

#### FIXED RATE NOTES

Each Fixed Rate Note will bear interest at the rate per annum stated on the face thereof until the principal thereof is paid or made available for payment. Except as provided in the applicable Pricing Supplement, interest will be payable semi-annually on May 15 and November 15 of each year and at maturity (or on the date of redemption or repayment, if a Fixed Rate Note is redeemed by the Company or repaid at the Holder's option prior to maturity). Interest will be computed on the basis of a 360-day year of twelve 30-day months. Interest will be payable to the person in whose name a Fixed Rate Note is registered at the close of business on the May 1 or November 1 Regular Record Date next preceding the May 15 or November 15 Interest Payment Date. Interest rates are subject to change by the Company from time to time, but no such change will affect any Fixed Rate Note theretofore issued or as to which an offer to purchase has been accepted by the Company.

Any payment of principal or interest required to be made on an Interest Payment Date, at maturity or earlier redemption or repayment of a Fixed Rate Note which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, maturity date or date of redemption or repayment, as the case may be, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date, maturity date or date of redemption or repayment.

#### FLOATING RATE NOTES

The applicable Pricing Supplement specifies the base rate or other interest rate formula and the Spread or Spread Multiplier, if any, and the maximum or minimum interest rate limitation, if any, applicable to each Floating Rate Note. In addition, such Pricing Supplement specifies for each Floating Rate Note the following terms, if applicable: the Initial Interest Rate, the Interest Payment Dates, the Index Maturity, Interest Reset Dates, Optional Repayment Dates, Redemption Date and any other variable term applicable to such Note.

The interest rate on each Floating Rate Note will be calculated by reference to the specified interest rate formula (i) plus or minus the Spread, if any, or (ii) multiplied by the Spread Multiplier, if any. The "Spread" is the number of basis points specified in the applicable Pricing Supplement as being applicable to the interest rate for such Floating Rate Note. The "Spread Multiplier" is the percentage of the Base Rate applicable to the interest rate for such Floating Rate Note. "Index Maturity" means, with respect to a Floating Rate Note, the period to maturity of the

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instrument or obligation on which the interest rate formula is based, as specified in the applicable Pricing Supplement. "Regular Record Date" with respect to Floating Rate Notes means the 15th day (whether or not a Business Day) prior to the applicable Interest Payment Date. The "Calculation Date", if applicable, with respect to any Interest Determination Date (as specified with respect to each Base Rate) will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day, or (ii) the Business Day prior to the Interest Payment Date on which such accrued interest will be payable.

Except as otherwise provided herein with respect to LIBOR Notes or in the applicable Pricing Supplement, if any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day.

Each Floating Rate Note will bear interest from the date of issue at the rates determined as described below until the principal thereof is paid or otherwise made available for payment. The rate of interest on a Floating Rate Note will be reset each Interest Reset Date applicable to such Note; provided, however, that except in the case of Floating Rate Notes which reset daily, the interest rate in effect for the ten days immediately prior to maturity, redemption or repayment, as the case may be, will be that in effect on the tenth day preceding such maturity, redemption or repayment, as the case may be. Except as otherwise provided herein or in the applicable Pricing Supplement, the rate of interest determined on an Interest Reset Date with respect to a Floating Rate Note will be applicable on and after such Interest Reset Date to, but not including, the

next succeeding Interest Reset Date, or until the date of maturity or date of redemption or repayment, as the case may be.

If an Interest Payment Date with respect to any Floating Rate Note would otherwise fall on a day that is not a Business Day with respect to such Note, such Interest Payment Date will be the following day that is a Business Day, except that in the case of a LIBOR Note, if such day falls in the next calendar month, such Interest Payment Date will be the preceding day that is a Business Day. If the maturity date (or date of redemption or repayment) of any Floating Rate Note would fall on a day that is not a Business Day, the payment of interest and principal may be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after the maturity date (or the date of redemption or repayment).

Except as provided in the applicable Pricing Supplement, interest payments on Floating Rate Notes shall be the amount of interest accrued from, and including, the next preceding Interest Payment Date in respect of which interest has been paid to, but excluding, the Interest Payment Date. With respect to a Floating Rate Note, accrued interest from the last date to which interest has been paid is calculated by multiplying the principal amount of such Floating Rate Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factors, calculated for each day, from the last date to which interest has been paid, to the date for which accrued interest is being calculated. The interest factor for each such day is computed by dividing the interest rate applicable to such day by 360, in the case of Commercial Paper Index Rate Notes, Federal Funds Rate Notes, Prime Rate Notes and LIBOR Notes, or by the actual number of days in the year, in the case of Treasury Index Rate Notes.

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

Upon the request of the holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate which will become effective as a result of a determination made with respect to the most recent Interest Determination Date with respect to such Floating Rate Note.

#### COMMERCIAL PAPER INDEX RATE NOTES

Commercial Paper Index Rate Notes will bear interest at the interest rates (calculated with reference to the Commercial Paper Index Rate and the Spread or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

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Unless otherwise indicated in the applicable Pricing Supplement, "Commercial Paper Index Rate" means, with respect to any Interest Determination Date relating to a Commercial Paper Index Rate Note, the Money Market Yield (calculated as described below) of the rate on that date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as such rate is published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)'), under the heading "Commercial Paper". In the event that such rate is not published by 9:00 A.M. New York City time on the Calculation Date pertaining to such Interest Determination Date, then the Commercial Paper Index Rate shall be the Money Market Yield of the rate on that Interest Determination Date for commercial paper having such Index Maturity as published by the Federal Reserve Bank of New York in its daily statistical release, "Composite 3:30 P.M. Quotations for U.S. Government Securities" ("Composite Quotations") under the heading "Commercial Paper". If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, the Commercial Paper Index Rate for that Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent as of 11:00 A.M., New York City time, on that Interest Determination Date for commercial paper having the specified Index Maturity placed for an industrial issuer whose bond rating is "AA" or the equivalent from a nationally recognized rating agency; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Index Rate will be the Commercial Paper Index Rate in effect on such Interest Determination Date.

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

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

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

The Interest Determination Date pertaining to an Interest Reset Date on a



Commercial Paper Index Rate Note will be the Business Day prior to such Interest Reset Date.

#### FEDERAL FUNDS RATE NOTES

Federal Funds Rate Notes will bear interest at the interest rates (calculated with reference to the Federal Funds Rate and the Spread, or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Federal Funds Rate" means, with respect to any Interest Determination Date relating to a Federal Funds Rate Note, the rate on such Interest Determination Date for Federal Funds as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" ("H.15(519)") or any successor publication under the heading "Federal Funds (Effective)" or, if not so published by 9:00 A.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, the Federal Funds Rate will be the interest rate on such Interest Determination Date as published by the Federal Reserve Bank of New York in its daily statistical release, "Composite 3:30 P.M. Quotations for U.S. Government Securities" ("Composite Quotations") under the heading "Federal Funds/Effective Rate". If such rate is not yet published by 9:00 A.M. on the Calculation Date pertaining to such Interest Determination Date, the Federal Funds Rate for such Interest Determination Date will be the rate on such Interest Determination Date made publicly available by the Federal Reserve Bank of New York which is equivalent to the rate which appears in H.15(519) under the heading "Federal Funds (Effective)"; provided, however, that if such rate is not made publicly available by the Federal Reserve Bank of New York by 9:00 A.M. on the Calculation Date, the Federal Funds Rate will be the last Federal Funds Rate in effect prior to such Interest Determination Date.

The rate of interest on a Federal Funds Rate Note will be reset each Interest Reset Date applicable to such Note. Unless otherwise specified in the applicable Pricing Supplement, with respect to Federal Funds Rate Notes, each Business Day will be an Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date on a Federal Funds Rate Note will be the Business Day prior to such Interest Reset Date.

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#### PRIME RATE NOTES

Prime Rate Notes will bear interest at the interest rates (calculated with reference to the Prime Rate and the Spread, or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Prime Rate" means, with respect to any Interest Determination Date relating to a Prime Rate Note, the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Interest Determination Date by three major money center banks in The City of New York selected by the Calculation Agent. If fewer than three quotations are provided, the Prime Rate shall be calculated by the Calculation Agent and shall be determined as the arithmetic mean on the basis of the prime rates quoted in The City of New York on such date by three substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, and unaffiliated with the Company, having total equity capital of at least \$500 million and being subject to supervision or examination by a Federal or State authority, selected by the Calculation Agent; provided, however, that if the substitute banks or trust companies selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate will be the Prime Rate in effect on such Interest Determination Date relating to a Prime Rate Note.

The Interest Determination Date pertaining to an Interest Reset Date on a Prime Rate Note will be the Business Day prior to such Interest Reset Date.

#### LIBOR NOTES

LIBOR Notes will bear interest at the interest rates (calculated with reference to LIBOR and the Spread or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, LIBOR with respect to any Interest Determination Date relating to a LIBOR Note will equal the arithmetic mean (as determined by the Calculation Agent) of the offered rates which appear as of 11:00 A.M., London time, on the Reuters Screen LIBOR Page on the Reuter Monitor Money Rates Service for deposits (in United States dollars for the period of the Index Maturity specified in the applicable Pricing Supplement) commencing on the second day on which dealings in deposits in United States dollars are transacted in the London interbank market (a "London Banking Day") immediately following such Interest Determination Date; provided, however, that if fewer than two such quotations appear, the Calculation Agent shall request the principal London office of four major banks in the London interbank market selected by the Calculation Agent to provide the Calculation Agent with a quotation of their offered rates at approximately 11:00 A.M., London time, on such Interest Determination Date for deposits (in United States dollars for the period of the applicable Index Maturity and in a principal amount equal to an amount that is representative for a single transaction in such market at such time) commencing on the second London Banking Day

immediately following such Interest Determination Date. If at least two such quotations are provided, LIBOR for such Interest Determination Date will equal the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR for such Interest Determination Date will equal the arithmetic mean of the rates quoted by three major banks in The City of New York, as selected by the Calculation Agent, at approximately 11:00 A.M., New York City time, on such Interest Determination Date for loans to leading European banks (in United States dollars for the period of the applicable Index Maturity and in a principal amount equal to an amount that is representative for a single transaction in such market at such time) commencing on the second London Banking Day following such Interest Determination Date; provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR for such Interest Determination Date will be LIBOR in effect on such Interest Determination Date.

The Interest Determination Date pertaining to an Interest Reset Date on a LIBOR Note will be the second London Banking Day next preceding such Interest Reset Date.

#### TREASURY INDEX RATE NOTES

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Treasury Index Rate Notes will bear interest at the interest rates (calculated with reference to the Treasury Index Rate and the Spread or Spread Multiplier, if any) specified in the applicable Pricing Supplement.

Unless otherwise indicated in the Pricing Supplement, "Treasury Index Rate" means, with respect to any Interest Determination Date relating to a Treasury Index Rate Note, the per annum discount rate for direct obligations of the United States with a maturity of thirteen weeks ("91-day Treasury bills"), expressed as a bond equivalent on the basis of a year of 365 or 366 days, at the 91-day Treasury bill auction occurring on such Interest Determination Date as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, under the heading "Treasury bills--auction average (investment)" or (if not so published by 9:00 A.M. New York City time on the Calculation Date) as reported by the United States Department of the Treasury. Such Treasury bills are usually sold at auction on Monday of each week unless that day is a legal holiday in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday.

The day of each such auction of 91-day Treasury bills, unless otherwise specified in the Pricing Supplement, will be an Interest Determination Date (provided that the results of such auction are so published or reported), and each Business Day following such an Interest Determination Date will be a Treasury Index Rate Note Interest Reset Date. The rate of interest applicable to Treasury Index Rate Notes will therefore not be reset during any period in which such auctions are not held or the results of such auctions are not so published or reported.

#### ZERO COUPON NOTES

Notes which do not bear interest ("Zero Coupon Notes") were initially offered at a substantial discount from their principal amount at maturity. There will be no periodic payments of interest. The calculation of the accrual of Original Issue Discount (as defined below), in the period during which a Zero Coupon Note remains outstanding, will be on a semiannual bond equivalent basis using a year composed of twelve 30-day months. Upon maturity, Original Issue Discount will cease to accrue on a Zero Coupon Note.

Limitation of Claims in Bankruptcy: If a bankruptcy proceeding is commenced in respect of the Company, the claim of the Holder of a Zero Coupon Note with respect to the principal amount thereof may, under Section 502(b)(2) of Title 11 of the United States Code, be limited to the issue price of the Zero Coupon Note plus that portion of the Original Issue Discount that is amortized from the date of issue to the commencement of the proceeding.

#### OTHER TERMS

##### GENERAL

The Notes are a series of Securities issued under an Indenture (the "Senior Indenture"), (all such series being herein referred to as "Senior Debt Securities") dated as of April 1, 1983, as amended and restated, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor to Manufacturers Hanover Trust Company), as trustee (the "Trustee"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities

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

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

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The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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 Securities Exchange Act of 1934, as amended, and under rules of certain exchanges and other regulatory bodies.

#### LIMITATIONS UPON LIENS

The Senior Indenture provides that the Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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

The Senior 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 Senior Indenture to mean a corporation more than 80% of the outstanding shares of Voting Stock of which owned directly or indirectly by the Company). In addition, 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.

#### MERGER AND CONSOLIDATION

The Senior Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Senior Indenture may be effected by the Company and the Trustee with the consent of the Holders of at least 66 2/3% in principal amount of the outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security;

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(e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past

default to less than a majority. No modification or amendment of any subordinated indenture or any subsequent indenture for subordinated debt securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Senior Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Defaults with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997

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Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.

S&P 500 MARKET INDEX TARGET-TERM SECURITIES (SM) DUE JULY 31, 1998  
("MITTS (R)")

On January 28, 1993, Merrill Lynch & Co., Inc. (the "Company") issued \$16,000,000 aggregate principal amount (1,600,000 Units) of S&P 500 Market Index Target-Term Securities due July 31, 1998 (the "Securities or MITTS"). Each \$10 principal amount of the Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

The Securities were offered at an original issue price of 100% of the principal amount thereof, will bear no periodic payments of interest and will mature on July 31, 1998. At maturity, a Holder of a Security will be entitled to receive, with respect to each Security, the principal amount thereof, plus a contingent interest payment (the "Supplemental Redemption Amount"), if any, if the Final Value (as defined herein) of the S&P 500 Composite Stock Price Index (the "S&P 500 Index") exceeds 435.49 (the "Initial Value"). If the Final Value does not exceed the Initial Value, a Holder of a Security will be repaid the principal amount of the Security, but the Holder will not receive any Supplemental Redemption Amount. While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Final Value exceeds the Initial Value, there will be no payment of interest, periodic or otherwise, prior to maturity. The Securities were issued as a series of Senior Debt Securities under the Senior Indenture described herein. The Securities are not redeemable prior to maturity.

The Supplemental Redemption Amount, if any, payable with respect to a Security at maturity will equal the product of (A) the principal amount of the applicable Security, and (B) the quotient of the Final Value less the Initial Value, divided by the Initial Value, and (C) 115%. The calculation of the Final Value, as more fully described herein, will be based upon certain values of the S&P 500 Index during the ten Business Days prior to the maturity date of the Securities.

For information as to the calculation of the Supplemental Redemption Amount, if any, which will be paid at maturity, the calculation and the composition of the S&P 500 Index, see "Description of Securities" and "The Standard & Poor's 500 Index" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

Ownership of the Securities will be maintained in book-entry form by or through the Securities 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 listed on the New York Stock Exchange under the symbol "MIE".

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_, 1998.

(R)"MITTS" is a registered service mark and (SM)"Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

STANDARD & POOR'S CORPORATION ("S&P") DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, HOLDERS OF THE SECURITIES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED UNDER THE LICENSE AGREEMENT DESCRIBED HEREIN OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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.

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The Company will provide without charge to each person to whom this Prospectus is delivered, on 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 Lawrence M. Egan, Jr., Corporate Secretary's Office, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

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.

RISK FACTORS

PAYMENT AT MATURITY

If the Final Value is equal to or less than the Initial Value, the Holders of the Securities will be entitled to receive \$10 in respect of each \$10 principal amount of Securities, and no Supplemental Redemption Amount. This will be true even though the value of the S&P 500 Index as of some interim period or periods prior to the maturity date of the Securities may have exceeded the Initial Value because the Supplemental Redemption Amount on the Securities is calculated on the basis of the Final Value only.

The \$10 minimum to be received by Holders at maturity in respect of each \$10 principal amount of a Security does not reflect any opportunity cost implied by inflation and other factors relating to the time value of money.

The S&P 500 Index does not reflect the payment of dividends on the stocks

underlying it and therefore the yield based on the S&P 500 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.

#### TRADING

The Securities have been listed on the New York Stock Exchange under the symbol "MIE". 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 primarily on the extent of the appreciation, if any, of the S&P 500 Index over the Initial Value. If, however, Securities are sold prior to the maturity date at a time when the S&P 500 Index exceeds the Initial Value, the sale price may be at a discount from the amount expected to be payable to the Holder if such excess of the S&P 500 Index over the Initial Value were to prevail until maturity of the Securities because of the possible fluctuation of the S&P 500 Index between the time of such sale and the maturity date. (See "The Standard & Poor's 500 Index".) Furthermore, the price at which a Holder 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 S&P 500 Index is below, equal to or not sufficiently above the Initial Value. A discount could also result from rising interest rates.

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The trading values 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 S&P 500 Index are likely to affect their 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.** In general, if U.S. interest rates increase, the value of the Securities is expected to decrease. If U.S. interest rates decrease, the value of the Securities is expected to increase. Interest rates may also affect the U.S. economy, and, in turn, the value of the S&P 500 Index. Rising interest rates may lower the value of the S&P 500 Index and, thus, the Securities. Falling interest rates may increase the value of the S&P 500 Index and, thus, may increase the value of the Securities.

**Volatility of the S&P 500 Index.** If the volatility of the S&P 500 Index increases, the trading value of the Securities is expected to increase. If the volatility of the S&P 500 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 S&P 500 Index. This difference will reflect a "time premium" due to expectations concerning the value of the S&P 500 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.

**Dividend Rates in the United States.** If dividend rates on the stocks comprising the S&P 500 Index increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the S&P 500 Index decrease, the value of the Securities is expected to increase. However, in general, rising U.S. corporate dividend rates may increase the S&P 500 Index and, in turn, increase the value of the Securities. Conversely, falling U.S. dividend rates may decrease the S&P 500 Index and, in turn, decrease the value of the Securities.

#### 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 the light of their particular circumstances.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, as described below. The principal amount of each Security equals \$10 for each \$10 original price to the public. The Securities will mature on July 31, 1998.

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While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Final Value exceeds the



Initial Value, there will be no payment of interest, periodic or otherwise, prior to maturity.

The Securities are not subject to redemption by the Company or at the option of any Holder prior to maturity. Upon the occurrence of an Event of Default with respect to the Securities, Holders of the Securities may accelerate the maturity of the Securities, as described under "Description of Securities-Events of Default and Acceleration" and "Other Terms-Events of Default" in this Prospectus.

The Securities were issued in denominations of whole Units.

#### PAYMENT AT MATURITY

At maturity, a Holder of a Security will be entitled to receive the principal amount thereof (\$10 for each \$10 price to public) plus a Supplemental Redemption Amount, if any, all as provided below. If the Final Value of the S&P 500 Index does not exceed the Initial Value, a Holder of a Security will be repaid the principal amount of the Security at maturity, but will not be entitled to receive any contingent interest (i.e., Supplemental Redemption Amount).

At maturity, a Holder of a Security will be entitled to receive, with respect to each such Security, (i) the principal amount thereof, and (ii) the Supplemental Redemption Amount, if any, equal in amount to:

$$\text{Principal} \quad X \quad \frac{(\text{Final Value} - \text{Initial Value})}{\text{Initial Value}} \quad X \quad 115\%$$

provided, however, that the Supplemental Redemption Amount will not be less than zero. The Initial Value of the S&P 500 Index is 435.49. If the Final Value does not exceed the Initial Value, the Supplemental Redemption Amount will equal zero and a Holder of a Security will receive only the principal amount thereof (\$10 for each \$10 price to public).

The Final Value of the S&P 500 Index will be determined by State Street Bank and Trust Company (the "Calculation Agent") and will equal the average (mean) of the closing values of the S&P 500 Index as calculated by S&P on the tenth Business Day (as defined below) prior to the maturity date (provided that a Market Disruption Event, as defined below, shall not have occurred on such day) and on each succeeding Business Day (provided that a Market Disruption Event shall not have occurred on the applicable day) up to and including the fourth Business Day prior to the maturity date (each, a "Calculation Day") until the Calculation Agent has so determined such closing values for five Business Days. If a Market Disruption Event occurs on one or more of the Business Days during the period specified above, the Final Value will equal the average of the values on Business Days on which a Market Disruption Event did not occur or, if there is only one such Business Day, the value on such day. If Market Disruption Events occur on all of such Business Days during such period, the Final Value shall equal the closing value of the S&P 500 Index on the fourth Business Day prior to the maturity date regardless of whether a Market Disruption Event shall have occurred on such day. For purposes of determining the Final Value, a "Business Day" is a day on which The New York Stock Exchange is open for trading. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, in the absence of manifest error, shall be conclusive for all purposes and binding on the Company and Holders of the Securities.

If S&P discontinues publication of the S&P 500 Index and S&P or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the S&P 500 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 S&P or such other entity for the S&P 500 Index and calculate the Final Value as described in the preceding paragraph. Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be published in The Wall Street Journal (or another newspaper of general circulation) within three Business Days of such selection.

If S&P discontinues publication of the S&P 500 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 S&P 500 Index for any such Calculation Day used to calculate the Supplemental Redemption Amount, if any, at maturity will be calculated as described below under "Discontinuance of the S&P 500 Index".

If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the S&P 500 Index as described below, such Successor Index or value shall be substituted for the S&P 500 Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If at any time the method of calculating the S&P 500 Index, or the value thereof, is changed in a material respect, or if the S&P 500 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 S&P 500 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 Final 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 S&P 500 Index as if such changes or modifications had not been made, and calculate such closing value with reference to the S&P 500 Index, as adjusted. Accordingly, if the method of calculating the S&P 500 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 S&P 500 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 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, 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) or suspension, in each case, for more than two hours of trading in 100 or more of the securities included in the S&P 500 Index, or
- (ii) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the S&P 500 Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the S&P 500 Index which are traded on the Chicago Board Options Exchange, Inc.

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.

The following table illustrates, for a range of hypothetical Final Values, the percentage change in the S&P 500 Index from the date of pricing of the Securities offered hereby until maturity, the Supplemental Redemption Amount at maturity for each \$10 principal amount of Securities.

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<TABLE>  
<CAPTION>

HYPOTHETICAL FINAL VALUE OF THE S&P 500 INDEX	PERCENTAGE CHANGE IN THE S&P 500 INDEX	SUPPLEMENTAL REDEMPTION AMOUNT PER \$10 PRINCIPAL AMOUNT OF SECURITIES
217.75	-50%	\$ 0.00
261.29	-40%	0.00
304.84	-30%	0.00
348.39	-20%	0.00
391.94	-10%	0.00
435.49/(1)/	0%	0.00
479.04	10%	1.15
522.59	20%	2.30
566.14	30%	3.45
609.69	40%	4.60
653.24	50%	5.75
696.78	60%	6.90
740.33	70%	8.05
783.88	80%	9.20
827.43	90%	10.35
878.98	100%	11.50

</TABLE>

(1) Initial 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 Final Value determined by the Calculation Agent as provided herein.

The Senior Indenture provides that the Senior Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York. 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). All payments under the Securities (other than the return of principal) could be considered interest for the purpose of state usury laws. The Company has covenanted for the benefit of the Holders of the Notes, 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.

DISCONTINUANCE OF THE S&P 500 INDEX AND SUCCESSOR INDEX

If S&P discontinues publication of the S&P 500 Index and a Successor Index is available, then the amount payable at maturity or upon earlier acceleration will be determined by reference to the Successor Index, as provided above.

If the publication of the S&P 500 Index is discontinued and S&P or another entity does not publish a Successor Index on any of the Calculation Days, the value to be substituted for the S&P 500 Index for any such Calculation Day used to calculate the Supplemental Redemption Amount, if any, at maturity will be the value computed by the Calculation Agent for each such Calculation Day in accordance with the following procedures:

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(1) identifying the component stocks of the S&P 500 Index or any Successor Index as of the last date on which either of such indices was calculated by S&P or another entity and published by S&P or such other entity (each such component stock is a "Last Component Stock");

(2) for each Last Component Stock, calculating as of each such Calculation Day the product of the market price per share and the number of the then outstanding shares (such product referred to as the "Market Value" of such stock), by reference to (a) the closing market price per share of such Last Component Stock as quoted by the New York Stock Exchange or the American Stock Exchange or any other registered national securities exchange that is the primary market for such Last Component Stock, or if no such quotation is available, then the closing market price as quoted by any other registered national securities exchange or the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ"), or if no such price is quoted, then the market price from the best available source as determined by the Calculation Agent (collectively, the "Exchanges") and (b) the most recent publicly available statement of the number of outstanding shares of such Last Component Stock;

(3) aggregating the Market Values obtained in clause (2) for all Last Component Stocks;

(4) ascertaining the Base Value (as defined below under "The Standard & Poor's 500 Index--Computation of the Index") in effect as of the last day on which either the S&P 500 Index or any Successor Index was published by S&P or another entity, adjusted as described below;

(5) dividing the aggregate Market Value of all Last Component Stocks by the Base Value (adjusted as aforesaid);

(6) multiplying the resulting quotient (expressed in decimals) by ten.

If any Last Component Stock is no longer publicly traded on any registered national securities exchange or in the over-the-counter market, the last available market price per share for such Last Component Stock as quoted by any registered national securities exchange or in the over-the-counter market, and the number of outstanding shares thereof at such time, will be used in computing the last available Market Value of such Last Component Stock. Such Market Value will be used in all computations of the S&P 500 Index thereafter.

If a company that has issued a Last Component Stock and another company that has issued a Last Component Stock are consolidated to form a new company, the common stock of such new company will be considered a Last Component Stock and the common stocks of the constituent companies will no longer be considered Last Component Stocks. If any company that has issued a Last Component Stock merges with, or acquires, a company that has not issued a Last Component Stock, the common stock of the surviving corporation will, upon the effectiveness of such merger or acquisition, be considered a Last Component Stock. In each such case, the Base Value will be adjusted so that the Base Value immediately after such consolidation, merger or acquisition will equal (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value of all Last Component Stocks immediately after such event, divided by the aggregate Market Value for all Last Component Stocks immediately prior to such event.

If a company that has issued a Last Component Stock issues a stock dividend, declares a stock split or issues new shares pursuant to the acquisition of another company, then, in each case, the Base Value will be adjusted (in accordance with the formula described below) so that the Base Value immediately after the time the particular Last Component Stock commences trading ex-dividend, the effectiveness of the stock split or the time new shares of such Last Component Stock commence trading equals (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value for all Last Component Stocks immediately after such event, divided by the aggregate Market Value of all Last Component Stocks immediately prior to such event. The Base Value used by the Calculation Agent to calculate the value described above will not necessarily be adjusted in all cases in which S&P, in its discretion, might adjust the Base Value (as described below under "The Standard & Poor's 500 Index-- Computation of the S&P 500 Index").

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If S&P discontinues publication of the S&P 500 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 Final 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 by reference to the method set forth in clauses (1) through (6) in the fourth preceding paragraph above 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 Wall Street Journal (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 S&P 500 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 Holder 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, if any, of contingent interest calculated as though the date of early repayment were the maturity date of the Securities. See "Description of Securities--Payment at Maturity" in this Prospectus. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the Holder 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, if any, 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 Holders thereof, at the rate of 7% 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.

#### SECURITIES 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, as Securities Depository (the "Securities Depository"), registered in the name of the Securities Depository 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 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, 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

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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 Securities 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 Security ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Securities Depository 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 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 Securities.

So long as the Securities Depository, or its nominee, is the registered owner of a Global Security, the Securities Depository 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 Senior 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 Senior Indenture. Accordingly, each Person owning a beneficial interest in a Global Security 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 Senior 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 Senior 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 the principal of, and any Supplemental Redemption Amount with respect to, Securities 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 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 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 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 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.

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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 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 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 Securities.

#### THE STANDARD & POOR'S 500 INDEX

All disclosure contained in this Prospectus regarding the S&P 500 Index, including, without limitation, its make-up, method of calculation and changes in its components, is derived from publicly available information prepared by S&P as of December 31, 1992. The Company takes no responsibility for the accuracy or completeness of such information.

#### GENERAL

The S&P 500 Index is published by S&P and is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the S&P 500 Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined above) of the common stocks of 500 companies as of a particular time as compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of December 31, 1992, the 500 companies included in the S&P 500 Index represented approximately 76% of the aggregate Market Value of common stocks traded on The New York Stock Exchange; however, the 500 companies are not the 500 largest companies listed on The New York Stock Exchange and not all 500 companies are listed on such exchange. As of December 31, 1992, the aggregate market value of the 500 companies included in the S&P 500 Index represented approximately 70% of the aggregate market value of United States domestic, public companies. S&P chooses companies for inclusion in the S&P 500 Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of The New York Stock Exchange, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the Market Value and trading activity of the common stock of that company.

COMPUTATION OF THE S&P 500 INDEX

S&P computes the S&P 500 Index as of a particular time as follows:

- (1) the Market Value of each component stock is determined as of such time;
- (2) the Market Value of all component stocks as of such time (as determined under clause (1) above) are aggregated;
- (3) the mean average of the Market Values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined;
- (4) the mean average Market Values of all such common stocks over such base period (as determined under clause (3) above) are aggregated (such aggregate amount being referred to as the "Base Value");

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- (5) the aggregate Market Value of all component stocks as of such time (as determined under clause (2) above) is divided by the Base Value; and
- (6) the resulting quotient (expressed in decimals) is multiplied by ten.

While S&P employs the above methodology to calculate the S&P 500 Index, no assurance can be given that S&P will not modify or change such methodology in a manner that may affect the Supplemental Redemption Amount, if any, payable to Holders of Securities upon maturity or otherwise.

S&P adjusts the foregoing formula to negate the effect of changes in the Market Value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. Such changes may result from such causes as the issuance of stock dividends, the granting to shareholders of rights to purchase additional shares of such stock, the purchase thereof by employees pursuant to employee benefit plans, certain consolidations and acquisitions, the granting to shareholders of rights to purchase other securities of the company, the substitution by S&P of particular component stocks in the S&P 500 Index, and other reasons. In all such cases, S&P first recalculates the aggregate Market Value of all component stocks (after taking account of the new market price per share of the particular component stock or the new number of outstanding shares thereof or both, as the case may be) and then determines the New Base Value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the Base Value is adjusted in proportion to any change in the aggregate Market Value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of such causes upon the S&P 500 Index.

A potential investor should review the historical performance of the S&P 500 Index. The historical performance of the S&P 500 Index should not be taken as an indication of future performance, and no assurance can be given that the S&P 500 Index will increase sufficiently to cause the beneficial owners of the Securities to receive a Supplemental Redemption Amount at the maturity of the Securities.

LICENSE AGREEMENT

S&P and Merrill Lynch Capital Services, Inc. have entered into a non-exclusive license agreement providing for the license to Merrill Lynch Capital Services, Inc., in exchange for a fee, of the right to use indices owned and published by S&P in connection with certain securities, including the Securities, and the Company is an authorized sublicensee thereof.

The license agreement between S&P and Merrill Lynch Capital Services, Inc. provides that the following language must be stated in this Prospectus:

"The Securities are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the Holders of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly or the ability of the S&P 500 Index to track general stock market performance. S&P's only relationship to Merrill Lynch Capital Services, Inc. and the Company (other than transactions entered into in the ordinary course of business) is the licensing of certain service marks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to the Company or the Securities. S&P has no obligation to take the needs

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of the Company or the Holders of the Securities into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of the timing of the sale of the Securities, prices at which the Securities are to initially be sold, or quantities of the Securities to be issued or in the determination or calculation of the equation by which the Securities are to be converted into

cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Securities."

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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##### LIMITATION 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 Senior 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 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

##### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such

indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series,

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continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference



herein. Such consolidated financial statements and related financial statement schedules, and such 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.

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With respect to unaudited interim financial information for the periods included in the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
GLOBAL TELECOMMUNICATIONS PORTFOLIO MARKET INDEX TARGET-TERM SECURITIES (SM)  
DUE OCTOBER 15, 1998  
("MITTS (R)")

On September 13, 1993, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount of \$110,000,000 Global Telecommunications Portfolio Market Index Target-Term Securities due October 15, 1998 (the "Securities" or "MITTS"). As of the date of this Prospectus, \$85,000,000 aggregate principal amount of the Securities remain outstanding. Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

The Securities will bear no periodic payments of interest and will mature on October 15, 1998. At maturity, a beneficial owner of a Security will be paid an amount based upon the change in the value of a portfolio of specified telecommunications industry stocks of issuers organized in the United States and abroad measured from September 2, 1993 (the "Original Portfolio Value") to the Closing Portfolio Value, all as more fully described herein; provided, however, that the amount payable at maturity will not be less than \$9.00 for each Unit of the Securities (the "Minimum Payment"). The Closing Portfolio Value will be based on certain values of the specified telecommunications industry stocks during a period prior to the maturity date of the Securities. While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Closing Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity.

IF THE CLOSING PORTFOLIO VALUE IS LESS THAN THE ORIGINAL PORTFOLIO VALUE, THE AMOUNT PAYABLE AT MATURITY WITH RESPECT TO A SECURITY WILL BE LESS THAN THE PRINCIPAL AMOUNT OF SUCH SECURITY.

For information as to the calculation of the amount that will be paid at maturity and the calculation and the composition of the global telecommunications industry portfolio, see "Description of Securities" and "The Portfolio" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 3 OF THIS PROSPECTUS.

Ownership of the Securities will be maintained in book-entry form by or through the Securities 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 listed on the New York Stock Exchange under the Symbol "MLC".

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.

This Prospectus has been prepared in connection with the Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

MERRILL LYNCH & CO.

THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

(R) "MITTS" is a registered service mark and (SM) "Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

PAYMENT AT MATURITY

If the Closing Portfolio Value is less than the Original Portfolio Value, beneficial owners of the Securities will receive less than the principal amount of such Securities at maturity, but not less than the Minimum Payment. Beneficial owners would receive only the return of principal if the Closing Portfolio Value should equal the Original

Portfolio Value. This will be true even though the Portfolio Value as of some interim period or periods prior to the Calculation Period may have exceeded the Original Portfolio Value because the Closing Portfolio Value is calculated on the basis of the average of the value of Portfolio Securities only on the Calculation Days.

Even if the principal of the Securities is fully returned, such return of principal does not reflect any opportunity cost implied by inflation and other factors relating to the time value of money.

The return based on the Closing Portfolio Value relative to the Original Portfolio Value generally will not produce the same return as if the Portfolio

Securities were purchased and held for a similar period, because, among other reasons, any payment at maturity on the Securities based on an increase in the value of the Portfolio will not reflect the payment of dividends on the Portfolio Securities.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of New York. 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). All payments under the Securities (other than the return of principal) could be considered interest for the purpose of state usury laws. The Company has covenanted 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 listed on the New York Stock Exchange under the Symbol "MLC". There can be no assurance as to 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 primarily on the extent of the appreciation, if any, of the Portfolio Value over the Original Portfolio Value. If, however, Securities are sold prior to the maturity date at a time when the Portfolio Value exceeds the Original Portfolio Value, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such excess of the Portfolio Value over the Original Portfolio Value were to prevail during the Calculation Period. 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 Portfolio Value is below, equal to or not sufficiently above the Original Portfolio Value. A discount could also result from rising interest rates.

The trading values of the Securities may be affected by a number of interrelated factors, including those listed below. The relationship among these factors is complex, including how these factors affect the value of the principal amount of the Securities payable at maturity, if any, in excess of the principal amount of the Securities. Accordingly, investors should be aware that factors other than the level of the Portfolio Value are likely to affect their trading value. The expected theoretical 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.** In general, if U.S. interest rates increase, the value of the Securities is expected to decrease. If U.S. interest rates decrease, the value of the Securities is expected to increase. Local interest rates may also affect the economies of countries in which issuers of the respective Portfolio Securities (or shares underlying such securities) operate, and, in turn, affect the Portfolio Value.

**Volatility of the Portfolio Value.** If the volatility of the Portfolio Value increases, the trading value of the Securities is expected to increase. If the volatility of the Portfolio Value decreases, the trading value of the Securities is expected to decrease.

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**Time Remaining to Maturity.** The Securities may trade at a value above that which may be inferred from the level of the Portfolio Value. This difference will reflect a "time premium" due to expectations concerning the Portfolio Value 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.

**Dividend Rates.** If dividend rates on the Portfolio Securities (or shares underlying such securities) increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the Portfolio Securities decrease, the value of the Securities is expected to increase. Local general corporate dividend rates may also affect the Portfolio Value and, in turn, the value of the Securities.

#### FOREIGN CURRENCY EXCHANGE AND FOREIGN MARKET

The Securities are U.S. dollar-denominated securities issued by the Company, a United States corporation. Investments in the Securities do not give the beneficial owners any right to receive any Portfolio Security or any other ownership right or interest in the Portfolio Securities, although the return on the investment in the Securities is based on the Portfolio Value of the Portfolio Securities. Certain of the Portfolio Securities (or securities underlying DRs included in the Portfolio) have been issued by non-United States companies, and certain of the Portfolio Securities and the underlying securities represented by the DRs are quoted in currencies other than the U.S. dollar. Investments in securities indexed to the value of non-United States securities involve certain risks. Fluctuations in foreign exchange rates, future foreign political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the U.S. dollar value of such securities, including DRs.

Securities prices in different countries are subject to different economic, financial, political and social factors. Rates of exchange between the dollar and other currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. With respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect the value of investments in those countries. There may be less publicly available information about a foreign company than about a U.S. company, and foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which U.S. entities are subject. Certain foreign investments may be subject to foreign withholding taxes which could affect the value of investment in these countries. In addition, investment laws in certain foreign countries may limit or restrict ownership of certain securities by foreign nationals by restricting or eliminating voting or other rights or limiting the amount of securities that may be so owned, and such limitations or restrictions may affect the prices of such securities.

Foreign financial markets, while growing in volume, may have substantially less volume than U.S. markets, and securities of many foreign companies are less liquid and their prices more volatile than securities of comparable domestic companies. The foreign markets have different trading practices that may affect the prices of securities. The foreign markets have different clearance and settlement procedures, and in certain countries there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. There is generally less government supervision and regulation of exchanges, brokers and issuers in foreign countries than there is in the U.S. In addition, the terms and conditions of depository facilities may result in less liquidity or lower market values for the DRs than for the underlying stocks.

#### AMERICAN DEPOSITARY RECEIPTS AND GLOBAL DEPOSITARY RECEIPTS

Certain of the Portfolio Securities are in the form of either American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs", which, together with ADRs, are hereinafter collectively referred to as "DRs"). A DR is a negotiable receipt which is issued by a depository, generally a bank, representing shares (the "Underlying

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Shares") of a foreign issuer (the "Foreign Issuer") that have been deposited and are held, on behalf of the holders of the DRs, at a custodian bank in the Foreign Issuer's home country. While the market for Underlying Shares will generally be in the country in which the Foreign Issuer is organized, and trading in such market will generally be based on that country's currency, DRs that are Portfolio Securities will trade in U.S. Dollars.

Although DRs are distinct securities from the Underlying Shares, the trading characteristics and valuations of DRs will usually, but not necessarily, mirror the characteristics and valuations of the Underlying Shares represented by the DRs. Active trading volume and efficient pricing in the principal market in the home country for the Underlying Shares will usually indicate similar characteristics in respect of the DRs. In the case of certain DRs, however, there may be inadequate familiarity with or information about the Foreign Issuer of the Underlying Shares represented by the DR in the market in which the DR trades to support active volume, thus resulting in pricing distortions. This is more likely to occur when the DR is not listed on a U.S. stock exchange or quoted on the National Market System of the National Association of Securities Dealers Automated Quotations System ("NASDAQ"), and trades only over-the-counter, because the Foreign Issuer would not be required to register such DRs under the Exchange Act, as is the case with DRs so listed or quoted. In addition, because of the size of an offering of Underlying Shares in DR form outside the home country and/or other factors that have limited or increased the float of certain DRs, the liquidity of such securities may be less than or greater than that with respect to the Underlying Shares. Inasmuch as holders of DRs may surrender the DR in order to take delivery of and trade the Underlying Shares, a characteristic that allows investors in DRs to take advantage of price differentials between different markets, a market for the Underlying Shares that is not liquid will generally result in an liquid market for the DR representing such Underlying Shares.

The depository bank that issues a DR generally charges a fee, based on the price of the DR, upon issuance and cancellation of the DR. This fee would be in addition to the brokerage commissions paid upon the acquisition or surrender of the security. In addition, the depository bank incurs expenses in connection with the conversion of dividends or other cash distributions paid in local currency into U.S. Dollars and such expenses are deducted from the amount of the dividend or distribution paid to holders, resulting in a lower payout per Underlying Share represented by the DR than would be the case if the Underlying Share were held directly. Furthermore, foreign investment laws in certain countries may restrict ownership by foreign nationals of certain classes of Underlying Shares. Accordingly, the DR representing such class of securities may not possess voting rights, if any, equivalent to those in respect of the Underlying Shares. Certain tax considerations, including tax rate differentials, arising from application of the tax laws of one nation to the nationals of another and from certain practices in the DR market may also exist with respect

to certain DRs. In varying degrees, any or all of these factors may affect the value of the DR compared with the value of the Underlying Shares in the local market.

#### 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 the light of each investor's particular circumstances.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, which is more fully described below. The principal amount of each Security will equal \$10 for each \$10 price to the public. The Securities will mature on October 15, 1998.

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While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Closing Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity. (See "Payment at Maturity", below.)

The Securities are not subject to redemption by the Company or at the option of any Holder prior to maturity. Upon the occurrence of an Event of Default with respect to the Securities, Holders of the Securities may accelerate the maturity of the Securities, as described under "Events of Default and Acceleration" and "Description of Debt Securities--General--Events of Default" below.

The Securities were issued in denominations of whole Units.

##### PAYMENT AT MATURITY

At maturity, a beneficial owner of a Security will be entitled to receive, with respect to each \$10 principal amount of the Security, an amount equal to the following:

$$\begin{array}{r} \text{Closing Portfolio Value} \\ \$10 \times \text{-----} \\ \qquad \qquad \qquad \$100 \end{array}$$

provided, however, that the amount payable at maturity will not be less than \$9 for each \$10 principal amount of Securities (the "Minimum Payment"). Based on the prices of the Portfolio Securities on September 2, 1993, the Multipliers were initially set so that the value of the Portfolio on September 2, 1993 equaled \$100 (the "Original Portfolio Value").

If the Closing Portfolio Value is equal to \$90 or less, a beneficial owner of a Security will receive the Minimum Payment of \$9 for each \$10 principal amount of the Securities at maturity. If the Closing Portfolio Value is between \$90 and \$100, a beneficial owner of a Security will receive between \$9 and \$10 for each \$10 principal amount of the Securities at maturity.

The "Closing Portfolio Value" will be determined by MLPF&S an affiliate of the Company, or successor thereto (the "Calculation Agent"), and will equal the sum of the products of the Average Market Price and the applicable Multiplier for each Portfolio Security. The "Average Market Price" of a Portfolio Security will equal the average (mean) of the Market Prices of such Portfolio Security determined on each of the first thirty Calculation Days with respect to such Portfolio Security during the Calculation Period. If there are fewer than thirty Calculation Days with respect to a Portfolio Security, then the Average Market Price will equal the average (mean) of the Market Prices on such Calculation Days, and if there is only one Calculation Day, then the Average Market Price will equal the Market Price on such Calculation Day. The "Calculation Period" means the period from and including the sixtieth scheduled NYSE Trading Day (as defined below) prior to the maturity date to and including the fourth scheduled NYSE Trading Day prior to the maturity date. "Calculation Day" with respect to a Portfolio Security means any Trading Day during the Calculation Period in the country in which such Portfolio Security is being priced on which a Market Disruption Event has not occurred. If a Market Disruption Event occurs on all Trading Days in such country during the Calculation Period then the fourth scheduled NYSE Trading Day (as defined below) prior to the maturity date in such country will be deemed a Calculation Day, notwithstanding the Market Disruption Event; provided, however, that if such fourth scheduled NYSE Trading Day is not a Trading Day in such country, then the immediately preceding Trading Day shall instead be deemed a Calculation Day. Any reference to a specific day herein shall mean such calendar day in each market in which Portfolio Securities are priced.

"Market Price" means for a Calculation Day the following:

- (i) If the Portfolio Security is listed on a national securities

exchange in the United States, is a NASDAQ National Market System ("NASDAQ NMS") security or is included in the OTC Bulletin Board Service ("OTC Bulletin Board") operated by the National Association of Securities Dealers, Inc. (the "NASD"), Market Price means (i) the last reported sale price, regular way, on such day on the principal United

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States securities exchange registered under the Securities Exchange Act of 1934 on which such Portfolio Security is listed or admitted to trading, or (ii) if not listed or admitted to trading on any such securities exchange or if such last reported sale price is not obtainable, the last reported sale price on the over-the-counter market as reported on the NASDAQ NMS or OTC Bulletin Board on such day, or (iii) if the last reported sale price is not available pursuant to (i) and (ii) above, the mean of the last reported bid and offer price on the over-the-counter market as reported on the NASDAQ NMS or OTC Bulletin Board on such day as determined by the Calculation Agent. If the Portfolio Security is a security issued by a company organized in the United States and is not listed on a national securities exchange in the United States, is not a NASDAQ NMS security or is not included in the OTC Bulletin Board operated by the NASD, Market Price means the average (mean) of the last available bid and offer prices in the United States over-the-counter market of the three dealers which have the highest volume of transactions in such Portfolio Security in the immediately preceding calendar month as determined by the Calculation Agent based on information that is reasonably available to it. The term "NASDAQ NMS security" shall include a security included in any successor to such system and the term "OTC Bulletin Board Service" shall include any successor service thereto.

(ii) If the Portfolio Security is a security issued by a company organized other than in the United States or is a DR, that, in either case, is not listed on a national securities exchange in the United States or is not a NASDAQ NMS security or included in the OTC Bulletin Board operated by the NASD, Market Price means the last reported sale price on such day on the securities exchange on which such Portfolio Security is listed or admitted to trading with the greatest volume of trading for the calendar month preceding such day as determined by the Calculation Agent, provided that if such last reported sale price is for a transaction which occurred more than four hours prior to the close of such exchange, then the Market Price shall mean the average (mean) of the last available bid and offer price on such exchange. If such Portfolio Security is not listed or admitted to trading on any such securities exchange or if such last reported sale price or bid and offer are not obtainable, the Market Price shall mean the last reported sale price on the over-the-counter market with the greatest volume of trading as determined by the Calculation Agent, provided that if such last reported sale price is for a transaction which occurred more than four hours prior to when trading in such over-the-counter market typically ends, then the Market Price shall mean the average (mean) of the last available bid and offer prices in such market of the three dealers which have the highest volume of transactions in such Portfolio Security in the immediately preceding calendar month as determined by the Calculation Agent based on information that is reasonably available to it. If such prices are quoted in a currency other than in U.S. Dollars, such prices will be translated into U.S. Dollars for purposes of calculating the Average Market Price using the Spot Rate on the same calendar day as the date of any such price. The "Spot Rate" on any date will be determined by the Calculation Agent and will equal the spot rate of such currency per U.S. \$1.00 on such date at approximately 3:00 p.m., New York City time, as reported on the information service operated by Bloomberg, L.P. ("Bloomberg") representing the mean of certain dealers in such currency or, if Bloomberg has not reported such rate by 3:30 p.m., New York City time, on such day, the offered spot rate of such currency per U.S. \$1.00 on such date for a transaction amount in an amount customary for such market on such date quoted at approximately 3:30 p.m., New York City time, by a leading bank in the foreign exchange markets as may be selected by the Calculation Agent.

If the Calculation Agent is required to use the bid and offer price for a Portfolio Security to determine the Market Price of such Portfolio Security pursuant to the foregoing, the Calculation Agent shall not use any bid or offer price announced by MLPF&S or any other affiliate of the Company.

As used herein, "NYSE Trading Day" shall mean a day on which trading is generally conducted in the over-the-counter market for equity securities in the United States and on the New York Stock Exchange as determined by the Calculation Agent. "Trading Day" shall mean a day on which trading is conducted on the principal securities exchanges in the country in which such Portfolio Security is being priced.

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"Market Disruption Event" with respect to a Portfolio Security means either of the following events, as determined by the Calculation Agent:

(i) the suspension or material limitation (provided that, with respect to Portfolio Securities that are priced in the United States, limitations pursuant to New York Stock Exchange Rule 80A (or any

applicable rule or regulation enacted or promulgated by the New York Stock Exchange, any other self regulatory organization or the 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 such Portfolio Security in the country in which such Portfolio Security is being priced for more than two hours of trading or during the period one-half hour prior to the time that such Portfolio Security is to be priced, 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 a Portfolio Security traded on any exchange in the country in which such Portfolio Security is being priced for more than two hours of trading or during the period one-half hour prior to the time that such Portfolio Security is to be priced.

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.

All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, in the absence of manifest error, shall be conclusive for all purposes and binding on the Company and beneficial owners of the Securities. All percentages resulting from any calculation on the Securities will be rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent with one-half cent being rounded upwards.

PORTFOLIO SECURITIES

The stocks or the depositary receipts representing the stocks listed below will be used to calculate the value of the Portfolio. Holders of the Securities will not have any right to receive the Portfolio Securities. The following table sets forth, as of September 2, 1993, the Portfolio Securities, the percentage of each Portfolio Security in the Original Portfolio Value and their initial Multipliers:

<TABLE>  
<CAPTION>

ISSUER OF THE PORTFOLIO SECURITY(1)	COUNTRY IN WHICH ORGANIZED	ADR/GDR	% OF PORTFOLIO VALUE REPRESENTED IN ORIGINAL PORTFOLIO VALUE	INITIAL MULTIPLIER
<S>	<C>	<C>	<C>	<C>
Alcatel Alsthalm Compagnie Generale d'Electricite	France	Yes	4.5455%	.1731602
American Telephone & Telegraph Company	United States	No	4.5455%	.0722935
Bell Atlantic Corporation	United States	No	4.5455%	.0711617
BellSouth Corporation	United States	No	4.5455%	.0763942
British Telecommunications plc	United Kingdom	Yes	4.5455%	.0692641
Compania de Telefonos de Chile S.A.	Chile	Yes	4.5455%	.0582751
LM Ericsson Telephone Company	Sweden	Yes	4.5455%	.0988142
GTE Corporation	United States	No	4.5455%	.1249609
Hong Kong Telecommunications, Ltd.	Hong Kong	Yes	4.5455%	.0934798
Newbridge Networks Corporation	Canada	No	4.5455%	.0640205
NYNEX Corporation	United States	No	4.5455%	.0492065
Pacific Telesis Group	United States	No	4.5455%	.0822707
Philippine Long Distance Telephone Company	Philippines	No	4.5455%	.0918274
Rogers Cantel Mobile Communications, Inc.	Canada	No	4.5455%	.1668057
Southwestern Bell Corporation	United States	No	4.5455%	.0999001
Tadiran Ltd.	Israel	No	4.5455%	.1298701
Telecom Corporation of New Zealand Limited	New Zealand	Yes	4.5455%	.1038961
Telecomunicacoes Brasileiras S.A.	Brazil	Yes	4.5455%	.1312767
Telefonica de Argentina	Argentina	Yes	4.5455%	.1033058
Telefonica de Espana	Spain	Yes	4.5455%	.1249609
Telefonos de Mexico, S.A. de C.V.	Mexico	Yes	4.5455%	.0851607
Vodaphone Group plc	United Kingdom	Yes	4.5455%	.0569963

</TABLE>

(1) Or, in the case of DRs, the Underlying Shares.

The initial Multiplier relating to each Portfolio Security indicates the number of such Portfolio Security, given the market price of such Portfolio Security as of September 2, 1993, required to be included in the calculation of the Original Portfolio Value so that each Portfolio Security represented an equal percentage of the Original Portfolio Value as of September 2, 1993. The price of each Portfolio Security used to calculate the initial Multiplier relating to each such Portfolio Security was the closing price of such Portfolio Security on September 2, 1993. The respective Multipliers will remain constant for the term of the Securities unless adjusted for certain corporate events, as described below.

The Portfolio Value, for any day, will equal the sum of the products of the



most recently available Market Prices (determined as described herein) and the applicable Multipliers for the Portfolio Securities. The Closing Portfolio Value, however, is calculated based on averaging Market Prices for certain days.

The Calculation Agent currently intends to publish the Portfolio Value once on each business day. The Calculation Agent currently calculates and publishes values of approximately 1,100 specified portfolios. The Calculation Agent currently provides information concerning such portfolios to the electronic reporting services operated by Bloomberg and to newspapers and specialized trade publications. If the Calculation Agent does publish

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Portfolio Values, the Calculation Agent currently intends to provide such values to similar sources described above, but there can be no assurance that such information will ultimately be published by such sources.

#### ADJUSTMENTS TO THE MULTIPLIER AND PORTFOLIO

The Multiplier with respect to any Portfolio Security and the Portfolio will be adjusted as follows:

1. If a Portfolio Security is subject to a stock split or reverse stock split or similar adjustment in the case of DRs, then once such split has become effective, the Multiplier relating to such Portfolio Security will be adjusted to equal the product of the number of shares issued with respect to one such share of such Portfolio Security, or the number of receipts issued with respect to one DR if a Portfolio Security is a DR, and the prior multiplier.
2. If a Portfolio Security is subject to a stock dividend (issuance of additional shares of the Portfolio Security) that is given equally to all holders of shares of the issuer of such Portfolio Security, then once the dividend has become effective and such Portfolio Security is trading ex-dividend, the Multiplier will be adjusted so that the new Multiplier shall equal the former Multiplier plus the product of the number of shares of such Portfolio Security issued with respect to one such share of Portfolio Security and the prior multiplier.
3. There will be no adjustments to the Multipliers to reflect cash dividends or distributions paid with respect of a Portfolio Security other than for Extraordinary Dividends as described below. A cash dividend with respect to a Portfolio Security will be deemed to be an "Extraordinary Dividend" if such dividend exceeds the immediately preceding non-Extraordinary Dividend for such Portfolio Security by an amount equal to at least 10% of the Market Price on the Trading Day preceding the record day for the payment of such Extraordinary Dividend (the "ex-dividend date"). If an Extraordinary Dividend occurs with respect to a Portfolio Security, the Multiplier with respect to such Portfolio Security will be adjusted on the ex-dividend date with respect to such Extraordinary Dividend so that the new Multiplier will equal the product of (i) the then current Multiplier, and (ii) a fraction, the numerator of which is the sum of the Extraordinary Dividend Amount and the Market Price on the Trading Day preceding the ex-dividend date, and the denominator of which is the Market Price on the Trading Day preceding the ex-dividend date. The "Extraordinary Dividend Amount" with respect to an Extraordinary Dividend for a Portfolio Security will equal such Extraordinary Dividend minus the amount of the immediately preceding non-Extraordinary Dividend for such Portfolio Security.
4. If the issuer of a Portfolio Security is being liquidated or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law such Portfolio Security will continue to be included in the Portfolio so long as a Market Price for such Portfolio Security is available. If a Market Price is no longer available for a Portfolio Security for whatever reason, including the liquidation of the issuer of such Portfolio Security or the subjection of the issuer of such Portfolio Security to a proceeding under any applicable bankruptcy, insolvency or other similar law, then the value of such Portfolio Security will equal zero in connection with calculating Portfolio Value and Closing Portfolio Value for so long as no Market Price is available, and no attempt will be made to find a replacement stock or increase the value of the Portfolio to compensate for the deletion of such Portfolio Security.
5. If the issuer of a Portfolio Security or, if a Portfolio Security is a DR, the Foreign Issuer of the Underlying Share, has been subject to a merger or consolidation and is not the surviving entity or is nationalized, then a value for such Portfolio Security will be determined at the time such issuer is merged or consolidated or nationalized and will equal the last available Market Price for such Portfolio Security and that value will be constant for the remaining term of the Securities. At such time, no adjustment will be made to the Multiplier of such Portfolio Security. The Company may at its sole discretion increase such last available Market Price to reflect payments or dividends of cash, securities or other consideration to holders of such Portfolio Security in connection with such a merger or consolidation which may not be reflected in such last available Market Price.

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6. If the issuer of a Portfolio Security issues to all of its shareholders equity securities of an issuer other than the issuer of the Portfolio Security, then such new equity securities will be added to the Portfolio as

a new Portfolio Security. The Multiplier for such new Portfolio Security will equal the product of the original Multiplier with respect to the Portfolio Security for which the new Portfolio Security is being issued (the "Original Portfolio Security") and the number of shares of the new Portfolio Security issued with respect to one share of the Original Portfolio Security.

7. If a DR is no longer listed or admitted to trading on a United States securities exchange registered under the Exchange Act, is no longer a NASDAQ NMS security or is no longer included in the OTC Bulletin Board operated by the NASD, then the Underlying Share represented by such DR will be deemed to be a new Portfolio Security. The initial Multiplier for such new Portfolio Security will equal the last value of the Multiplier for such DR multiplied by the number of shares of Underlying Shares represented by a single DR.

No adjustments of any Multiplier of a Portfolio Security will be required unless such adjustment would require a change of at least 1% in the Multiplier then in effect. The Multiplier resulting from any of the adjustments specified above will be rounded to the nearest one thousandth with five ten-thousandths being rounded upward.

No adjustments to the Multiplier of any Portfolio Security or to the Portfolio will be made other than those specified above.

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#### HYPOTHETICAL PAYMENTS

The following table illustrates, for a range of hypothetical Closing Portfolio Values, the amount payable at maturity for each \$10 principal amount of Securities. AN INVESTMENT IN THE PORTFOLIO SECURITIES WOULD BE SIGNIFICANTLY DIFFERENT THAN INVESTING IN THE SECURITIES. AMONG OTHER THINGS, AN INVESTOR IN THE PORTFOLIO SECURITIES MAY REALIZE CERTAIN DIVIDENDS THAT ARE NOT REFLECTED BY INVESTING IN THE SECURITIES, AND CURRENCY FLUCTUATIONS MAY SIGNIFICANTLY INCREASE OR DECREASE THE RATE OF RETURN OF THE PORTFOLIO SECURITIES VERSUS INVESTING IN THE SECURITIES.

<TABLE>  
<CAPTION>

HYPOTHETICAL CLOSING VALUE OF THE PORTFOLIO VALUE	PERCENTAGE CHANGE IN THE PORTFOLIO LEVEL	PAYMENT AT MATURITY PER \$10 PRINCIPAL AMOUNT OF SECURITIES
-----	-----	-----
<S>	<C>	<C>
0.00	-100.00%	\$ 9.00
10.00	-90.00%	\$ 9.00
20.00	-80.00%	\$ 9.00
30.00	-70.00%	\$ 9.00
40.00	-60.00%	\$ 9.00
50.00	-50.00%	\$ 9.00
60.00	-40.00%	\$ 9.00
70.00	-30.00%	\$ 9.00
80.00	-20.00%	\$ 9.00
90.00	-10.00%	\$ 9.00
100.00	0.00%	\$10.00
110.00	10.00%	\$11.00
120.00	20.00%	\$12.00
130.00	30.00%	\$13.00
140.00	40.00%	\$14.00
150.00	50.00%	\$15.00
160.00	60.00%	\$16.00
170.00	70.00%	\$17.00
180.00	80.00%	\$18.00
190.00	90.00%	\$19.00
200.00	100.00%	\$20.00

</TABLE>

The above figures are for purposes of illustration only. The actual amount payable at maturity with respect to the Securities will depend entirely on the actual Closing Portfolio Value.

The investor will not receive their entire principal at maturity should the market decline in value. The investor will only receive \$9.00 for each \$10 principal amount of Securities (90% of their original investment) should the market decline by 10% or more.

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#### 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 Holder of a Security upon any acceleration permitted by the Securities will be equal to the amount payable calculated as though the date of early repayment were the maturity date of the Securities. See "Description of Securities-Payment at Maturity" in this Prospectus. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the Holder 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, if any, 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 Holders thereof, at the rate of 6% 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.

#### SECURITIES DEPOSITORY

The Securities are represented by one or more fully registered global securities (the "Global Securities"). Each such Global Security has been deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), registered in the name of the Securities Depository 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 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, 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 NASD. 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 Securities 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 Security ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Securities Depository 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 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 Securities.

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So long as the Securities Depository, or its nominee, is the registered owner of a Global Security, the Securities Depository 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 Senior 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 Senior Indenture. Accordingly, each Person owning a beneficial interest in a Global Security 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 Senior 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 Senior 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 the principal of, and any additional amount payable at maturity with respect to, Securities 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 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 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 of principal or any additional amount payable at maturity 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 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 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 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 Securities.

#### THE PORTFOLIO

##### GENERAL

While the Portfolio consists of stocks (or DRs representing interests therein) of issuers that are involved in the global telecommunications industry, the Portfolio is not intended to provide an indication of the pattern of price movements of common stocks of corporations involved in the global telecommunications industry generally. Each of the United States issuers of a Portfolio Security files certain information reports with the Commission pursuant to the Exchange Act. Such reports generally contain a description of the business of the issuer, financial statements and certain other information which may be material to potential investors in the Securities. Foreign Issuers of

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Underlying Shares related to DRs that are Portfolio Securities and that are traded in the United States also file certain information reports with the Commission pursuant to the Exchange Act, although information contained in such reports will generally be more limited than that available with respect to a United States issuer. The Company makes no representation or warranty as to the accuracy or completeness of such reports. THE INCLUSION OF A PORTFOLIO SECURITY IN THE PORTFOLIO IS NOT A RECOMMENDATION TO BUY OR SELL SUCH PORTFOLIO SECURITY, AND NEITHER THE COMPANY NOR ANY OF ITS AFFILIATES MAKE ANY REPRESENTATION TO ANY PURCHASER OF SECURITIES AS TO THE PERFORMANCE OF THE PORTFOLIO.

The Company or its affiliates may presently or from time to time engage in business with one or more of the issuers of the Portfolio Securities or, in the case of DRs, the Underlying Shares, 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 a Security should undertake an independent investigation of the issuers of the Portfolio Securities as in its judgment is appropriate to make an informed decision with respect to an investment in the Securities.

##### GLOBAL TELECOMMUNICATIONS SECTOR

The global telecommunications industry is subject to varying degrees of regulatory, political and economic risk which may affect the price of the stocks of companies involved in such industry. Such risks depend on a number of factors including the country in which a company is located. Telecommunications companies in both developed and emerging countries are undergoing significant change due to varying and evolving levels of governmental regulation or deregulation and other factors. As a result, competitive pressures are intense and the securities of such companies may be subject to rapid price volatility. In addition, companies offering telephone services are experiencing increasing competition from cellular telephones, and the cellular telephone industry, because the industry has a limited operating history, faces uncertainty concerning the future of the industry and demand for cellular telephones. All telecommunications companies in both developed and emerging countries are subject to the additional risk that technological innovations will make their products and services obsolete.

In virtually every country, certain aspects of the telecommunications

industry are subject to some government regulation. The nature and scope of such regulation generally is subject to political forces and market considerations, the effect of which cannot be predicted. Such regulation can have significant effects upon the operations of a telecommunications venture. It is difficult to predict the directions, types or effects of future telecommunications-related regulation.

During the 1980s and early 1990s, the global telecommunications industry underwent structural changes. Many state-owned telephone monopolies were completely or partially divested to the public. American Telephone & Telegraph divested its local telephone service creating seven independent regional holding companies in 1984 under an agreement with the U.S. Government. In addition, the evolution of technology allowed the entrance of new competitors into the previously exclusive domain of the traditional telephone operators including operators of cable television systems. Companies that employ various technologies including fibre-optic, microwave and satellite communications are allowed to compete for traditional telephone company business in many countries. Continued mergers, divestitures, privatizations and alliances in the global telecommunications industry and changes in technology will affect companies involved in such industry and the prices of their stocks.

A potential investor should review the historical prices of the securities underlying the Portfolio. The historical prices of such securities should not be taken as an indication of future performance, and no assurance can be given that the prices of such securities will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the Minimum Payment at the maturity of the Securities.

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#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 Senior 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 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.

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#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior

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Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior

Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

#### P R O S P E C T U S

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MERRILL LYNCH & CO., INC.  
RUSSELL 2000(R) INDEX/\* / CALL WARRANTS  
EXPIRING NOVEMBER 17, 1998  
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On November 27, 1995, Merrill Lynch & Co., Inc. (the "Company") issued 1,350,000 Russell 2000 Index Call Warrants Expiring November 17, 1998 (the "Warrants"). Each Warrant will entitle the beneficial owner thereof to receive from the Company upon exercise (including automatic exercise) an amount in U.S. dollars computed by reference to increases in the Russell 2000 Index (the "Index"). Such amount (the "Cash Settlement Value") will equal the product, if positive, of \$15 multiplied by the Percentage Change in the Index. The "Percentage Change" will equal (i) the Index Spot Price minus the Index Strike Price, divided by (ii) the Index Strike Price. The Cash Settlement Value cannot be less than zero. The Index Strike Price equals 302.22 and the Index Spot Price will be determined upon exercise as more fully described herein.

The Warrants will be exercisable at the option of the beneficial owner from the date of the initial delivery of the Warrants until 1:00 p.m., New York City time, on the fourth scheduled Index Calculation Day (as defined herein) immediately preceding the earlier of their expiration on November 17, 1998 (the "Expiration Date"), cancellation, or the date of their earlier expiration upon delisting from, or permanent suspension of trading on, the American Stock Exchange (the "AMEX") unless the Warrants are simultaneously accepted for

trading pursuant to the rules of another Self-Regulatory Organization (as defined herein). Any Warrant not exercised at or before 1:00 p.m., New York City time, on the fourth scheduled Index Calculation Day immediately preceding the Expiration Date or the date of their earlier expiration will be deemed automatically exercised on the first scheduled Index Calculation Day immediately preceding the Expiration Date or, in the case of early expiration, on the first scheduled Index Calculation Day immediately preceding the Early Expiration Date (as defined herein). A beneficial owner may exercise no fewer than 100 Warrants at any one time, except in the case of automatic exercise. The valuation of and payment for any exercised Warrant (including automatic exercise) may be postponed as a result of the occurrence of certain events. See "Description of the Warrants". The Warrants will be in book-entry form and, accordingly, no beneficial owner of Warrants will be entitled to receive a certificate representing such Warrants.

THE WARRANTS INVOLVE A HIGH DEGREE OF RISK, INCLUDING THE RISK OF EXPIRING WORTHLESS. INVESTORS THEREFORE SHOULD BE PREPARED TO SUSTAIN A TOTAL LOSS OF THE PURCHASE PRICE OF THEIR WARRANTS, AND ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION UNDER "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS, "DESCRIPTION OF THE WARRANTS", "DESCRIPTION OF THE WARRANTS--DELISTING OF THE WARRANTS" AND "THE INDEX".

The Warrants have been listed on the AMEX under the symbol "RIM.WS".

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THESE WARRANTS 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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on a national securities exchange in the event the particular issue of Securities has been listed on such exchange, 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 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.

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MERRILL LYNCH & CO.  
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THE DATE OF THIS PROSPECTUS IS JULY \_\_, 1998.

\*/The use of, and reference to, the term "Russell 2000 Index" herein has been consented to by Frank Russell Company.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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. MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
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Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

CERTAIN IMPORTANT INFORMATION CONCERNING THE WARRANTS

A beneficial owner will receive a cash payment upon exercise only if the Warrants have a Cash Settlement Value in excess of zero on the relevant

Valuation Date. The Warrants will be "in-the-money" (i.e., their Cash Settlement Value will exceed zero) on the relevant Valuation Date only if, as of such date, the value of the Index increases from the date of this Prospectus so that the Index Spot Price is above the Index Strike Price. An increase in the level of the Index from the date of this Prospectus will result in a greater Cash Settlement Value for the Warrants, and a decrease in the level of the Index from the date of this Prospectus will result in a lesser or zero Cash Settlement Value for the Warrants. If a Warrant is not exercised prior to its expiration and, on the Valuation Date with respect to its expiration, the value of the Index is less than or equal to the Index Strike Price, the Warrant will

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expire worthless and the beneficial owner will have sustained a total loss of the purchase price of such Warrant. Investors therefore should be prepared to sustain a total loss of the purchase price of their Warrants.

#### RISK FACTORS

THE WARRANTS INVOLVE A HIGH DEGREE OF RISK, INCLUDING THE RISK OF EXPIRING WORTHLESS. INVESTORS THEREFORE SHOULD BE PREPARED TO SUSTAIN A TOTAL LOSS OF THE PURCHASE PRICE OF THEIR WARRANTS. IT IS SUGGESTED THAT INVESTORS CONSIDERING PURCHASING THE WARRANTS BE EXPERIENCED WITH RESPECT TO OPTIONS AND OPTION TRANSACTIONS AND UNDERSTAND THE RISKS OF STOCK INDEX TRANSACTIONS AND REACH AN INVESTMENT DECISION ONLY AFTER CAREFULLY CONSIDERING ALL OF THE RISK FACTORS SET FORTH IN THIS SECTION OF THIS PROSPECTUS, THE SUITABILITY OF THE WARRANTS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AND ALL THE OTHER INFORMATION SET FORTH IN THIS PROSPECTUS.

**Underlying Stocks.** The underlying stocks that constitute the Index (the "Underlying Stocks") have been issued by corporations domiciled in the U.S. and its territories and traded on the NYSE, AMEX or in the over-the-counter market. If a Successor Index is substituted for the Index, such Successor Index would also be based upon stocks issued by corporations domiciled in the U.S. and its territories and traded on the NYSE, AMEX or in the over-the-counter market. Investments in securities indexed to the value of small capitalization companies involve certain risks. In general, the stocks comprising the Index have smaller market capitalizations, less trading liquidity and greater price volatility than stocks in other larger capitalization indexes which are designed to measure the broad movement of the U.S. stock market. These factors may adversely affect the value of the Index and the Warrants.

The Underlying Stocks are traded on the NYSE, AMEX and in the over-the-counter market. Certain of these markets have adopted measures intended to prevent extreme short-term price fluctuations resulting from order imbalances. Investors should also be aware that certain of these markets may suspend the trading of individual stocks in certain limited and extraordinary circumstances including, for example, unusual trading activity in that stock. As a result, variations in the Index may be limited by price limitations on, or by suspension of trading in, individual stocks which comprise the Index which may, in turn, adversely affect the value of the Warrants or result in a Market Disruption Event. See "Description of the Warrants--Extraordinary Events and Market Disruption Events".

**Exercise of Warrants.** A beneficial owner may incur transaction costs in connection with any exercise of Warrants. To the extent Warrants are exercised, including Warrants exercised by the Underwriter or any of its affiliates, the number of Warrants outstanding will decrease, which may result in a decrease in the liquidity of the Warrants.

**Certain Factors Affecting the Value of the Warrants.** The Cash Settlement Value of the Warrants at any time prior to expiration is typically expected to be less than the Warrants' trading value at that time. The difference between the trading value and the Cash Settlement Value will reflect a number of factors, including a "time value" for the Warrants. The "time value" of the Warrants will depend upon the length of the period remaining to expiration, among other factors. The expiration date of the Warrants will be accelerated should the Warrants be delisted or should their trading on the AMEX be suspended permanently unless the Warrants simultaneously are accepted for trading pursuant to the rules of another self-regulatory organization (a "Self-Regulatory Organization"). Any such acceleration would result in the total loss of any otherwise remaining "time value", and could occur when the Warrants are out-of-the-money, thus resulting in total loss of the purchase price of the Warrants. See "Description of the Warrants--Delisting of the Warrants". Before exercising or selling Warrants, beneficial owners should carefully consider the trading value of the Warrants, the value of the Index at the time, the time remaining to expiration and the probable range of Cash Settlement Values and any related transaction costs.

There can be no assurance as to how the Warrants will trade in the secondary market or whether such market will be liquid. The trading value of a Warrant is expected to be dependent upon a number of complex interrelated factors, including those listed below. The expected theoretical effect on the trading value of a Warrant of each of the factors listed below, assuming in each case that all other factors are held constant, is as follows:

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(1) The Index. If the value of the Index increases, the trading value of a Warrant is expected to increase. If the value of the Index decreases, the trading value of a Warrant is expected to decrease. It is possible that the trading value of a Warrant may decline even if there is an increase in the value

of the Index.

(2) The volatility of the Index. If the volatility of the Index increases, the trading value of a Warrant is expected to increase. If such volatility decreases, the trading value of a Warrant is expected to decrease.

(3) The time remaining to the Expiration Date of the Warrants. An index warrant is a "wasting asset", meaning that as the time remaining to the Expiration Date decreases, the trading value of a Warrant is expected to decrease.

(4) Interest rates in the United States. In general, if U.S. interest rates increase, the trading value of the Warrants is expected to increase. If U.S. interest rates decrease, the trading value of the Warrants is expected to decrease.

(5) Dividend rates. If dividend rates on the common stocks underlying the Index increase, the trading value of a Warrant is expected to decrease. If dividend rates on the common stocks underlying the Index decrease, the trading value of a Warrant is expected to increase. Changes in the dividend rates on the common stocks underlying the Index may affect the value of the Index and therefore the value of the Warrants as described above.

As noted above, these hypothetical scenarios are based on the assumption that all other factors are held constant. In reality, it is unlikely that only one factor would change in isolation, because changes in one factor usually cause, or result from, changes in others.

**Minimum Exercise Amount.** Except for cases of automatic exercise, a beneficial owner must tender at least 100 Warrants at any one time in order to exercise Warrants. Thus, except in cases of automatic exercise, beneficial owners with fewer than 100 Warrants will need either to sell their Warrants or to purchase additional Warrants, incurring transaction costs in either case, in order to realize proceeds from their investment. At any time that a beneficial owner must purchase additional Warrants in order to have the minimum number of Warrants necessary to elect to exercise, such beneficial owner will be subject to the secondary market for Warrants at the time of any such purchase, including the risk that there may be a limited number of Warrants available in such market at such time and the other factors affecting the secondary market discussed above. Furthermore, such beneficial owners incur the risk that there may be differences between the trading value of the Warrants and the Cash Settlement Value of such Warrants.

**Maximum Exercise Amount.** All exercises of Warrants (other than on automatic exercise) are subject, at the Company's option, to the limitation that not more than 20% of the Warrants originally issued may be exercised on any Exercise Date and not more than 10% of the Warrants originally issued may be exercised by or on behalf of any beneficial owner, either individually or in concert with any other beneficial owner, on any Exercise Date. If any New York Business Day would otherwise, under the terms of the Warrant Agreement, be the Exercise Date in respect to more than 20% of the Warrants originally issued, then at the Company's election 20% of the Warrants originally issued (provided, however, that no more than 10% of the Warrants originally issued shall be exercised for the account of any beneficial owner) shall be exercised on such Exercise Date (selected by the Warrant Agent on a pro rata basis, but if, as a result of such pro rata selection, any beneficial owner of Warrants would be deemed to have exercised less than 100 Warrants, as the case may be, the Warrant Agent shall first select an additional amount of such beneficial owner's Warrants so that no beneficial owner shall be deemed to have exercised fewer than 100 Warrants), and the remainder of such Warrants (the "Remaining Warrants") shall be deemed exercised on the following New York Business Day subject to successive applications of this provision; provided that any Remaining Warrants which were exercised on a prior Exercise Date shall be deemed exercised before any other Warrants exercised on a subsequent Exercise Date. As a result of any such postponed exercise, beneficial owners will receive a Cash Settlement Value determined as of a date later than the otherwise applicable Valuation Date. In any such case, as a result of any such postponement, the Cash Settlement Value actually received by beneficial owners may be lower than the otherwise applicable Cash Settlement Value if the Valuation Date of the Warrants had not been postponed.

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**Time Lag After Exercise Instructions Given.** In the case of any exercise of Warrants, there will be a time lag between the time a beneficial owner gives instructions to exercise and the time the Index Spot Price relating to such exercise is determined. Therefore, a beneficial owner will not be able to determine, at the time of exercise of a Warrant, the Index Spot Price that will be used in calculating the Cash Settlement Value of such Warrant (and will thus be unable to determine such Cash Settlement Value). The delay will, at a minimum, amount to several hours and could be much longer (e.g., an exercise notice received by the Warrant Agent after 1:00 p.m. Friday would generally result in the Index Spot Price being determined the following Monday). Any downward movement in the level of the Index between the time a beneficial owner of a Warrant exercises a Warrant and the time the Index Spot Price for such exercise is determined will result in such beneficial owner receiving a Cash Settlement Value that is less than the Cash Settlement Value anticipated by such beneficial owner based on the level of the Index most recently reported prior to exercise. A beneficial owner that has not exercised a Warrant prior to the fourth scheduled Index Calculation Day preceding the Expiration Date will, pursuant to the provision for automatic exercise, have the Index Spot Price with respect to such Warrant determined on the deemed exercise day, if such deemed

exercise date is an Index Calculation Day, or on the immediately succeeding Index Calculation Day, if such deemed exercise date is not an Index Calculation Day. The value of the Index may change significantly during any such period, and such movements could adversely affect the Cash Settlement Value of the Warrants being exercised.

Further delay may occur if a Market Disruption Event or Extraordinary Event has occurred, in which case the Cash Settlement Value in respect of exercised Warrants will be calculated as of the next succeeding Index Calculation Day on which there is no Market Disruption Event or Extraordinary Event. If the Calculation Agent determines that on a Valuation Date a Market Disruption Event or Extraordinary Event has occurred, the Valuation Date shall be postponed to the first succeeding Index Calculation Day on which no Market Disruption Event or Extraordinary Event occurs; provided that, if the Valuation Date has not occurred on or prior to the fifth Index Business Day following an Exercise Date because of Market Disruption Events, such fifth Index Business Day shall be the Valuation Date regardless of whether a Market Disruption Event has occurred on such day; provided further, however, that if an Extraordinary Event has occurred and is continuing, and if the Extraordinary Event is expected by the Company to continue, the Company may immediately cancel the Warrants as described below under "Description of the Warrants--Extraordinary Events and Market Disruption Events". During any period of delay due to a Market Disruption Event or Extraordinary Event, the value of the Index may change significantly, and such change may adversely affect the amount paid on any Warrants exercised during such period.

Automatic Exercise of the Warrants upon Delisting. In the event that the Warrants are delisted from, or permanently suspended from trading on, the AMEX and the Warrants are not simultaneously accepted for trading pursuant to the rules of another Self-Regulatory Organization that are filed with the Commission under the Exchange Act, such Warrants not previously exercised will expire on the date such delisting or trading suspension becomes effective and will be deemed automatically exercised on the first scheduled Index Calculation Day immediately preceding the date of such early expiration. At the applicable Valuation Date with respect to such automatic exercise, the Warrants may be out-of-the-money so that the Cash Settlement Value would equal zero.

Warrants Not Standardized Options Issued by the Options Clearing Corporation. The Warrants are not standardized stock index options of the type issued by the Options Clearing Corporation (the "OCC"), a clearing agency regulated by the Commission. For example, unlike purchasers of OCC standardized options who have the credit benefits of guarantees and margin and collateral deposits by OCC clearing members to protect the OCC from a clearing member's failure, purchasers of Warrants must look solely to the Company for performance of its obligations to pay the Cash Settlement Value or Alternative Settlement Amount on the exercise of Warrants. Further, the market for the Warrants is not expected to be generally as liquid as the market for OCC standardized options. The OCC does issue standardized stock index options in which payments, if any, are determined based on changes in the Index.

The Warrants are unsecured contractual obligations of the Company and rank on a parity with the Company's other unsecured contractual obligations and with the Company's unsecured and unsubordinated debt. However, given

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that the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including beneficial owners of the Warrants), 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.

Relationship to the Index. Options and warrants provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with the Warrants are similar to those generally applicable to other options or warrants of private corporate issuers. However, unlike options or warrants on equities or debt securities, which are traded primarily on the basis of the value of a single underlying security, the trading value of a Warrant is likely to reflect primarily the extent of the appreciation, if any, of the Index.

The purchaser of a Warrant may lose his entire investment. This risk reflects the nature of a Warrant as an asset which tends to decline in value over time and which may, depending on the relative value of the Index, be worthless when it expires. Assuming all other factors are held constant, the more a Warrant is out-of-the-money and the shorter its remaining term to expiration, the greater the risk that a purchaser of the Warrant will lose all of his investment. This means that the purchaser of a Warrant who does not sell it in the secondary market or exercise it prior to expiration will necessarily lose his entire investment in the Warrant if it expires when the Index Spot Price is less than or equal to the Index Strike Price.

The fact that Warrants may become valueless upon expiration means that, in order to recover and realize a return upon his investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of anticipated changes in the value of the Index. If the value of the Index does not increase to an extent sufficient to cover an investor's cost of a Warrant (i.e., the purchase price plus transaction costs, if any) before the Warrant

expires, the investor will lose all or a part of his investment in the Warrant upon expiration.

Suitability. The AMEX requires that Warrants be sold only to investors with options-approved accounts and that its members and member organizations and registered employees thereof make certain suitability determinations before recommending transactions in Warrants. It is suggested that investors considering purchasing Warrants be experienced with respect to options and option transactions and understand the risks of stock index transactions and reach an investment decision only after carefully considering, with their advisers, the suitability of the Warrants in light of their particular circumstances. Warrants are not suitable for persons solely dependent upon a fixed income, for individual retirement plan accounts or for accounts under the Uniform Gift to Minors Act. INVESTORS SHOULD BE PREPARED TO SUSTAIN A TOTAL LOSS OF THE PURCHASE PRICE OF THEIR WARRANTS.

Successor Index. In the event that the Index is not published by Frank Russell Company ("FRC") but is published by another party acceptable to the Calculation Agent, then the Index Spot Price for any date thereafter will be determined based on the closing level of the Index as published by such third party. If FRC or any third party discontinues publication of the Index and publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the Index (any such index being a "Successor Index"), then the Index Spot Price for any date thereafter will be determined by the Calculation Agent on behalf of the Company based on the Successor Index on such date. If FRC or any third party makes a material change in the formula for, or the method of calculating, the Index or any Successor Index, the Calculation Agent shall make such calculations as may be required to determine the applicable Cash Settlement Value using the formula and method of calculating the Index or any Successor Index as in effect prior to such change or modification. If FRC and/or any third party discontinues publication of the Index and/or any Successor Index, the Calculation Agent will determine the applicable Cash Settlement Value based on the formula and method used in calculating the Index or any Successor Index as in effect on the date the Index or such Successor Index was last published.

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The Company and Its Affiliates. The Underwriter and its affiliates may from time to time engage in transactions involving the Underlying Stocks for their proprietary accounts and for other accounts under their management, which may influence the value of such Underlying Stocks and therefore the value of the Warrants. The Underwriter and its affiliates will also be the writers of the hedge of the Company's obligations under the Warrants and will be obligated to pay to the Company upon exercise of Warrants an amount equal to the value of the exercised Warrants. Accordingly, under certain circumstances, conflicts of interest may arise between the Underwriter's responsibilities as Calculation Agent with respect to the Warrants and its obligations under its hedge and its status as a subsidiary of the Company. Under certain circumstances, the duties of the Underwriter as Calculation Agent in determining the existence of Extraordinary Events and Market Disruption Events could conflict with the interests of the Underwriter as an affiliate of the issuer of the Warrants, Merrill Lynch & Co., Inc., and with the interests of the beneficial owners of the Warrants.

#### Other Considerations

Investors should also consider the tax consequences of investing in the Warrants and should consult their tax advisors.

#### DESCRIPTION OF THE WARRANTS

##### GENERAL

An aggregate of 1,350,000 Russell 2000 Index Call Warrants, Expiring November 17, 1998 (the "Warrants") were issued. The Warrants were issued under a Warrant Agreement (the "Warrant Agreement"), dated November 27, 1995, between the Company and Citibank, N.A., as Warrant Agent (the "Warrant Agent"). The following statements with respect to the Warrants are summaries of the detailed provisions of the Warrant Agreement, the form of which is filed as an exhibit to the Registration Statement relating to the Warrants. Wherever particular provisions of the Warrant Agreement or terms defined therein are referred to, such provisions or definitions are incorporated by reference as a part of the statements made, and the statements are qualified in their entirety by such reference.

A Warrant will not require, or entitle, a beneficial owner to sell or purchase any shares of any stock underlying the Index or any Successor Index or any other securities to or from the Company. The Company will make only a U.S. dollar cash settlement, if any, upon exercise of a Warrant. A beneficial owner will not receive any interest on any Cash Settlement Value or Alternative Settlement Amount and the Warrants will not entitle the beneficial owners thereof to any of the rights of holders of any underlying stock or other securities.

"Holder" means the person in whose name a certificate representing a Warrant is registered in the records of the Warrant Agent, which, so long as the Warrants are held in book-entry form, will be CEDE & Co.

The Warrants are exercisable commencing on the date of initial delivery of the Warrants, as set forth under "Exercise of Warrants". The Warrants will expire on November 17, 1998 (the "Expiration Date") or may expire on an earlier date as described under "Automatic Exercise". Warrants not exercised at or prior to 1:00

p.m., New York City time, on the fourth scheduled Index Calculation Day immediately preceding the Expiration Date or earlier expiration will be deemed automatically exercised on the first scheduled Index Calculation Day preceding the Expiration Date or, in the case of early expiration, on the first scheduled Index Calculation Day immediately preceding the Early Expiration Date. Warrants cancelled upon the occurrence and continuation of an Extraordinary Event shall be exercised as described below under "Extraordinary Events and Market Disruption Events". The term "New York Business Day", as used herein, means any day other than a Saturday or a Sunday or a day on which commercial banks in The City of New York are required or authorized by law or executive order to be closed, and "Index Business Day" means any day on which the NYSE is scheduled to be open for trading.

The Warrants are unsecured contractual obligations of the Company and rank on a parity with the Company's other unsecured contractual obligations and with the Company's unsecured and unsubordinated debt. However, given that the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including beneficial owners of the Warrants), 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, and under rules of certain exchanges and other regulatory bodies.

CASH SETTLEMENT VALUE

The Cash Settlement Value of an exercised Warrant is an amount stated in U.S. dollars that results from the following formula:

$$\text{Percentage Change} \times \$15$$

The "Percentage Change" will equal the following amount:

$$\frac{\text{Index Spot Price} - \text{Index Strike Price}}{\text{Index Strike Price}}$$

The "Index Spot Price" relating to any Exercise Date will be determined by MLPF&S (the "Calculation Agent") on the Valuation Date relating to such Exercise Date.

The "Index Strike Price" equals 302.22.

The "Index" means the Russell 2000 Index, as presently calculated and disseminated by FRC, except as otherwise provided herein. See "Description of the Warrants--The Index".

The Cash Settlement Value will be rounded, if necessary, to the nearest cent (with one-half cent being rounded upwards).

Set forth below are illustrations of the Cash Settlement Values for Warrants at exercise based upon various hypothetical percentage changes in the value of the Index. The Index Percentage Change on Valuation Date column indicates the percentage increase or decrease in the value of the Index Spot Price as compared to the Index Strike Price at the time of exercise. The actual Cash Settlement Value of a Warrant will depend entirely on the actual Index Percentage Change on the applicable Valuation Date relating to the Exercise Date. The illustrative Cash Settlement Values in the table do not reflect any "time value" for a Warrant, which may be reflected in trading value, and are not necessarily indicative of potential profit or loss, which are also affected by purchase price and transaction costs.

<TABLE>  
<CAPTION>

INDEX PERCENTAGE CHANGE ON VALUATION DATE	CALL WARRANT CASH SETTLEMENT VALUE
50% increase.....	\$7.50
45% increase.....	6.75
40% increase.....	6.00
35% increase.....	5.25
30% increase.....	4.50
25% increase.....	3.75
20% increase.....	3.00
15% increase.....	2.25
10% increase.....	1.50
5% increase.....	0.75
No change.....	0.00
5% decrease.....	0.00
10% decrease.....	0.00
15% decrease.....	0.00
20% decrease.....	0.00
25% decrease.....	0.00

30% decrease.....	0.00
35% decrease.....	0.00
40% decrease.....	0.00
45% decrease.....	0.00
50% decrease.....	0.00

</TABLE>

BOOK-ENTRY PROCEDURES AND SETTLEMENT

The Warrants are represented by one registered global Warrant (a "Global Warrant"). The Global Warrant will be deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository" or "DTC"), and registered in the name of the Securities Depository or a nominee thereof. Unless and until the Global Warrant is exchanged in whole or in part for Warrants in definitive form in the limited circumstances described below, such Global Warrant may not 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. Morgan Guaranty Trust Company of New York, Brussels office, as operator for the Euroclear System ("Euroclear") and Cedel Bank, societe anonyme ("Cedel") will hold interests in the Global Warrant on behalf of their participants through the facilities of DTC.

The Securities Depository has advised the Company as follows: The Securities Depository is a limited-purpose trust company organized under the Banking Laws 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 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

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securities brokers and dealers (including the Underwriter), banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own the Securities Depository. 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. Persons who are not participants may beneficially own securities held by the Securities Depository only through participants.

Ownership of beneficial interests in the Warrants will be limited to persons that have accounts with the Securities Depository ("Agent Members") or persons that may hold interests through Agent Members. The Securities Depository has advised the Company that upon the issuance of the Global Warrant representing the Warrants, the Securities Depository will credit, on its book-entry registration and transfer system, the Agent Members' accounts with the respective number of Warrants represented by such Global Warrant. Ownership of beneficial interests in the Global Warrant 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 Agent Members) and on the records of Agent Members (with respect to interests of persons held through Agent Members). 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 the Global Warrant.

So long as the Securities Depository, or its nominee, is the registered owner of the Global Warrant, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Warrants represented by the Global Warrant for all purposes under the Warrant Agreement. Except as provided below, owners of beneficial interests in the Global Warrant will not be entitled to have the Warrants represented by such Global Warrant registered in their names, will not receive or be entitled to receive physical delivery of such Warrants in definitive form and will not be considered the owners or Holders thereof under the Warrant Agreement. Accordingly, each person owning a beneficial interest in the Global Warrant must rely on the procedures of the Securities Depository and, if such person is not an Agent Member, on the procedures of the Agent Member through which such person owns its interest, to exercise any rights of a beneficial owner under the Warrant Agreement. 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 the Global Warrant desires to give or take any action which a beneficial owner is entitled to give or take under the Warrant Agreement, the Securities Depository would authorize the Agent Members holding the relevant beneficial interests to give or take such action, and such Agent Members would authorize beneficial owners owning through such Agent Members to give or take such action or would otherwise act upon the instructions of beneficial owners through them.

The Cash Settlement Value payable upon exercise of Warrants registered in the name of the Securities Depository or its nominee will be paid by the Warrant Agent to the Agent Members or, in the case of automatic exercise, to the Securities Depository. None of the Company, the Warrant Agent or any other agent

of the Company or agent of the Warrant Agent 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 Warrant Agent, upon the receipt of any payment of the Cash Settlement Value in respect of any portion of the Global Warrant, will pay the relevant Agent Member in an amount proportionate to its beneficial interest in such Global Warrant being exercised and that such Agent Member will credit the accounts of the beneficial owners of such Warrants. The Company expects that the Securities Depository, in the case of automatic exercise, upon receipt of any payment of the Cash Settlement Value in respect of all or any portion of the Global Warrant, will credit the accounts of the Agent Members with payment in amounts proportionate to their respective beneficial interests in the portion of such Global Warrant so exercised, as shown on the records of the Securities Depository. The Company also expects that payments by Agent Members to owners of beneficial interests in the Global Warrant 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 Agent Members. It is suggested that purchasers of Warrants with

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accounts at more than one brokerage firm effect transactions in the Warrants, including exercises, only through the brokerage firm or firms which hold that purchaser's Warrants.

If the Securities Depository is at any time unwilling or unable to continue as depository and a successor Securities Depository is not appointed by the Company within 90 days or if the Company is subject to certain events in bankruptcy, insolvency or reorganization, the Company will issue Warrants in definitive form in exchange for the Global Warrant. In addition, the Company may at any time determine not to have the Warrants represented by the Global Warrant and, in such event, will issue Warrants in definitive form in exchange for the Global Warrant. In any such instance, an owner of a beneficial interest in the Global Warrant will be entitled to have a number of Warrants equivalent to such beneficial interest registered in its name and will be entitled to physical delivery of such Warrants in definitive form.

Cedel and Euroclear. Beneficial owners may hold their interests in Warrants through Cedel or Euroclear if they are participants of such systems, or indirectly through organizations which are participants in such systems. Cedel and Euroclear will hold omnibus positions on behalf of their participants through the facilities of DTC. All securities in Cedel or Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Exercises of Warrants by persons holding through Cedel or Euroclear participants will be effected through DTC, in accordance with DTC rules, on behalf of the relevant European international clearing system by its depository; however, such transactions will require delivery of exercise instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the exercise meets its requirements, deliver instructions to its depository to take action to effect its exercise of the Warrants on its behalf by delivering Warrants through DTC and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Warrants held through Cedel or Euroclear will be credited to the cash accounts of Cedel participants or Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by its depository. See "Exercise and Settlement of Warrants" herein.

Cedel is incorporated under the laws of Luxembourg as a professional depository. Cedel holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Cedel participants through electronic book-entry changes in accounts of Cedel participants, thereby eliminating the need for physical movement of certificates. Transactions may be settled in Cedel in any of 28 currencies, including U.S. dollars. Cedel provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Cedel interfaces with domestic markets in several countries. As a professional depository, Cedel is subject to regulation by the Luxembourg Monetary Institute. Cedel participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and include an affiliate of the Underwriter. Indirect access to Cedel is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Cedel participant, either directly or indirectly.

The Euroclear System was created in 1968 to hold securities for participants in the Euroclear System and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in any of 27 currencies, including U.S. dollars. The Euroclear System includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements of cross-market transfers with DTC described above. The Euroclear System is operated by the Brussels, Belgium office of Morgan Guaranty Trust Company of New York (the "Euroclear Operator")



under contract with Euroclear Clearance System S.C., a Belgium cooperative corporation (the "Cooperative"). Morgan Guaranty Trust Company of New York ("Morgan")

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is a member bank of the United States Federal Reserve System. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for the Euroclear System on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and include an affiliate of the Underwriter. Indirect access to the Euroclear System is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within the Euroclear System, withdrawal of securities and cash from the Euroclear System, and receipt of payments with respect to securities in the Euroclear System. All securities in the Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

All information herein on Cedel and Euroclear is derived from Cedel or Euroclear, as the case may be, and reflects the policies of such organizations; such policies are subject to change without notice.

#### EXERCISE AND SETTLEMENT OF WARRANTS

The Warrants are immediately exercisable, subject to postponement upon the occurrence of an Extraordinary Event or a Market Disruption Event as described under "Extraordinary Events and Market Disruption Events" herein, and will expire on November 17, 1998 (the "Expiration Date"). Warrants not exercised (including by reason of any such postponed exercise) at or before 1:00 p.m., New York City time, on the earlier of (i) the fourth scheduled Index Calculation Day immediately preceding the Expiration Date and (ii) the Early Expiration Date, will be automatically exercised as described under "Automatic Exercise" below, subject to earlier cancellation as described below under "Extraordinary Events and Market Disruption Events". See "Minimum Exercise Amount" and "Maximum Exercise Amount" below.

A beneficial owner may exercise the Warrants on any New York Business Day during the period from the date of the initial delivery of the Warrants until 1:00 p.m., New York City time, on the earlier of (i) the fourth scheduled Index Calculation Day immediately preceding the Expiration Date and (ii) the Early Expiration Date, by causing (x) such Warrants to be transferred free to the Warrant Agent on the records of DTC and (y) a duly completed and executed Exercise Notice to be delivered by an Agent Member on behalf of the beneficial owner to the Warrant Agent. Forms of Exercise Notice may be obtained from the Warrant Agent at the Warrant Agent's Office. The Warrant Agent's telephone number and facsimile transmission number for this purpose are (201) 262-5444 and (201) 262-7521, respectively.

In the case of Warrants held through the facilities of Cedel or Euroclear, a beneficial owner may exercise such Warrants on any New York Business Day during the period from the date of initial delivery of the Warrants until 1:00 p.m., New York City time, on the earlier of (i) the fourth scheduled Index Calculation Day immediately preceding the Expiration Date and (ii) the Early Expiration Date by causing (x) such Warrants to be transferred to the Warrant Agent, by giving appropriate instructions to the participant holding such Warrants in either the Cedel or Euroclear system, as the case may be, and (y) a duly completed and executed Exercise Notice to be delivered on behalf of the beneficial owner by Cedel, in the case of Warrants held through Cedel, or such participant, in the case of Warrants held through Euroclear, to the Warrant Agent. Forms of Exercise Notice for Warrants held through the facilities of either Cedel or Euroclear may be obtained from the Warrant Agent at the Warrant Agent's Office or from Cedel or Euroclear.

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Except for Warrants subject to automatic exercise or held through the facilities of Cedel or Euroclear, the "Exercise Date" for a Warrant will be (i) the New York Business Day on which the Warrant Agent receives the Warrant and Exercise Notice in proper form with respect to such Warrant, if received at or prior to 1:00 p.m., New York City time, on such day, or (ii) if the Warrant Agent receives such Warrant and Exercise Notice after 1:00 p.m., New York City time, on a New York Business Day, then the first New York Business Day following such New York Business Day.

In the case of Warrants held through the facilities of Cedel or Euroclear, except for Warrants subject to automatic exercise, the "Exercise Date" for a Warrant will be (i) the New York Business Day on which the Warrant Agent receives the Exercise Notice in proper form with respect to such Warrant if such Exercise Notice is received at or prior to 1:00 p.m., New York City time, on such day, provided that the Warrant is received by the Warrant Agent by 1:00

p.m., New York City time, on the Valuation Date, or (ii) if the Warrant Agent receives such Exercise Notice after 1:00 p.m., New York City time, on a New York Business Day, then the first New York Business Day following such New York Business Day, provided that the Warrant is received by 1:00 p.m., New York City time, on the Valuation Date relating to exercises of Warrants on such succeeding New York Business Day. In the event that the Warrant is received after 1:00 p.m., New York City time, on the Valuation Date, then the Exercise Date for such Warrants will be the first New York Business Day following the day on which such Warrants are received. If a beneficial owner of Warrants held through the facilities of Cedel or Euroclear has exercised Warrants by delivering an Exercise Notice in proper form with respect to such Warrants and the Valuation Date is expected not to be a New York Business Day, such beneficial owner should make arrangements so that the Warrants are delivered prior to such Valuation Date in order to ensure that the Exercise Date for such Warrants is not postponed as described above. In the case of Warrants held through the facilities of Cedel or Euroclear, in order to ensure proper exercise on a given New York Business Day, participants in Cedel or Euroclear must submit exercise instructions to Cedel or Euroclear, as the case may be, by 10:00 a.m., Luxembourg time, in the case of Cedel and by 10:00 a.m., Brussels time (by telex), or 11:00 a.m., Brussels time (by EUCLID), in the case of Euroclear. In addition, in the case of book-entry exercises by means of the Euroclear System, (i) participants must also transmit, by facsimile (facsimile number (201) 262-7521), to the Warrant Agent a copy of the Exercise Notice submitted to Euroclear by 1:00 p.m., New York City time, on the desired Exercise Date and (ii) Euroclear must confirm by telex to the Warrant Agent by 9:00 a.m., New York City time, on the Valuation Date, that the Warrants will be received by the Warrant Agent on such date; provided, that if such telex communication is received after 9:00 a.m., New York City time, on the Valuation Date, the Company will be entitled to direct the Warrant Agent to reject the related Exercise Notice or waive the requirement for timely delivery of such telex communication.

To ensure that an Exercise Notice and the related Warrants will be delivered to the Warrant Agent before 1:00 p.m., New York City time, on a given New York Business Day, a beneficial owner may need to give exercise instructions to his broker or other intermediary substantially earlier than 1:00 p.m., New York City time, on such day or even on the prior New York Business Day. Different brokerage firms may have different cut-off times for accepting and implementing exercise instructions from their customers. Therefore, beneficial owners should consult with their brokers and other intermediaries, if applicable, as to applicable cut-off times and other exercise mechanics.

Except in the case of Warrants subject to automatic exercise and for Warrants that upon exercise will entitle the Holder thereof to receive an Alternative Settlement Amount in lieu of the Cash Settlement Amount, if on any Valuation Date the Cash Settlement Amount for any Warrants would be zero, then the attempted exercise of any such Warrants will be void and of no effect. Such Warrants will be transferred back to the Agent Member that submitted them free on the records of DTC and, in any such case, such beneficial owner will be permitted to re-exercise such Warrants as described herein.

The "Valuation Date" for a Warrant will be the applicable Exercise Date, if such Exercise Date is an Index Calculation Day, or the immediately succeeding Index Calculation Day, if such Exercise Date is not an Index Calculation Day, subject to postponement upon the occurrence of an Extraordinary Event or a Market Disruption Event as described below under "Extraordinary Events and Market Disruption Events" or as a result of the exercise

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of a number of Warrants exceeding the limits on exercise described below under "Maximum Exercise Amount". "Index Calculation Day" means any day on which the NYSE is open for trading and the Index or a Successor Index, if any, is calculated and published. The following is an illustration of the timing of an Exercise Date and the Valuation Date, assuming (i) that all relevant dates are New York Business Days and Index Calculation Days, (ii) the absence of any intervening Extraordinary Event or Market Disruption Event and (iii) the number of exercised Warrants does not exceed the maximum permissible amount. If the Warrant Agent receives a beneficial owner's Warrants and Exercise Notice in proper form at or prior to 1:00 p.m., New York City time, on Thursday, December 7, 1995, the Exercise Date for such Warrants will be Thursday, December 7th and the Valuation Date for such Warrants will be Thursday, December 7th (except that in the case of Warrants held through the facilities of Cedel or Euroclear, the Warrants must be received by 1:00 p.m., New York City time, on the Valuation Date; if such Warrants are received after such time, then the Exercise Date for such Warrants will be the day on which such Warrants are received or, if such day is not a New York Business Day, the next succeeding New York Business Day, and the Valuation Date for such Warrants will be the Exercise Date, if it is an Index Calculation Day, or the first Index Calculation Day following such Exercise Date, if such Exercise Date is not an Index Calculation Day).

Following receipt of Warrants and the related Exercise Notice in proper form, the Warrant Agent will, not later than 10:00 a.m., New York City time, on the New York Business Day following the applicable Valuation Date (i) obtain the Index Spot Price from the Calculation Agent, (ii) determine the Cash Settlement Value of such Warrants and (iii) advise the Company of the aggregate Cash Settlement Value of the exercised Warrants. The Company will be required to make available to the Warrant Agent, no later than 3:00 p.m., New York City time, on the fourth New York Business Day following the Valuation Date, funds in an amount sufficient to pay such aggregate Cash Settlement Value. If the Company has made such funds available by such time, the Warrant Agent will thereafter be responsible for making funds available to each appropriate Agent Member (including Citibank, N.A. and Morgan as custodians for Cedel and Euroclear,

respectively, who, in turn, will disburse payments to Cedel and Euroclear, as the case may be, who will be responsible for disbursing such payments to each of their respective participants, who, in turn, will be responsible for disbursing payments to the beneficial owner it represents), and such participant will be responsible for disbursing such payments to the beneficial owner it represents and to each brokerage firm for which it acts as agent. Each such brokerage firm will be responsible for disbursing funds to the beneficial owners it represents.

The "Index Spot Price" for any Valuation Date on or prior to the fourth Index Calculation Day preceding the Expiration Date will equal the closing value of the Index, or, if applicable, the Successor Index, in New York on such date and for any Valuation Date after the fourth Index Calculation Day preceding the Expiration Date will equal the opening value of the Index, or, if applicable, the Successor Index, in New York on such date as calculated by the Calculation Agent using opening prices for the underlying stocks that constitute the Index or Successor Index, as applicable. Since the opening value of the Index as reported by FRC or a Successor Index published by its distributor will not reflect the opening prices for the underlying stocks that constitute the Index or Successor Index, the Calculation Agent will calculate an opening value for the Index or Successor Index using the same method then used to calculate the Index or Successor Index and such opening prices.

"Calculation Agent" means MLPF&S or, in lieu thereof, another firm selected by the Company to perform the functions of the Calculation Agent in connection with the Warrants. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith and using its reasonable judgment. However, MLPF&S, in its capacity as Calculation Agent, will have no obligation to take the interests of the Company or the beneficial owners into consideration in the event it determines, composes or calculates the Cash Settlement Value or Alternative Settlement Amount. The Calculation Agent and its affiliates may from time to time engage in transactions involving the Underlying Stocks for their proprietary accounts and for other accounts under their management, which may influence the value of such Underlying Stocks. The Calculation Agent and its affiliates will also be the writers of the hedge of the Company's obligations under the Warrants and will be obligated to pay to the Company upon exercise of the Warrants an amount equal to the value of the Warrants. Accordingly, under certain circumstances, conflicts of interest may arise between the Calculation Agent's responsibilities as Calculation Agent with respect to the Warrants and its obligations under its hedge and its status as a subsidiary of the Company. In addition, because

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the Calculation Agent is an affiliate of the Company, certain conflicts of interest may arise in connection with the Calculation Agent performing its role as Calculation Agent. The Calculation Agent, as a registered broker-dealer, is required to maintain policies and procedures regarding the handling and use of confidential proprietary information, and such policies and procedures will be in effect throughout the term of the Warrants to restrict the use of information relating to any calculation of the Cash Settlement Value prior to its dissemination.

#### AUTOMATIC EXERCISE

All Warrants for which the Warrant Agent has not received a valid Exercise Notice at or prior to 1:00 p.m., New York City time, or for which the Warrant Agent has received a valid Exercise Notice but with respect to which timely delivery of the relevant Warrant has not been made, together with any Warrants the Valuation Date for which has at such time been postponed as described under "Extraordinary Events and Market Disruption Events" below, on (i) the fourth scheduled Index Calculation Day immediately preceding the Expiration Date, or (ii) the close of business on the New York Business Day on which the Warrants are delisted from, or permanently suspended from trading on, the AMEX and the Warrants are not simultaneously accepted for trading pursuant to the rules of another Self-Regulatory Organization (the "Early Expiration Date") will be deemed automatically exercised on the first scheduled Index Calculation Day immediately preceding such Expiration Date or Early Expiration Date, as the case may be (such first scheduled Index Calculation Day will be deemed the Exercise Date), and the Cash Settlement Value, if any (determined as provided under "Exercise and Settlement of Warrants"), of such automatically exercised Warrants will be paid and settlement shall otherwise occur as described under "Book-Entry Procedures and Settlement" and "Exercise and Settlement of Warrants". The Company will notify Holders as soon as practicable of such delisting or trading suspension. The Company agreed in the Warrant Agreement that it will not seek delisting of the Warrants or suspension of their trading on the AMEX.

In the event the Warrants are canceled by the Company because of the continuance of an Extraordinary Event as described under "Extraordinary Events and Market Disruption Events" below, Warrants not previously exercised shall be automatically exercised on the basis that the Valuation Date for such Warrants shall be the Cancellation Date, and the Alternative Settlement Amount of such automatically exercised Warrants will be paid on the fourth New York Business Day following such Valuation Date. Settlement shall otherwise occur as described under "Book-Entry Procedures and Settlement" and "Exercise and Settlement of Warrants".

#### MINIMUM EXERCISE AMOUNT

No fewer than 100 Warrants may be exercised by or on behalf of a beneficial owner at any one time, except in the case of automatic exercise or exercise upon

cancellation of the Warrants as described under "Extraordinary Events and Market Disruption Events" below. Accordingly, except in the case of automatic exercise of the Warrants or upon cancellation of the Warrants, beneficial owners with fewer than 100 Warrants, as the case may be, will need either to sell their Warrants or to purchase additional Warrants, thereby incurring transaction costs, in order to realize proceeds from their investment. Warrants held through one Agent Member (including participants in Cedel or Euroclear) may not be combined with Warrants held through another Agent Member in order to satisfy the minimum exercise requirement.

#### MAXIMUM EXERCISE AMOUNT

All exercises of Warrants (other than on automatic exercise) are subject, at the Company's option, to the limitation that not more than 20% of the Warrants originally issued (provided, however, that no more than 10% of the Warrants originally issued shall be exercised for the account of any beneficial owner) may be exercised on any Exercise Date and not more than 10% of the Warrants originally issued may be exercised by or on behalf of any

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beneficial owner, either individually or in concert with any other beneficial owner, on any Exercise Date. If any New York Business Day would otherwise, under the terms of the Warrant Agreement, be the Exercise Date in respect to more than 20% of the Warrants originally issued, then at the Company's election, 20% of the Warrants originally issued (provided, however, that no more than 10% of the Warrants originally issued shall be exercised for the account of any beneficial owner) shall be deemed exercised on such Exercise Date (selected by the Warrant Agent on a pro rata basis, but if, as a result of such pro rata selection, any beneficial owner of Warrants would be deemed to have exercised fewer than 100 Warrants, then the Warrant Agent shall first select an additional amount of such beneficial owner's Warrants so that no beneficial owner shall be deemed to have exercised fewer than 100 Warrants), and the remainder of such warrants (the "Remaining Warrants") shall be deemed exercised on the following New York Business Day (subject to successive applications of this provision); provided that any Remaining Warrants for which an Exercise Notice was delivered on a given Exercise Date shall be deemed exercised before any other Warrants for which an Exercise Notice was delivered on a later Exercise Date. If any beneficial owner attempts to exercise more than 10% of the Warrants originally issued on any New York Business Day, then, at the Company's election, 10% of such Warrants shall be deemed exercised on such New York Business Day and the remainder shall be deemed exercised on the following New York Business Day (subject to successive applications of this provision). As a result of any postponed exercise as described above, such beneficial owners will receive a Cash Settlement Value determined as of a date later than the otherwise applicable Valuation Date. In any such case, as a result of any such postponement, the Cash Settlement Value actually received by such beneficial owners may be lower than the otherwise applicable Cash Settlement Value if the Valuation Date of the Warrants had not been postponed.

#### SUCCESSOR INDEX

If FRC discontinues publication of the Index and FRC or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the Index (any such index being referred to herein as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Warrant Agent and the Company, the Calculation Agent will substitute the Successor Index as calculated by FRC or such other entity for the Index and calculate the Cash Settlement Value upon an exercise as described above. Upon any selection by the Calculation Agent of a Successor Index, the Company shall promptly give notice to the beneficial owners by publication in a United States newspaper with a national circulation (currently expected to be The Wall Street Journal), within three New York Business Days of such selection.

If FRC discontinues publication of the Index and a Successor Index is not selected by the Calculation Agent or is no longer published on any Valuation Date, the value to be substituted for the Index for any Valuation Date used to calculate the Cash Settlement Value upon exercise will be a value computed by the Calculation Agent on each Valuation Date in accordance with the procedures last used to calculate the Index prior to such discontinuance.

If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the Index, such Successor Index or value shall be substituted for the Index for all purposes, including for purposes of determining whether a Market Disruption Event or Extraordinary Event exists. If the Calculation Agent calculates a value as a substitute for the Index, "Index Calculation Day" shall mean any day on which the Calculation Agent is able to calculate such value.

If at any time the method of calculating the Index or any Successor Index, as the case may be, or the value thereof, is changed in a 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 Valuation Date, 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 or any Successor Index, as the

case may be, as if such changes or modifications had not been made, and calculate such

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Closing Index Value with reference to the Index or any Successor Index, as the case may be, as adjusted. Accordingly, if the method of calculating the Index or any Successor Index, as the case may be, is modified so that the value of such Index or such Successor 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), the Calculation Agent shall adjust the Index in order to arrive at a value of the Index or such Successor Index as if it had not been modified (e.g., as if such split had not occurred).

#### EXTRAORDINARY EVENTS AND MARKET DISRUPTION EVENTS

Extraordinary Events. The Warrant Agreement provides that if the Calculation Agent determines that an Extraordinary Event has occurred and is continuing on the Index Business Day with respect to which the Index Spot Price on a Valuation Date is to be determined (the "Applicable Index Business Day"), then the Cash Settlement Value in respect of an exercise shall be calculated on the basis that the Valuation Date shall be the next Index Calculation Day following an Applicable Index Business Day on which there is no Extraordinary Event or Market Disruption Event; provided that if a Valuation Date has not occurred on or prior to the Expiration Date or the Early Expiration Date, the Holders will receive the Alternative Settlement Amount in lieu of the Cash Settlement Value which shall be calculated as if the Warrants had been cancelled on the Expiration Date or the Early Expiration Date, as the case may be. The Company shall promptly give notice to the beneficial owners by publication in a United States newspaper with a national circulation (currently expected to be The Wall Street Journal), if an Extraordinary Event shall have occurred.

"Extraordinary Event" means any of the following events:

(i) a suspension or absence of trading on the NYSE, AMEX or the over-the-counter market of all the Underlying Stocks which then comprise the Index or a Successor Index;

(ii) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or any other U.S. or non-U.S. governmental authority that would make it unlawful for the Company to perform any of its obligations under the Warrant Agreement or the Warrants; or

(iii) any outbreak or escalation of hostilities or other national or international calamity or crises (including, without limitation, natural calamities that in the reasonable opinion of the Calculation Agent may materially and adversely affect the economy of the United States or the trading of securities generally on the NYSE, AMEX or the over-the-counter market) that has or will have a material adverse effect on the ability of the Company to perform its obligations under the Warrants or to modify the hedge of its position with respect to the Index or the Underlying Stocks.

For the purposes of determining whether an Extraordinary Event has occurred:

(1) a limitation on the hours or number of days of trading on an exchange will not constitute an Extraordinary Event if it results from an announced change in the regular business hours of such exchange and (2) an "absence of trading" on an exchange will not include any time when such exchange itself is closed for trading under ordinary circumstances.

If the Calculation Agent determines that an Extraordinary Event has occurred and is continuing, and if the Extraordinary Event is expected by the Calculation Agent to continue, the Company may immediately cancel all outstanding Warrants by notifying the Warrant Agent of such cancellation (the date such notice is given being the "Cancellation Date"), and each beneficial owner's rights under the Warrants and the Warrant Agreement shall thereupon cease; provided that each Warrant shall be automatically exercised on the basis that the Valuation Date for such Warrant shall be the Cancellation Date, if the Cancellation Date is an Index Calculation Day, or the immediately succeeding Index Calculation Day, if the Cancellation Date is not an Index Calculation Day, and the beneficial owner of each such Warrant will receive, in lieu of the Cash Settlement Value of such Warrant, an amount (the "Alternative Settlement Amount"), determined by the Calculation Agent, which is the greater of (i) the average

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of the last sale prices, as available, of the Warrants on the AMEX (or any successor securities exchange on which the Warrants are listed) on the 30 trading days preceding the date on which such Extraordinary Event was declared; provided that, if the Warrants were not traded on the AMEX (or such successor securities exchange) on at least 20 of such trading days, no effect will be given to this clause (i) for the purpose of determining the Alternative Settlement Amount, and (ii) the amount "X" calculated using the formula set forth below:

$$X = I + \frac{T \times A}{2B}$$

where

I = The Cash Settlement Value of the Warrants determined as described under

"Cash Settlement Value" above, but subject to the following modifications:

(1) if the Cancellation Date for such Warrants is a date on which the Index or a Successor Index is calculated and published, for the purpose of determining such Cash Settlement Value, the Index Spot Price will be determined as of such Cancellation Date except that, if the Index Spot Price as of such day is less than 90% of the Index Spot Price as of the immediately preceding Index Calculation Day, then the Index Spot Price will be deemed to be 90% of the Index Spot Price on such preceding Index Calculation Day; or

(2) if the Cancellation Date for such Warrants is a date on which the Index or a Successor Index is not calculated or published, for the purpose of determining such Cash Settlement Value, the Index Spot Price will be deemed to be the lesser of (i) the Index Spot Price as of the first Index Calculation Day immediately preceding the Cancellation Date except that, if the Index Spot Price as of such day is less than 90% of the Index Spot Price as of the second Index Calculation Day immediately preceding such Cancellation Date, 90% of the Index Spot Price as of such second Index Calculation Day and (ii) the arithmetic average of four amounts, being (a) the Index Spot Price at each of the three successive Index Calculation Days immediately preceding the Cancellation Date and (b) the Index Spot Price at the next Index Calculation Day, provided that if an Extraordinary Event continues for 30 consecutive days immediately following such Cancellation Date, then the Calculation Agent shall calculate an amount which, in its reasonable opinion, fairly reflects the value of the Underlying Stocks on the Index Calculation Day immediately following such Cancellation Date which, subject to approval by the Company (such approval not to be unreasonably withheld), shall for purposes of calculating the amount under this clause (2)(ii) be treated as the figure arrived at under clause (2)(ii)(b) above;

T = U.S.\$3.15, the initial offering price per Warrant;

A = the total number of days from but excluding the Cancellation Date for such Warrants to and including the Expiration Date; and

B = the total number of days from but excluding the date the Warrants were initially sold to and including the Expiration Date.

For the purposes of determining "I" in the above formula, in the event that the Calculation Agent and the Company are required to have, but have not, after good faith consultation with each other and within five days following the first day upon which such Alternative Settlement Amount may be calculated in accordance with the above formula, agreed upon a figure under clause (2)(ii)(b) which fairly reflects the value of the Underlying Stocks on the Cancellation Date, then the Calculation Agent shall promptly nominate a third party, subject to approval by the Company (such approval not to be unreasonably withheld), to determine such figure and calculate the Alternative Settlement Amount in accordance with the above formula. Such party shall act as an independent expert and not as an agent of the Company or the Calculation Agent, and its calculation and determination of the Alternative Settlement Amount shall, absent manifest error, be final and binding on the Company, the Warrant Agent, the Calculation Agent and the Holders. Any such calculations will be made available to Holders for inspection at the

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Warrant Agent's Office. Neither the Company nor such third party shall have any responsibility for good faith errors or omissions in calculating the Alternative Settlement Amount. Under certain circumstances, the duties of MLPF&S as Calculation Agent in determining the existence of Extraordinary Events could conflict with the interests of MLPF&S as an affiliate of the issuer of the Warrants, Merrill Lynch & Co., Inc.

Market Disruption Events. If the Calculation Agent determines that on a Valuation Date a Market Disruption Event has occurred and is continuing, the Valuation Date shall be postponed to the first succeeding Index Calculation Day on which no Market Disruption Event occurs; provided that, if the Valuation Date has not occurred on or prior to the fifth Index Business Day following an Exercise Date because of Market Disruption Events, the Calculation Agent shall, on such fifth Index Business Day, calculate an amount which, in its reasonable opinion, fairly reflects the value of the Underlying Stocks on such day in order to determine the Cash Settlement Value.

"Market Disruption Event" means with respect to any Valuation Date the occurrence or existence during the one-half hour period that ends at the determination of the Closing Index Value for such Index Business Day of:

(i) a suspension, material limitation or absence of trading on the NYSE, AMEX or the over-the-counter market of 20% or more of the Underlying Stocks which then comprise the Index or a Successor Index during the one-half hour period preceding the close of trading on the applicable exchange; or

(ii) the suspension or material limitation on the Chicago Board Options Exchange (the "CBOE"), Chicago Mercantile Exchange (the "CME") or any other major futures or securities market of trading in futures or options contracts related to the Index or a Successor Index during the one-half hour period preceding the close of trading on the applicable exchange.

For the purposes of determining whether a Market Disruption Event has occurred: (i) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, (ii) a decision to permanently discontinue trading in the relevant futures or options contract will

not constitute a Market Disruption Event, (iii) a suspension in trading in a futures or options contract on the Index by a major securities market by reason of (a) a price change violating limits set by such securities market, (b) an imbalance of orders relating to such contracts or (c) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or material limitation of trading in futures or options contracts related to the Index, (iv) an absence of trading on an exchange will not include any time when such exchange is closed for trading under ordinary circumstances, and (v) the occurrence of an Extraordinary Event described in Clause (i) of Extraordinary Event will not constitute, and will supersede the occurrence of, a Market Disruption Event. 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 Warrants, Merrill Lynch & Co., Inc.

#### LISTING OF THE WARRANTS

The Warrants are listed on the AMEX. The AMEX will expect to cease trading the Warrants on such Exchange as of the close of business on the Expiration Date.

#### MODIFICATION

The Warrant Agreement and the terms of the Warrants may be amended by the Company and the Warrant Agent without the consent of the beneficial owners of any Warrants for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in any other manner which the Company may deem necessary or desirable and which will not materially and adversely affect the interests of the beneficial owners of the Warrants.

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The Company and the Warrant Agent also may modify or amend the Warrant Agreement and the terms of the Warrants, with the consent of the beneficial owners of not less than a majority in number of the then outstanding Warrants affected, provided that no such modification or amendment that changes the Index Strike Price so as to adversely affect the beneficial owner, shortens the period of time during which the Warrants may be exercised or otherwise materially and adversely affects the exercise rights of the beneficial owners of the Warrants or reduces the percentage of the number of outstanding Warrants, the consent of whose beneficial owners is required for modification or amendment of such Warrant Agreement or the terms of such Warrants may be made without the consent of the beneficial owners of Warrants affected thereby.

#### 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 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 payment of the Cash Settlement Value or Alternative Settlement Amount with respect to all unexercised Warrants, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Warrant Agreement and of the Warrants to be performed by the Company.

#### THE INDEX

Unless otherwise stated, all information herein on the Index is derived from FRC or other publicly available sources. Such information reflects the policies of FRC as stated in such sources and such policies are subject to change by FRC. FRC is under no obligation to continue to publish the Index and may discontinue publication of the Index at any time.

The Index is an index calculated, published and disseminated by FRC, and measures the composite price performance of stocks of 2000 companies domiciled in the U.S. and its territories. All 2000 stocks are traded on either the NYSE, AMEX or the over-the-counter market and form a part of the Russell 3000 Index. The Russell 3000 Index is composed of the 3,000 largest U.S. companies as determined by market capitalization and represents approximately 98% of the investable U.S. equity market. As of May 31, 1995, the average market capitalization of companies included in the Russell 3000 Index was \$1.74 billion.

The Index consists of the smallest 2,000 companies included in the Russell 3000 Index and represents approximately 11% of the total market capitalization of the Russell 3000 Index. The Index is designed to track the performance of the small capitalization segment of the U.S. equity market. As of May 31, 1995, the average market capitalization of companies included in the Index was \$288 million.

Only common stocks belonging to corporations domiciled in the U.S. and its territories are eligible for inclusion in the Russell 3000 Index, and subsequently the Index. Stocks traded on the different exchanges in the U.S. but domiciled in other countries are excluded. Preferred stock, convertible preferred stock, participating preferred stock, paired shares, warrants and rights are also excluded. Trust receipts, Royalty Trusts, limited liability companies, OTC Bulletin Board companies, pink sheets, closed-end mutual funds,

and limited partnerships that are traded on any of the exchanges, are also ineligible for inclusion. Real Estate Investment Trusts and Beneficial Trusts are eligible for inclusion, however. Generally, only one class of securities of a company is allowed in the Russell 3000 Index, although exceptions to this general rule have been made where FRC has determined that each class of securities acts independent of the other.

The primary criteria used to determine the initial list of securities eligible for the Russell 3000 Index is total market capitalization which is defined as the price of the shares times the total number of shares outstanding. Based

on closing values on May 31st of each year, FRC reconstitutes the composition of the Russell 3000 Index based on the then existing market capitalization of the companies eligible for inclusion. As of June 30th of each year, the Index is adjusted to reflect the reconstitution for that year. Publication of the Index began on January 1, 1987.

As a capitalization-weighted index, Russell 2000 reflects changes in the capitalization (market value) of the component stocks relative to the capitalization on a base date. The current Index value is calculated by adding the market values of the Index's component stocks, which are derived by multiplying the price of each stock by the number of shares outstanding, to arrive at the total market capitalization of the 2000 stocks. The total market capitalization is then divided by a divisor, which represents the "adjusted" capitalization of the Index on the base date of December 31, 1986. To calculate the Index, last sale prices will be used for exchange-traded and NASDAQ stocks. If a component stock is not open for trading, the most recently traded price for that security will be used in calculating the Index. In order to provide continuity for the Index's value, the divisor is adjusted periodically to reflect such events as changes in the number of common shares outstanding for component stocks, company additions or deletions, corporate restructurings and other capitalization changes.

All disclosure contained in this Prospectus regarding the Index, or its publisher, is derived from publicly available information. All copyrights and other intellectual property rights relating to the Index are owned by FRC. FRC has no relationship with the Company or the Warrants; it does not sponsor, endorse, authorize, sell or promote the Warrants, and has no obligation or liability in connection with the administration, marketing or trading of the Warrants.

Below is a breakdown of the component stocks of the Index by industry group as of September 30, 1995:

<TABLE>  
<CAPTION>

INDUSTRY	NUMBER OF COMPANIES	PERCENTAGE OF INDEX MARKET CAPITALIZATION
Technology.....	240	13.0%
Health Care.....	205	10.6%
Consumer Discretionary and Services..	378	16.4%
Consumer Staples.....	60	3.0%
Integrated Oils.....	10	0.5%
Other Energy.....	70	3.5%
Materials and Processing.....	214	10.1%
Producer Durables.....	150	7.9%
Auto and Transportation.....	89	4.1%
Financial Services, including REITS..	433	23.5%
Utilities.....	101	5.9%
Other.....	25	1.5%
	1,975	100.0%

</TABLE>

Source: FRC.

Note: The Index included fewer than 2000 stocks (1,975) as of September 30, 1995 due to company attrition (e.g., mergers, bankruptcies, etc.).

As of September 30, 1995, the ten largest holdings in the Index represented 2.1% of the aggregate market capitalization of the Index. Thirty-three of the 1,975 stocks in the Index were also components of the S&P 500 Index. These 33 stocks represented 3.1% of the Index market capitalization. The dividend yield on the Index was 1.48%.

A potential investor should review the historical performance of the Index. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the Index

will increase sufficiently to cause the Warrants to have a Cash Settlement Value in excess of zero on the relevant Valuation Date.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997



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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

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MERRILL LYNCH & CO., INC.  
CURRENCY PROTECTED NOTES ("CPNS") DUE DECEMBER 31, 1998

On July 7, 1993, Merrill Lynch & Co., Inc. (the "Company") issued \$25,000,000 of Currency Protected Notes ("CPNs") due December 31, 1998 (the "Notes") in denominations of \$1,000 and integral multiples thereof. As of the date of this Prospectus, \$15,000,000 aggregate principal amount of the Notes remain outstanding. The Notes will mature and be repayable at 100% of the principal amount thereof on December 31, 1998 (the "Maturity Date"). Interest payments will be payable with respect to the Notes semiannually on June 30 and December 31 of each year, as described below ("June Payment Dates" and "December Payment Dates", respectively and together the "Payment Dates"). The Notes are not subject to redemption by the Holders or the Company prior to the Maturity Date.

The Company will make interest payments on the Notes on each June and December Payment Date for the period from and including the last Payment Date for which interest was paid, to but excluding such Payment Date (each, an "Interest Period") at a per annum rate equal to the sum of (i) the Minimum Payment Rate (3%), and (ii) the Supplemental Payment Rate. The "Supplemental Payment Rate" for an Interest Period will equal 4.5 multiplied by the difference between 6.15% minus the Index Rate (as defined below) as of the applicable Determination Date (generally the seventh scheduled NYSE Business Day (as defined below) prior to the applicable Payment Date). In no event, however, will the payments on the Notes for any period be at a rate less than the Minimum Payment Rate. The "Index Rate" will be the average bankers' acceptance rate in Canadian Dollars for a term of six months, as more fully described herein (the "Canadian BA Rate").

For information as to the calculation of the amount payable in any calendar year, see "Description of Notes" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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

The Notes have been listed on the New York Stock Exchange under the symbol "MERCN 98".

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THESE NOTES 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 Notes 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 Notes. MLPF&S may act as principal or agent in such transactions. The Notes may be offered on the New York Stock Exchange, 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 Notes 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.

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MERRILL LYNCH & CO.  
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THE DATE OF THIS PROSPECTUS IS JULY \_\_, 1998.

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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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#### RISK FACTORS

##### SEMIANNUAL PAYMENTS

If the Index Rate applicable to a Payment Date equals or exceeds 6.15%, beneficial owners of the Notes will receive only the Minimum Payment Rate payable with respect to the Notes on such Payment Date, even if the Index Rate at some point since the preceding Determination Date or issue date, as the case may be, was less than 6.15%. The interest rate for any Interest Period generally will be determined seven NYSE Business Days prior to the end of such Interest Period.

Beneficial owners of the Notes will receive total annual payments on the Notes at a rate equal to at least the Minimum Payment Rate, and will be repaid 100% of the principal amount of the Notes at the Maturity Date. The amount payable on any Payment Date is subject to the conditions described under "Description of Notes--Semiannual Payments". A beneficial owner of the Notes may receive payments with respect to the Notes equal to only the Minimum Payment Rate for each Interest Period at the times specified herein, and such payments are 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 Notes. The return of principal at the Maturity Date and the payment of the Minimum Payment Rate with respect to the Notes are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The amount payable on the Notes based on the Index Rate will not produce the same return as any investment in Canadian bankers' acceptances with maturities of six months because, among other reasons, interest and principal payable on the Notes will be in U.S. Dollars while interest and principal payable on such bankers' acceptances are payable in Canadian Dollars and the U.S. Dollar value of such Canadian Dollar payments may increase or decrease depending on the U.S.

Dollar/Canadian Dollar exchange rate. Since the principal and interest payments on the Notes will be made in U.S. Dollars, such payments will not be subject to changes in Canadian Dollar/U.S. Dollar exchange rates. Such exchange rate changes may have a direct effect on the market demand for, and thus the price of, such bankers' acceptances.

The formula used to determine the interest payable with respect to any Payment Date contains a multiple which increases the effect of any change in the applicable Index Rate.

#### TRADING

The Notes have been listed on the New York Stock Exchange under the symbol "MERCN 98". It is expected that the secondary market for the Notes will be affected by the creditworthiness of the Company and by a number of other factors. It is possible to view the Notes as the economic equivalent of a debt obligation plus a series of cash settlement options; however, there can be no assurance that the Notes will not trade in the secondary market at a discount from the aggregate value of such economic components, if such economic components were valued and capable of being traded separately.

The trading values of the Notes may be affected by a number of interrelated factors, including those listed below. The following is the expected effect on the trading value of the Notes of each of the factors listed below. The following discussion of each separate factor generally assumes that all other factors are held constant, although the actual interrelationship between certain of such factors is complex.

Value of the Index Rate. The trading value of the Notes is expected to depend significantly on the extent to which, if at all, the Index Rate is less than 6.15%. If, however, Notes are sold at a time when the Index Rate is less than 6.15%, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such price were to prevail until the next applicable Determination Date. Furthermore, the price at which a beneficial owner will be able to sell Notes prior to a Payment Date may be at a discount, which could

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be substantial, from the principal amount thereof, if, at such time, the price of the Index Rate is above, equal to or not sufficiently below 6.15%.

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

Interest Rates. In general, if U.S. interest rates increase, the value of the Notes is expected to decrease. If U.S. interest rates decrease, the value of the Notes is generally expected to increase. In addition, Canadian interest rates will affect the Index Rate. In general, if Canadian interest rates increase, the Index Rate is expected to increase, and therefore the value of the Notes is expected to decrease. If Canadian interest rates decrease, the Index Rate is expected to decrease, and therefore the value of the Notes is expected to increase.

Time Remaining to Payment Dates. The Notes may trade at a value above that which may be inferred from the level of interest rates and the Index Rate. This difference will reflect a "time premium" due to expectations concerning the value of the Index Rate during the period prior to each Payment Date. As the time remaining to each Payment Date decreases, however, this time premium may decrease, thus decreasing the trading value of the Notes.

Time Remaining to Maturity Date. As the number of remaining Payment Dates decreases, the value of the remaining rights to receive payments based on the value of the Index Rate will decrease, thus decreasing the value of the Notes. Furthermore, as the time to the Maturity Date decreases, the value of the fixed payments (i.e., the Minimum Annual Payments and the payment of the principal amount at the maturity of the Notes) is expected to increase, thus increasing the value of the Notes.

#### OTHER CONSIDERATIONS

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

Investors should also consider the tax consequences of investing in the Notes and should consult their tax advisors.

#### DESCRIPTION OF NOTES

##### GENERAL

The Notes were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, which is more fully described below. The Notes will mature, and the principal of the Notes will be repayable at par, on December 31, 1998.

The Notes are not subject to redemption prior to the Maturity Date by the Company or at the option of any Holder. Upon the occurrence of an Event of

Default with respect to the Notes, however, Holders of the Notes or the Senior Debt Trustee may accelerate the maturity of the Notes, as described under "Description of Notes--Events of Default and Acceleration" and "Other Terms--Events of Default" in this Prospectus.

The Notes were issued in denominations of \$1,000 and integral multiples thereof.

SEMIANNUAL PAYMENTS

The Company will make semiannual payments on the Notes each June 30 and December 31 ("June Payment Dates" and "December Payment Dates", respectively, and together the "Payment Dates"), as described below, to the persons in whose names the Notes are registered on the next preceding June 29 or December 30, except as provided below. Notwithstanding the foregoing, if it is known three Business Days prior to December 31 that December 31 will not be a Business Day, the amount payable by the Company with respect to such December Payment Date will be made on the Business Day immediately preceding such December 31 to the persons in whose names the Notes are registered on the second Business Day immediately preceding such December 31 and the amount so paid will equal an amount as if interest had accrued through December 31.

The Company will pay interest on the Notes on each June and December Payment Date for the period since the last Payment Date for which interest was paid, to but excluding such Payment Date (each, an "Interest Period") at a rate per annum equal to the sum of (i) the Minimum Payment Rate (3% per annum), and (ii) the Supplemental Payment Rate. The "Supplemental Payment Rate" for an Interest Period will equal 4.5 multiplied by the difference between 6.15% minus the Index Rate as of the Determination Date in such Interest Period. In no event, however, will the payments on the Notes for any period be at a rate less than the Minimum Payment Rate. The "Index Rate" will equal the Canadian BA Rate (as defined below). Interest payable with respect to any Payment Date will be computed on the basis of a year consisting of 360 days of twelve 30-day months.

State Street Bank and Trust Company is the calculation agent (the "Calculation Agent") with respect to the Notes. 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 the Holders of the Notes. All percentages resulting from any calculation on the Notes will be rounded to the nearest one-hundredth of a percentage point, with five one-thousandth of a percentage point rounded upwards (e.g., 9.875% (or .09875) would be rounded to 9.88% (or .0988)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent with one-half cent being rounded upwards.

If the Index Rate applicable to a Payment Date is equal to or exceeds 6.15%, beneficial owners of the Notes will receive only the Minimum Payment Rate for the Interest Period preceding such Payment Date, even if the Index Rate at some point since the preceding Determination Date or the original issue date, as the case may be, was less than 6.15%.

The following table shows the annual payment rate payable on the Notes for any Interest Period assuming various Index Rates on a Determination Date.

HYPOTHETICAL ANNUAL PAYMENT RATE

HYPOTHETICAL INDEX RATE ON THE DETERMINATION DATE	ANNUAL PAYMENT RATE
6.15% or greater.....	3.00%/(1)/
6.00%.....	3.68%
5.75%.....	4.80%
5.50%.....	5.93%
5.25%.....	7.05%
5.00%.....	8.18%
4.75%.....	9.30%
4.50%.....	10.43%
4.25%.....	11.55%
4.00%.....	12.68%
3.75%.....	13.80%
3.50%.....	14.93%

(1) Minimum Payment Rate of 3% per annum.

A potential investor should review the historical performance of the Index Rate. The historical performance of the Index Rate should not be taken as an indication of future performance, and no assurance can be given that the Index Rate will increase sufficiently to cause the beneficial owners of the Notes to receive an amount in excess of the principal amount and the Minimum Payment Rate at the maturity of the Notes or the Minimum Payment Rate in prior years.

CANADIAN DOLLAR BANKERS' ACCEPTANCE RATE

The "Canadian BA Rate" shall be determined for each Determination Date as follows:

(i) On the relevant Determination Date, the Canadian BA Rate will be determined on the basis of the average bankers' acceptance rate in Canadian Dollars for a term of six months, commencing on the related Determination Date, which appears on the Reuters Screen Page CDOR (as defined below), as of 10:00 A.M. New York City time on such Determination Date or as soon thereafter as rates first appear (but in no event later than 12:00 P.M. New York City time), as determined by the Calculation Agent. If no rate appears by 12:00 P.M. New York City time on a Determination Date with respect to the Canadian bankers' acceptance rates, then the Canadian BA Rate will be determined as specified in clause (ii) below. "Reuters Screen Page CDOR" means the displays designated as Page CDOR on the Reuters Monitor Money Rates Service (or such other page as may replace Page CDOR on that service for the purpose of displaying the Canadian Dollar bankers' acceptance rates of major banks).

(ii) With respect to a Determination Date on which no rate appears on Reuters Screen Page CDOR as specified in clause (i) above, the Calculation Agent will request each of four major banks in the Toronto interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its quotation for deposits in Canadian Dollars for a period of six months commencing on the related Determination Date to major banks in the Toronto interbank market at approximately 10:00 A.M. New York City time on such Determination Date and in a principal amount that is representative for a single transaction in such market at such time. If at least two such quotations are provided, the Canadian BA Rate determined on such Determination Date will be the arithmetic mean of such quotations. If fewer than two banks so selected by the Calculation Agent are quoting as mentioned in this sentence, the Canadian BA Rate will equal the average quotation for deposits in Canadian Dollars for a period of six months commencing on the related Determination Date of major banks in the Toronto

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interbank market in a principal amount that is representative for a single transaction in such market at such time as determined by the Calculation Agent.

The "Determination Date" means the seventh scheduled NYSE Business Day prior to the applicable Payment Date as determined by the Calculation Agent; provided, however, if such day is not a Canadian Business Day, the Determination Date will be the next succeeding scheduled Canadian Business Day. "NYSE Business Day" means a day on which the New York Stock Exchange is open for trading. "Canadian Business Day", as used in this Prospectus with respect to the Notes, means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Toronto, Canada. The Calculation Agent will determine which days are scheduled NYSE Business Days and Canadian Business Days.

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Notes shall have occurred and be continuing, the amount payable to a Holder of a Note upon any acceleration permitted by the Notes, will equal: (i) the principal amount thereof, plus (ii) an additional amount calculated as though the date of early repayment were a Payment Date. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the Holder of a Note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Note plus an additional amount, if any, of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Notes.

#### SECURITIES DEPOSITORY

The Notes were issued in book-entry form and are represented by one fully registered global security (the "Global Security"). The Global Security was deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), registered in the name of the Securities Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for Notes in definitive form, the Global Security may not 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, 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 Notes 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 Note ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Securities Depository 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

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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 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 Securities.

So long as the Securities Depository, or its nominee, is the registered owner of the Global Security, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Security for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners in the Global Security will not be entitled to have the Notes represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive registered form and will not be considered the owners or Holders thereof under the Senior Indenture. Accordingly, each Person owning a beneficial interest in the Global Security 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 Senior 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 Senior 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 the principal of, and amounts payable on any June Payment Date or December Payment Date with respect to, Notes 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 Security representing such Notes. 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 of principal or amounts payable on any June Payment Date or December Payment Date in respect of the 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 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 Security shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, the Global Security will be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes 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 Security.

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#### THE CANADIAN BANKERS' ACCEPTANCE RATE

Bankers' acceptances in Canada are a popular method of raising short-term funding in Canada. Bankers' acceptances represent unconditional written orders from a borrower instructing a bank to pay a certain amount of money on a specified future date. Bankers' acceptances are generally issued in Canadian \$100,000 denominations, and are not guaranteed by the Canada Deposit Corporation.

The market for bankers' acceptances has grown from under 1 billion Canadian Dollars in early 1975 to approximately 22 billion Canadian Dollars in 1993 and is among the most liquid short-term securities markets in Canada.

#### OTHER TERMS

##### GENERAL

The Notes were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Notes. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Notes are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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##### LIMITATION 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 Senior 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 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

##### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such



indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suits for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of

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that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte &

Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "Act"), for any such report on unaudited interim financial information because any such report is not a "report" or

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a "part" of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

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MERRILL LYNCH & CO., INC.  
GLOBAL BOND LINKED SECURITIES (SM) ("GLOBLS" (SM)) DUE DECEMBER 31, 1998  
CURRENCY PROTECTED NOTES

On February 22, 1993, Merrill Lynch & Co., Inc. (the "Company") issued \$30,000,000 aggregate principal amount of Global Bond Linked Securities due December 31, 1998 (the "GloBLS" or the "Notes") in denominations of \$1,000 and integral multiples thereof. The Notes will mature and be repayable at 100% of the principal amount thereof on December 31, 1998 (the "Maturity Date"). Payments will be payable with respect to the Notes semiannually on June 30 and December 31 of each year, as described below ("June Payment Dates" and "December Payment Dates", respectively), commencing June 30, 1993.

The Company will make interest payments on the Notes each calendar year at a per annum rate equal to the sum of (i) the Minimum Annual Payment Rate (3%), and (ii) the Supplemental Annual Payment Rate. The "Supplemental Annual Payment Rate" will equal the amount, if any, by which the price (expressed as a percentage) of the Index Bund as of the applicable Determination Date exceeds 100.95% (the "Benchmark Price"). In no event, however, will the payments on the Notes in any calendar year be at a rate less than the Minimum Annual Payment Rate. The "Index Bund" will be the 7.125% Bundesanleihe due December 20, 2002 issued by the Federal Republic of Germany on December 29, 1992. If German interest rates decline, the annual amount payable on the Notes is expected to increase; if German interest rates increase, the annual amount payable on the Notes is expected to decrease (although not less than a rate equal to the Minimum Annual Payment Rate). For each \$1,000 principal amount of Notes, the Company will pay \$15 of the total amount payable for each calendar year on the June Payment Date and will pay the balance of the annual amount due on the Notes for such year on the December Payment Date. The Notes are not subject to redemption by the Holders or the Company prior to the Maturity Date.

For information as to the calculation of the amount payable in any calendar year see "Description of Notes" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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

The Notes have been listed on the New York Stock Exchange under the symbol "MER DM".

THESE NOTES 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.

This Prospectus has been prepared in connection with the Notes 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 Notes. MLPF&S may act as principal or agent in such transactions. The Notes may be offered on the New York Stock Exchange, 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 Notes 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.

MERRILL LYNCH & CO.

THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

(SM) "GloBLS" and "Global Bond Linked Securities" are service marks of Merrill Lynch & Co., Inc.

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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

SEMIANNUAL PAYMENTS

If the Index Bund Price applicable to a December Payment Date does not exceed the Benchmark Price, beneficial owners of the Notes will receive payments only at the Minimum Annual Payment Rate payable with respect to the Notes, even if the price of the Index Bund at some point since the preceding Determination Date or issue date, as the case may be, exceeded the Benchmark Price.

Beneficial owners will receive total annual payments on the Notes at a rate equal to at least the Minimum Annual Payment Rate, and will be repaid 100% of the principal amount of the Notes at the Maturity Date. The amount payable on any December Payment Date is subject to the conditions described under "Description of Notes--Semiannual Payments". A beneficial owner of the Notes may receive payments with respect to the Notes at a rate equal to only the Minimum Annual Payment Rate for each year at the times specified herein, and such payments are 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 Notes. The return of principal at the Maturity Date and the payment at a rate equal to the Minimum Annual Payment Rate with respect to the Notes are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The amount payable on the Notes based on the Index Bund will not produce the same return as if the Index Bund was purchased and held for a similar period

because of the following: (i) the Index Bund Price will not reflect any interest payable on the Index Bund, (ii) interest and principal payable on the Notes will be in U.S. Dollars while interest and principal payable on the Index Bund is payable in Deutsche Marks and the U.S. Dollar value of such Deutsche Mark payments may increase or decrease depending on the U.S. Dollar/Deutsche Mark exchange rate, and (iii) the annual interest rate on the Index Bund is higher than the Minimum Annual Payment Rate.

Unlike a direct investment in the Index Bund, the principal and interest payments on the Notes will be made in U.S. Dollars, and as such, the U.S. Dollar value of such payments will not be subject to changes in Deutsche Mark/U.S. Dollar exchange rates. Such exchange rate changes may have a direct effect on the market demand for, and thus the price of, the Index Bund.

The Senior Indenture provides that the Senior Indenture and the Notes are governed by and construed in accordance with the laws of the State of New York. Under present New York law the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to notes in which \$2,500,000 or more has been invested. While 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). All payments under the Notes (other than the return of principal) could be considered interest for the purpose of state usury laws. The Company has covenanted for the benefit of the Holders of the Notes, 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 Notes.

#### TRADING

The Notes have been listed on the New York Stock Exchange under the symbol "MER DM". It is expected that the secondary market for the Notes will be affected by the creditworthiness of the Company and by a number of other factors. It is possible to view the Notes as the economic equivalent of a debt obligation plus a series of cash settlement options; however, there can be no assurance that the Notes will not trade in the secondary market at a discount from the aggregate value of such economic components, if such economic components were valued and capable of being traded separately.

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The trading values of the Notes may be affected by a number of interrelated factors, including those listed below. The following is the expected effect on the trading value of the Notes of each of the factors listed below. The following discussion of each separate factor generally assumes that all other factors are held constant, although the actual interrelationship between certain of such factors is complex.

**Price of the Index Bund.** The trading value of the Notes is expected to depend significantly on the extent to which, if at all, the price of the Index Bund exceeds the Benchmark Price. If, however, Notes are sold at a time when the price of the Index Bund exceeds the Benchmark Price, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such price were to prevail until the next applicable Determination Date. Furthermore, the price at which a beneficial owner will be able to sell Notes prior to a December Payment Date may be at a discount, which could be substantial, from the principal amount thereof, if, at such time, the price of the Index Bund is below, equal to or not sufficiently above the Benchmark Price.

**Volatility of the Price of the Index Bund.** If the volatility of the price of the Index Bund increases, the trading value of the Notes is expected to increase. If the volatility of the price of the Index Bund decreases, the trading value of the Notes is expected to decrease.

**Interest Rates.** In general, if U.S. interest rates increase, the value of the Notes is expected to decrease. If U.S. interest rates decrease, the value of the Notes is generally expected to increase. In addition, German interest rates will affect the price of the Index Bund. In general, if German interest rates increase, the Index Bund price, and therefore the value of the Notes, is expected to decrease. If German interest rates decrease, the Index Bund price, and therefore the value of the Notes, is expected to increase.

**Time Remaining to December Payment Dates.** The Notes may trade at a value above that which may be inferred from the level of interest rates and the price of the Index Bund. This difference will reflect a "time premium" due to expectations concerning the price of the Index Bund during the period prior to each December Payment Date. As the time remaining to each December Payment Date decreases, however, this time premium may decrease, thus decreasing the trading value of the Notes.

**Time Remaining to Maturity.** As the number of remaining December Payment Dates decreases, the value of the remaining rights to receive payments based on the price of the Index Bund in excess of the Minimum Annual Payment Rate will decrease, thus decreasing the value of the Notes. Furthermore, as the time to the Maturity Date decreases, the value of the fixed payments (i.e., payments at the Minimum Annual Payment Rate and the payment of the principal amount at the maturity of the Notes) is expected to increase, thus increasing the value of the Notes. In addition, as the time to maturity decreases, the remaining term to maturity of the Index Bund will decrease. In general, a given change in German interest rates will generally affect German debt instruments with shorter maturities less than those with longer maturities.

OTHER CONSIDERATIONS

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

Investors should also consider the tax consequences of investing in the Notes and should consult their tax advisors.

DESCRIPTION OF NOTES

GENERAL

The Notes were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, which is more fully described below. The Notes will mature, and the principal of the Notes will be repayable at par, on December 31, 1998.

The Notes are not subject to redemption prior to the Maturity Date by the Company or at the option of any Holder. Upon the occurrence of an Event of Default with respect to the Notes, however, Holders of the Notes or the Trustee may accelerate the maturity of the Notes, as described under "Description of Notes--Events of Default and Acceleration" and "Other Terms--Events of Default" in this Prospectus.

The Notes were issued in denominations of \$1,000 and integral multiples thereof.

SEMIANNUAL PAYMENTS

The Company will make semiannual payments on the Notes each June 30 and December 31 ("June Payment Dates" and "December Payment Dates", respectively), as described below, to the persons in whose names the Notes are registered on the next preceding June 29 or December 30, except as provided below. Notwithstanding the foregoing, if it is known three Business Days prior to December 31 that December 31 will not be a Business Day, the amount payable by the Company with respect to such December Payment Date will be made on the Business Day immediately preceding such December 31 to the persons in whose names the Notes are registered on the second Business Day immediately preceding such December 31 and the amount so paid will equal an amount as if interest had accrued through December 31.

For each calendar year, the Company will pay interest on the Notes at a rate per annum equal to the sum of (i) the Minimum Annual Payment Rate (3%), and (ii) the Supplemental Annual Payment Rate. The "Supplemental Annual Payment Rate" equals the amount, if any, by which the price (expressed as a percentage) of the Index Bund, determined as described below (the "Index Bund Price"), as of the applicable Determination Date exceeds 100.95% (the "Benchmark Price") as determined by the Calculation Agent. In no event, however, will the payments on the Notes in any calendar year be at a rate less than the Minimum Annual Payment Rate. For each \$1,000 principal amount of the Notes, the Company will pay \$15 of the total amount payable for each calendar year on the June Payment Date, and will pay the balance of the annual interest amount due on the Notes for such year on the December Payment Date.

State Street Bank and Trust Company is the calculation agent (the "Calculation Agent") with respect to the Notes. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, in the absence of manifest error, shall be conclusive for all purposes and binding on the Company and the Holders of the Notes. All percentages resulting from any calculation on the Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

If the Index Bund Price applicable to a December Payment Date does not exceed the Benchmark Price, Holders of the Notes will receive payments which reflect only the Minimum Annual Payment Rate payable with respect to the Notes for the calendar year containing such December Payment Date, even if the price of the Index Bund at some point since the preceding Determination Date or issue date, as the case may be, exceeded the Benchmark Price.

The following table shows the total pretax annual payment rate on the Notes in any year assuming various Index Bund Prices for the Index Bund on any Determination Date.

HYPOTHETICAL GLOBS TOTAL ANNUAL PAYMENT RATE

<TABLE>  
<CAPTION>

HYPOTHETICAL INDEX BUND PRICE ON THE DETERMINATION DATE	HYPOTHETICAL TOTAL ANNUAL GLOBS PAYMENT RATE (1)
-----	-----

<S>

<C>

less than 100.95%	3.00%/(1)/
100.95%/(2)/	3.00%/(1)/
101.95%	4.00%
102.95%	5.00%
103.95%	6.00%
104.95%	7.00%
105.95%	8.00%
106.95%	9.00%
107.95%	10.00%
108.95%	11.00%
109.95%	12.00%
110.95%	13.00%
111.95%	14.00%
112.95%	15.00%
113.95%	16.00%

</TABLE>

- (1) Minimum Annual Payment Rate of 3% per annum (\$30 per \$1,000 principal amount of Notes).  
(2) Benchmark Price.

INDEX BUND PRICE

The Index Bund Price is the arithmetic mean of the bid prices for the 7.125% Bundesanleihe due December 20, 2002 issued by the Federal Republic of Germany on December 29, 1992 (the "Index Bund"), expressed as a percentage of the principal amount, as of 9:30 A.M. New York City time on the applicable Determination Date, of three leading dealers in Bundesanleihen selected by the Calculation Agent. The "Determination Date" means the seventh scheduled NYSE Business Day (as defined below) prior to the applicable December Payment Date. If three such bid prices are not available on such seventh scheduled NYSE Business Day, the Determination Date will be the sixth scheduled NYSE Business Day preceding the applicable December Payment Date. If the Calculation Agent cannot obtain three bid prices from leading dealers for Bundesanleihen on the sixth scheduled NYSE Business Day preceding the applicable December Payment Date, then the Index Bund Price will equal the official price expressed as a percentage reported by the Frankfurt Stock Exchange for the Index Bund as a result of the official price fixing on the Frankfurt Stock Exchange on such sixth scheduled NYSE Business Day preceding the applicable December Payment Date. If no official price is fixed on the Frankfurt Stock Exchange on such sixth scheduled NYSE Business Day, then the Index Bund Price will equal the bid price determined by the Calculation Agent on such sixth scheduled NYSE Business Day based on then current market conditions, including the last price at which the Index Bund was offered or sold. The bid prices solicited by the Calculation Agent will be for an amount that is representative of a single transaction in the market at the applicable time and will not include accrued but unpaid interest on the Index Bund. "NYSE Business Day" means a day on which the New York Stock Exchange is open for trading and the Calculation Agent will determine which days are scheduled NYSE Business Days.

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HYPOTHETICAL PAYMENTS

The following table shows the approximate required yield-to-maturity of the Index Bund on each anticipated Determination Date in order to generate various total pretax annual payment rates for the Notes in each year. Yields on the Index Bund are expressed on an annual yield-to-maturity basis. The yields-to-maturity and total pretax annual payment rates shown below are for illustrative purposes only and are not intended to predict either the future price levels of the Index Bund or actual payments on the Notes.

ANNUAL DETERMINATION DATES/(2)/

<TABLE>  
<CAPTION>  
TOTAL PRETAX ANNUAL PAYMENT RATE(1)

	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>
3.00%	6.95%	6.92%	6.89%	6.84%
4.00%	6.76%	6.72%	6.65%	6.55%
5.00%	6.58%	6.51%	6.41%	6.26%
6.00%	6.41%	6.31%	6.18%	5.98%
7.00%	6.23%	6.11%	5.95%	5.70%
8.00%	6.05%	5.91%	5.72%	5.42%
9.00%	5.88%	5.72%	5.49%	5.15%
10.00%	5.71%	5.53%	5.27%	4.87%
11.00%	5.54%	5.34%	5.04%	4.61%
12.00%	5.38%	5.15%	4.83%	4.34%
13.00%	5.21%	4.96%	4.61%	4.08%
14.00%	5.05%	4.78%	4.40%	3.82%
15.00%	4.89%	4.60%	4.19%	3.57%
16.00%	4.73%	4.42%	3.98%	3.32%

</TABLE>

- (1) Total pretax annual payment rate includes the Minimum Annual Payment Rate plus the Supplemental Annual Payment Rate in each year.  
(2) As of February 12, 1993, the yield-to-maturity on German government bonds

with approximate maturities indicated below were approximately the following:

<TABLE>  
<CAPTION>

APPROXIMATE MATURITY	CORRESPONDING DETERMINATION DATE	YIELD TO MATURITY
-----	-----	-----
<S>	<C>	<C>
9 years	December 1993	7.01%
8 years	December 1994	6.94%
7 years	December 1995	6.91%
6 years	December 1996	6.63%
5 years	December 1997	6.61%
4 years	December 1998	6.66%

</TABLE>

A potential investor should review the historical performance of the Index Bund. The historical performance of the Index Bund should not be taken as an indication of future performance, and no assurance can be given that the Index Bund will increase sufficiently to cause the beneficial owners of the Notes to receive an amount in excess of principal and the Minimum Annual Payment Rate at the maturity of the Notes or the Minimum Annual Payment Rate in any prior year.

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#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Notes shall have occurred and be continuing, the amount payable to a Holder of a Note upon any acceleration permitted by the Notes, will equal: (i) the principal amount thereof, plus (ii) an additional amount calculated as though the date of early repayment were a December Payment Date and prorated through such date of early repayment in the same manner as the amount payable on the December 1993 payment date was prorated. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the Holder of a Note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Note plus an additional amount, if any, of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Notes.

#### SECURITIES DEPOSITORY

The Notes were issued in book-entry form, and are represented by one registered global security (the "Global Security"). The Global Security was deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), registered in the name of the Securities Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for Securities in definitive form, the Global Security may not 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, 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. The Underwriter (as hereinafter defined) is a Participant. 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 Notes 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 Note ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Securities Depository 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 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 Securities.



So long as the Securities Depository, or its nominee, is the registered owner of the Global Security, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Security for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners in the Global Security will not be entitled to have the Notes represented by such Global Security registered in their

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names, will not receive or be entitled to receive physical delivery of the Notes in definitive registered form and will not be considered the owners or Holders thereof under the Senior Indenture. Accordingly, each Person owning a beneficial interest in the Global Security 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 Senior 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 Senior 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 the principal of, and amounts payable on any June Payment Date or December Payment Date with respect to, Notes 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 Security representing such Notes. 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 of principal or amounts payable on any June Payment Date or December Payment Date in respect of the 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 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 Security shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, the Global Security will be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes 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 Security.

#### THE GERMAN BOND MARKET AND THE INDEX BUND

The following discussion of the German bond market is based upon information available as of the end of September 1992. The Deutsche Mark-denominated fixed income market is the third largest in the world, exceeded in size only by those of the U.S. Dollar and Japanese Yen. As of the end of September 1992, the total nominal amount of Deutsche Mark-denominated fixed income debt outstanding was over DM 1.889 trillion (or U.S. \$1.18 trillion assuming an exchange rate of DM/U.S. \$1.60) (Source: Bundesbank). Bundesanleihen ("Bunds") are debt securities issued by the Federal Republic of Germany and are backed by its full faith and credit. Bunds account for approximately 75% of the debt of the Federal Republic of Germany and approximately 30% of all fixed income debt denominated in Deutsche Marks as of the end of September 1992. Bundesanleihen are principally traded in the over-the-counter market in Germany and are also listed on eight exchanges in Germany, including the Frankfurt Exchange.

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The Index Bund was originally issued on December 29, 1992 and is not redeemable prior to its stated maturity. Because the Index Bund had a maturity of ten years when it was originally issued, the time remaining to such maturity will necessarily decline over time. As the time remaining to maturity declines on the Index Bund, the Index Bund price will be affected.

A potential investor should review the historical performance of the Index Bund. The historical performance of the Index Bund should not be taken as an indication of future performance, and no assurance can be given that the Index Bund will increase sufficiently to cause the beneficial owners of the Notes to

receive an amount in excess of the principal amount at the maturity of the Notes.

#### OTHER TERMS

##### GENERAL

The Notes were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Notes. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Notes are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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##### LIMITATION 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 Senior 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 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

##### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment

may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of

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that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement

schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.

EQUITY PARTICIPATION SECURITIES WITH MINIMUM RETURN PROTECTION DUE JUNE 30, 1999

On June 28, 1993, Merrill Lynch & Co., Inc. (the "Company") issued \$355,000,000 aggregate principal amount of Equity Participation Securities with Minimum Return Protection due June 30, 1999 (the "Securities", or the "Notes"). As of the date of this Prospectus, \$220,000,000 aggregate principal amount of the Securities remain outstanding. The Securities were issued in denominations of \$1,000 and integral multiples thereof, bear no periodic payments of interest and will mature on June 30, 1999. 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 S&P 500 Composite Stock Price Index (the "S&P 500 Index"). The Securities were issued as a series of Senior Debt Securities under the Senior Indenture described herein. The Securities are not redeemable prior to maturity.

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, (B) the percentage change from 447.43, the closing value of the S&P 500 Index on June 16, 1993, as compared to the Final Average Value, and (C) 128%. In no event, however, will the Supplemental Redemption Amount be less than \$200 per \$1,000 principal amount of the Securities (the "Minimum Supplemental Redemption Amount"), representing a minimum annualized rate of return of 3.06%. The calculation of the Final Average Value, as more fully described herein, will equal the arithmetic average of the closing values of the S&P 500 Index on certain days during June of 1997, 1998 and 1999.

For information as to the calculation of the Supplemental Redemption Amount which will be paid at maturity and the calculation and the composition of the S&P 500 Index, see "Description of Securities" and "The Standard & Poor's 500 Index" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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 listed on the New York Stock Exchange under the symbol "MERP ZR99".

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.

This Prospectus has been prepared in connection with the Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

STANDARD & POOR'S CORPORATION ("S&P") DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, HOLDERS OF THE SECURITIES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED UNDER THE LICENSE AGREEMENT DESCRIBED HEREIN OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, MERRILL LYNCH & CO., INC., 100 CHURCH STREET, 12TH FLOOR, NEW YORK, NEW YORK 10080-6512; TELEPHONE NUMBER (212) 602-8435.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . .	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

PAYMENT AT MATURITY

Investors should be aware that if the Final Average Value of the S&P 500 Index does not exceed the Initial Value by more than approximately 15.63%, beneficial owners of the Securities will receive only the principal amount thereof and the Minimum Supplemental Redemption Amount. A beneficial owner of the Securities may receive a Supplemental Redemption Amount equal only to the Minimum Supplemental Redemption Amount at maturity, and such Minimum Supplemental Redemption Amount is below what the Company would pay as interest as of the date of issuance 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 are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The S&P 500 Index does not reflect the payment of dividends on the stocks underlying it and therefore, in addition to the considerations regarding averaging discussed below, the yield based on the S&P 500 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.

Because the Final Average Value will be based upon average values of the S&P 500 Index during specified periods in three successive years, a significant increase in the S&P 500 Index as measured by the average values during the specified period in the final year, or in either earlier year, may be substantially or entirely offset by the average values of the S&P 500 Index during the specified periods in the other two years.

#### TRADING

The Securities have been listed on the New York Stock Exchange under the symbol "MERP ZR99". There can be no assurances as to 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. Because the Final Average Value is an average of the three Calculation Values as described below, the price at which a beneficial owner of a Security will be able to sell such Security in the secondary market may be at a discount if the first or second such Calculation Value is below the Initial Value.

The trading value of the Securities is expected to depend primarily on the extent of the appreciation, if any, of the S&P 500 Index over the Initial Value. If, however, Securities are sold prior to the maturity date at a time when the S&P 500 Index exceeds the Initial Value, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such excess of the S&P 500 Index over the Initial Value were to prevail until maturity of the Securities because of the possible fluctuation of the S&P 500 Index between the time of such sale and the maturity date and the effect of the value of the S&P 500 Index on prior days used to calculate the Final Average Value, if any. 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 S&P 500 Index is below, equal to or not sufficiently above the Initial Value and/or if the value of the S&P 500 Index on prior days used to calculate the Final Average Value, if any, was below, equal to or not sufficiently above the Initial Value. A discount could also result from rising interest rates.

The trading values 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 S&P 500 Index are likely to affect the Securities' trading value. The expected theorized 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. In general, if U.S. interest rates increase, the value of the Securities is expected to decrease. If U.S. interest rates decrease, the value of the Securities is expected to increase. Interest rates may also affect the U.S. economy, and, in turn, the value of the S&P 500 Index. Rising interest rates may lower the value of the

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S&P 500 Index and, thus, the Securities. Falling interest rates may increase the value of the S&P 500 Index and, thus, may increase the value of the Securities.

Volatility of the S&P 500 Index. If the volatility of the S&P 500 Index increases, the trading value of the Securities is expected to increase. If the volatility of the S&P 500 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 S&P 500 Index. This difference will reflect a "time premium" due to expectations concerning the value of the S&P 500 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 minimum expected value at maturity if one or more Calculation Values, as defined below, were below, equal to or not sufficiently above the Initial Value.

Dividend Rates in the United States. If dividend rates on the stocks comprising the S&P 500 Index increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the S&P 500 Index decrease, the value of the Securities is expected to increase. However, in general, rising U.S. corporate dividend rates may increase the value of the S&P 500 Index and, in turn, increase the value of the Securities. Conversely, falling U.S. dividend rates may decrease the value of the S&P 500 Index and, in turn, decrease the value of the Securities.

#### 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.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, which is more fully described under "Other Terms" in this Prospectus. The Securities will mature on June 30, 1999.

No periodic payments of interest will be payable with respect to the Securities. (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" and "Other Terms--Events of Default" in this Prospectus.

The Securities are transferable in denominations of \$1,000 and integral multiples thereof.

##### 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 Final Average Value of the S&P 500 Index does not exceed the Initial Value by more than approximately 15.63%, a beneficial owner of a Security will be entitled to receive only the principal amount thereof and the Minimum Supplemental Redemption Amount.

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

$$\text{Principal Amount} \times \frac{\text{Final Average Value} - \text{Initial Value}}{\text{Initial Value}} \times 128\%$$

provided, that the Supplemental Redemption Amount will not be less than the Minimum Supplemental Redemption Amount of \$200 per \$1,000 principal amount of Securities. The Initial Value equals 447.43, the closing value of the S&P 500 Index on June 16, 1993.

The Final Average Value of the S&P 500 Index will be determined by State Street Bank and Trust Company (the "Calculation Agent") and will equal the arithmetic average (mean) of the Yearly Values, as defined below, for 1997, 1998 and 1999. The Yearly Value for any year will be calculated during the Calculation Period for such year which will be from and including June 18 in 1997, June 18 in 1998 and June 17 in 1999 to and including the fifth scheduled Business Day after such date. The Yearly Value for each year will equal the arithmetic average (mean) of the closing values of the S&P 500 Index on the first day in the applicable Calculation Period (provided that a Market Disruption Event, as defined below, shall not have occurred on such day) and on each succeeding Business Day (provided that a Market Disruption Event shall not have occurred on the applicable day) up to and including the last Business Day in the applicable Calculation Period (each, a "Calculation Date") until the Calculation Agent has so determined such closing values for five Business Days. If a Market Disruption Event occurs on two or more of the Business Days during a Calculation Period, the Yearly Value for the relevant year will equal the average of the values on Business Days on which a Market Disruption Event did not occur during such Calculation Period or, if there is only one such Business Day, the value on such day. If Market Disruption Events occur on all of such Business Days during a Calculation Period, the Yearly Value for the relevant year shall equal the closing value of the S&P 500 Index on the last Business Day of the Calculation Period regardless of whether a Market Disruption Event shall have occurred on such day.

For purposes of determining the Final Average Value, a "Business Day" is a day on which The New York Stock Exchange is open for trading. 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.

If S&P discontinues publication of the S&P 500 Index and S&P or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the S&P 500 Index (any such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by S&P or such other entity for the S&P 500 Index and calculate the Final Average Value as described in the preceding paragraph. Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be published in The Wall Street Journal (or another newspaper of general circulation) within three Business Days of such selection.



If S&P discontinues publication of the S&P 500 Index and a Successor Index is not selected by the Calculation Agent or is no longer published on any of the Calculation Dates, the value to be substituted for the S&P 500 Index for any such Calculation Date used to calculate the Supplemental Redemption Amount at maturity will be calculated as described below under "Discontinuance of the S&P 500 Index".

If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the S&P 500 Index as described below, such Successor Index or value shall be substituted for the S&P 500 Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If at any time the method of calculating the S&P 500 Index, or the value thereof, is changed in a material respect, or if the S&P 500 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 S&P 500 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 Final Average 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

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value of a stock index comparable to the S&P 500 Index as if such changes or modifications had not been made, and calculate such closing value with reference to the S&P 500 Index, as adjusted. Accordingly, if the method of calculating the S&P 500 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 S&P 500 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, any other self regulatory organization or the 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 each case, for more than two hours of trading in 100 or more of the securities included in the S&P 500 Index, or

(ii) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the S&P 500 Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the S&P 500 Index which are traded on the Chicago Board Options Exchange, Inc.

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.

The following table illustrates, for a range of hypothetical Final Average Values, the total amount payable at maturity for each \$1,000 principal amount of Securities.

<TABLE>  
<CAPTION>

HYPOTHETICAL FINAL AVERAGE VALUE OF THE S&P 500 INDEX	PERCENTAGE CHANGE OVER INITIAL VALUE	TOTAL AMOUNT PAYABLE AT MATURITY
223.72	-50%	\$1,200
268.46	-40%	\$1,200
313.20	-30%	\$1,200
357.94	-20%	\$1,200
402.69	-10%	\$1,200
447.43/(1)/	0%	\$1,200
492.17	10%	\$1,200
536.92	20%	\$1,256
581.66	30%	\$1,384
626.40	40%	\$1,512
671.15	50%	\$1,640
715.89	60%	\$1,768
760.63	70%	\$1,896
805.37	80%	\$2,024
850.12	90%	\$2,152
894.86	100%	\$2,280
939.60	110%	\$2,408
984.35	120%	\$2,536

</TABLE>

(1) Initial Value.

The above figures are for purposes of illustration only. The actual Total Redemption Amount received by investors will depend entirely on the actual Final Average Value determined by the Calculation Agent as provided herein. Because the Final Average Value will be based upon average values of the S&P 500 Index during specified periods in three successive years, a significant increase or decrease in the S&P 500 Index as measured by the average values during the specified period in any year may be substantially or entirely offset by the average values of the S&P 500 Index during the specified periods in the other two years.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the state of New York. 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 has covenanted for the benefit of the beneficial owners 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 beneficial owner of the Securities.

#### DISCONTINUANCE OF THE S&P 500 INDEX AND SUCCESSOR INDEX

If S&P discontinues publication of the S&P 500 Index and a Successor Index is available, then the amount payable at maturity or upon earlier acceleration will be determined by reference to the Successor Index, as provided above.

If the publication of the S&P 500 Index is discontinued and S&P or another entity does not publish a Successor Index on any of the Calculation Dates, the value to be substituted for the S&P 500 Index for any such Calculation Date used to calculate the Supplemental Redemption Amount at maturity will be the value computed by the Calculation Agent for each such Calculation Date in accordance with the following procedures:

(1) identifying the component stocks of the S&P 500 Index or any Successor Index as of the last date on which either of such indices was calculated by S&P or another entity and published by S&P or such other entity (each such component stock is a "Last Component Stock");

(2) for each Last Component Stock, calculating as of each such Calculation Date the product of the market price per share and the number of the then outstanding shares (such product referred to as the "Market Value" of such stock), by reference to (a) the closing market price per share of such Last Component Stock as quoted by the New York Stock Exchange or the American Stock Exchange or any other registered national securities exchange that is the primary market for such Last Component Stock, or if no such quotation is available, then the closing market price as quoted by any other registered national securities exchange or the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ"), or if no such price is quoted, then the market price from the best available source as determined by the Calculation Agent (collectively, the "Exchanges") and (b) the most recent publicly available statement of the number of outstanding shares of such Last Component Stock;

(3) aggregating the Market Values obtained in clause (2) for all Last Component Stocks;

(4) ascertaining the Base Value (as defined below under "The Standard & Poor's 500 Index--Computation of the Index") in effect as of the last day on which either the S&P 500 Index or any Successor Index was published by S&P or another entity, adjusted as described below;

(5) dividing the aggregate Market Value of all Last Component Stocks by the Base Value (adjusted as aforesaid);

(6) multiplying the resulting quotient (expressed in decimals) by ten.

If any Last Component Stock is no longer publicly traded on any registered national securities exchange or in the over-the-counter market, the last available market price per share for such Last Component Stock as quoted by any registered national securities exchange or in the over-the-counter market, and the number of outstanding shares

thereof at such time, will be used in computing the last available Market Value of such Last Component Stock. Such Market Value will be used in all computations of the S&P 500 Index thereafter.

If a company that has issued a Last Component Stock and another company that has issued a Last Component Stock are consolidated to form a new company, the common stock of such new company will be considered a Last Component Stock and the common stocks of the constituent companies will no longer be considered Last Component Stocks. If any company that has issued a Last Component Stock merges with, or acquires, a company that has not issued a Last Component Stock, the common stock of the surviving corporation will, upon the effectiveness of such

merger or acquisition, be considered a Last Component Stock. In each such case, the Base Value will be adjusted so that the Base Value immediately after such consolidation, merger or acquisition will equal (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value of all Last Component Stocks immediately after such event, divided by the aggregate Market Value for all Last Component Stocks immediately prior to such event.

If a company that has issued a Last Component Stock issues a stock dividend, declares a stock split or issues new shares pursuant to the acquisition of another company, then, in each case, the Base Value will be adjusted (in accordance with the formula described below) so that the Base Value immediately after the time the particular Last Component Stock commences trading ex-dividend, the effectiveness of the stock split or the time new shares of such Last Component Stock commence trading equals (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value for all Last Component Stocks immediately after such event, divided by the aggregate Market Value of all Last Component Stocks immediately prior to such event. The Base Value used by the Calculation Agent to calculate the value described above will not necessarily be adjusted in all cases in which S&P, in its discretion, might adjust the Base Value (as described below under "The Standard & Poor's 500 Index--Computation of the S&P 500 Index").

If S&P discontinues publication of the S&P 500 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 Final Average 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 by reference to the method set forth in clauses (1) through (6) in the fourth preceding paragraph above as if such day were a Calculation Date. The Calculation Agent will cause notice of each such value to be published not less often than once each month in The Wall Street Journal (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 S&P 500 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 \$1,000 principal amount thereof, will be equal to: (i) the initial issue price (\$1,000), plus (ii) an additional amount of contingent interest calculated as though the date of early repayment were the maturity date of the Securities. The Calculation Period used to calculate the final Yearly Value of the Notes so accelerated will begin on the eighth scheduled Business Day next preceding the scheduled date for such early redemption. If such final Yearly Value is the only Yearly Value which shall have been calculated with respect to the Notes, such final Yearly Value will be the Final Average Value. If one or two other Yearly Values shall have been calculated with respect to the Notes for prior years when the Notes shall have been outstanding, the average of the final Yearly Value and such one other Yearly Value or such two other Yearly Values, as the case may be, will be the Final Average Value. 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 3.06%, calculated on a semiannual bond equivalent basis. See "Description of Securities--Payment at Maturity" in this Prospectus. 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.

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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% 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

The Securities are represented by three fully registered global securities (the "Global Securities"). Each such Global Security has been deposited with, or on behalf of, The Depository Trust Company ("DTC"), as Depository (the "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 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 Exchange Act. 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 Senior 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 Senior 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 Senior 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 Senior 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

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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 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 \$1,000 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.

THE STANDARD & POOR'S 500 INDEX

All disclosure contained in this Prospectus regarding the S&P 500 Index, including, without limitation, its make-up, method of calculation and changes in its components, was derived from publicly available information prepared by S&P as of May 28, 1993. The Company takes no responsibility for the accuracy or completeness of such information.

GENERAL

The S&P 500 Index is published by S&P and is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the S&P 500 Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined above) of the common stocks of 500 companies as of a particular time as compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of May 28, 1993, the 500 companies included in the S&P 500 Index represented approximately 75% of the aggregate Market Value of common stocks traded on The New York Stock Exchange; however, the 500 companies are not the 500 largest companies listed on The New York Stock Exchange and not all 500 companies are listed on such exchange. As of May 28, 1993, the aggregate market value of the 500 companies included in the S&P 500 Index represented approximately 70% of the aggregate market value of United States domestic, public companies. S&P chooses companies for inclusion in the S&P 500 Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of The New York Stock Exchange, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the Market Value and trading activity of the common stock of that company. As of May 28, 1993, the 500 companies included in the Index were divided into 88 individual groups. These individual groups comprised the following four main groups of companies (with the number of companies currently included in each group indicated in parentheses): Industrials (384), Utilities (46), Transportation (15) and Financial (55). S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the S&P 500 Index to achieve the objectives stated above.

COMPUTATION OF THE S&P 500 INDEX

S&P computes the S&P 500 Index as of a particular time as follows:

- (1) the Market Value of each component stock is determined as of such time;
- (2) the Market Value of all component stocks as of such time (as determined under clause (1) above) are aggregated;
- (3) the mean average of the Market Values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined;
- (4) the mean average Market Values of all such common stocks over such base period (as determined under clause (3) above) are aggregated (such aggregate amount being referred to as the "Base Value");
- (5) the aggregate Market Value of all component stocks as of such time (as determined under clause (2) above) is divided by the Base Value; and
- (6) the resulting quotient (expressed in decimals) is multiplied by ten.

While S&P employs the above methodology to calculate the S&P 500 Index, no assurance can be given that S&P will not modify or change such methodology in a manner that may affect the Supplemental Redemption Amount payable to beneficial owners of Securities upon maturity or otherwise.

S&P adjusts the foregoing formula to negate the effect of changes in the Market Value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. Such changes may result from such causes as the issuance of stock dividends, the granting to shareholders of rights to purchase additional shares of such stock, the purchase thereof by employees pursuant to employee benefit plans, certain consolidations and acquisitions, the granting to shareholders of rights to purchase other securities of the company, the substitution by S&P of particular component stocks in the S&P 500 Index, and other reasons. In all such cases, S&P first recalculates the aggregate Market Value of all component stocks (after taking account of the new market price per share of the particular component stock or the new number of outstanding shares thereof or both, as the case may be) and then determines the New Base Value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the Base Value is adjusted in proportion to any change in the aggregate Market Value of all component stocks resulting from the causes

referred to above to the extent necessary to negate the effects of such causes upon the S&P 500 Index.

A potential investor should review the historical performance of the S&P 500 Index. The historical performance of the S&P 500 Index should not be taken as an indication of future performance, and no assurance can be given that the S&P 500 Index will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount plus the Minimum Supplemental Redemption Amount at the maturity of the Securities.

#### LICENSE AGREEMENT

S&P and Merrill Lynch Capital Services, Inc. have entered into a non-exclusive license agreement providing for the license to Merrill Lynch Capital Services, Inc., in exchange for a fee, of the right to use indices owned and published by S&P in connection with certain securities, including the Securities, and the Company is an authorized sublicensee thereof.

The license agreement between S&P and Merrill Lynch Capital Services, Inc. provides that the following language must be stated in this Prospectus:

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"The Securities are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the Holders of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly or the ability of the S&P 500 Index to track general stock market performance. S&P's only relationship to Merrill Lynch Capital Services, Inc. and the Company (other than transactions entered into in the ordinary course of business) is the licensing of certain servicemarks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to the Company or the Securities. S&P has no obligation to take the needs of the Company or the Holders of the Securities into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of the timing of the sale of the Securities, prices at which the Securities are to initially be sold, or quantities of the Securities to be issued or in the determination or calculation of the equation by which the Securities are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Securities."

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at

the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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#### LIMITATION 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 Senior 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 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time

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after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money

due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
EUROPEAN PORTFOLIO MARKET INDEX TARGET-TERM SECURITIES(SM) DUE JUNE 30, 1999  
("MITTS(R) ")

On December 30, 1993, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount of \$31,000,000 of European Portfolio Market Index Target-Term Securities due June 30, 1999 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.



The Securities will mature on June 30, 1999. At maturity, a beneficial owner of a Security will be paid an amount based upon the change in the value of a portfolio (the "Portfolio") of specified stocks of European companies measured on December 22, 1993 (the "Original Portfolio Value") through the Calculation Period, all as more fully described herein; provided, however, that the amount payable at maturity will not be less than \$9.00 for each Unit of the Securities (the "Minimum Payment"). The Closing Portfolio Value will be based on certain values of the specified stocks during a period prior to the maturity date of the Securities. While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Closing Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity.

IF THE CLOSING PORTFOLIO VALUE IS LESS THAN THE ORIGINAL PORTFOLIO VALUE, THE AMOUNT PAYABLE AT MATURITY WITH RESPECT TO A SECURITY WILL BE LESS THAN THE PRINCIPAL AMOUNT OF SUCH SECURITY.

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture described herein. The Securities are not redeemable prior to maturity.

For information as to the calculation of the amount that will be paid at maturity and the calculation and the composition of the European portfolio, see "Description of Securities" and "The Portfolio" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

Ownership of the Securities will be maintained in book-entry form by or through the Securities 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 listed on the New York Stock Exchange under the symbol "MEE".

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES ANY 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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

(R)"MITTS" is a registered service mark and (R)"Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current

Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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

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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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

YEAR ENDED LAST FRIDAY IN DECEMBER	THREE MONTHS ENDED
------------------------------------	--------------------

	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

PAYMENT AT MATURITY

If the Closing Portfolio Value is less than the Original Portfolio Value, beneficial owners of the Securities will receive less than the principal amount of such Securities at maturity, but not less than the Minimum Payment. Beneficial owners would receive only the return of principal if the Closing Portfolio Value should equal the Original Portfolio Value. This will be true even though the Portfolio Value as of some interim period or periods prior to the Calculation Period may have exceeded the Original Portfolio Value, since the Closing Portfolio Value is calculated on the basis of the average of the value of Portfolio Securities only on the Calculation Days.

Even if the principal of the Securities is fully returned, such return of principal does not reflect any opportunity cost implied by inflation and other factors relating to the time value of money.

The return based on the Closing Portfolio Value relative to the Original Portfolio Value generally will not produce the same return as if the Portfolio Securities were purchased and held for a similar period, because, among other reasons, any payment at maturity on the Securities based on an increase in the value of the Portfolio will not reflect the payment of dividends on the Portfolio Securities.

The Senior Indenture provides that the Senior Indenture and the Securities will be governed by and construed in accordance with the laws of New York. 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 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). The Company has covenanted 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 listed on the New York Stock Exchange. 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 primarily on the extent of the appreciation, if any, of the Portfolio Value over the Original Portfolio Value. If, however, Securities are sold prior to the maturity date at a time when the Portfolio Value exceeds the Original Portfolio Value, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such excess of the Portfolio Value over the Original Portfolio Value were to prevail during the Calculation Period. 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 Portfolio Value is below, equal to or not sufficiently above the Original Portfolio Value. A discount could also result from rising interest rates.

The trading values of the Securities may be affected by a number of interrelated factors, including those listed below. The relationship among these factors is complex, including how these factors affect

the value of the principal amount of the Securities payable at maturity, if any, in excess of the principal amount of the Securities. Accordingly, investors should be aware that factors other than the level of the Portfolio Value are likely to affect their trading value. The expected theoretical 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. In general, if U.S. interest rates increase, the value of the Securities is expected to decrease. If U.S. interest rates decrease, the value of the Securities is expected to increase. Local interest rates may also affect the economies of countries in which issuers of the Portfolio Securities or the shares underlying the Portfolio Securities operate, and, in turn, affect the Portfolio Value.

Volatility of the Portfolio Value. If the volatility of the Portfolio Value increases, the trading value of the Securities is expected to increase. If the volatility of the Portfolio Value 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 the Portfolio Value. This difference will reflect a "time premium" due to expectations concerning the Portfolio Value 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.

Dividend Rates. If dividend rates on the Portfolio Securities and Underlying Shares (as defined herein) increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the Portfolio Securities and Underlying Shares decrease, the value of the Securities is expected to increase. Local general corporate dividend rates may also affect the Portfolio Value and, in turn, the value of the Securities.

#### FOREIGN CURRENCY EXCHANGE RATE AND FOREIGN MARKET CONSIDERATIONS

The Securities are U.S. dollar-denominated securities issued by the Company, a United States corporation. Investments in the Securities do not give the beneficial owners any right to receive any Portfolio Security or any other ownership right or interest in the Portfolio Securities, although the return on the investment in the Securities is based on the Portfolio Value of the Portfolio Securities. All of the Portfolio Securities (or securities underlying the ADRs included in the Portfolio) have been issued by non-United States companies. The prices of the securities underlying the ADRs are quoted in currencies other than the U.S. dollar. The U.S. dollar price of an ADR will depend on the price of the security underlying the ADR and the exchange rate between such foreign currency and the U.S. dollar. Even if the price in a foreign currency of the security underlying an ADR is unchanged, changes in the rates of exchange between the U.S. dollar and such foreign currency will change the U.S. dollar price of such ADR. Furthermore, even if the price of the security underlying the ADR in such foreign currency increases, the U.S. dollar price of such ADR may decrease as a result of changes in the rates of exchange between the U.S. dollar and such foreign currency. The U.S. dollar price of a Portfolio Security that trades in the United States and outside the United States and is not an ADR will also be similarly affected by changes in the exchange rate between the U.S. dollar and the foreign currency in which such Portfolio Security trades outside the United States. Rates of exchange between the dollar and other currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors.

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Investments in securities indexed to the value of non-United States securities involve certain risks. Fluctuations in foreign exchange rates, future foreign political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the U.S. dollar value of such securities, including the Portfolio Securities. Securities prices in different countries are subject to different economic, financial, political and social factors. Individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. With respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect the value of investments in those countries. There may be less publicly available information about a foreign company than about a U.S. company, and foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which U.S. entities are subject. Certain foreign investments may be subject to foreign withholding taxes which could affect the value of investment in these countries. In addition, investment laws in certain foreign countries may limit or restrict ownership of certain securities by foreign nationals by restricting or eliminating voting or other rights or limiting the amount of securities that may be so owned, and such limitations or restrictions may affect the prices of such securities.

Foreign financial markets, while currently growing in volume, may have substantially less volume than U.S. markets, and securities of many foreign companies are less liquid and their prices more volatile than securities of comparable domestic companies. The foreign markets have different trading practices that may affect the prices of securities. Certain of the foreign markets on which shares underlying ADRs which are Portfolio Securities trade impose trading restrictions if certain price movements occur. The foreign markets have different clearance and settlement procedures, and in certain countries there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. There is generally less government supervision and regulation of exchanges, brokers and issuers in foreign countries than there is in the U.S. In addition, the terms and conditions of depositary facilities may result in less liquidity or lower market values for the Portfolio Securities than for the underlying stocks.

#### AMERICAN DEPOSITARY RECEIPTS

Certain of the Portfolio Securities are in the form of American Depositary

Receipts ("ADRs"). An ADR is a negotiable receipt which is issued by a depository, generally a bank, representing shares (the "Underlying Shares") of a foreign issuer (the "Foreign Issuer") that have been deposited and are held, on behalf of the holders of the ADRs, at a custodian bank in the Foreign Issuer's home country. While the market for Underlying Shares will generally be in the country in which the Foreign Issuer is organized, and trading in such market will generally be based on that country's currency, ADRs that are Portfolio Securities will trade in U.S. Dollars.

Although ADRs are distinct securities from the Underlying Shares, the trading characteristics and valuations of ADRs will usually, but not necessarily, mirror the characteristics and valuations of the Underlying Shares represented by the ADRs. Active trading volume and efficient pricing in the principal market in the home country for the Underlying Shares will usually indicate similar characteristics in respect of the ADRs. In the case of certain ADRs, however, there may be inadequate familiarity with or information about the Foreign Issuer of the Underlying Shares represented by the ADR in the market in which the ADR trades to support active volume, thus resulting in pricing distortions. This is more likely to occur when the ADR is not listed on a U.S. stock exchange or quoted on the National Market System of the National Association of Securities Dealers Automated Quotations System ("NASDAQ"), and trades only in the over-the-counter market, because the Foreign Issuer is not required to register such

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ADRs under the Exchange Act, as is the case with ADRs so listed or quoted. In addition, because of the size of an offering of Underlying Shares in ADR form outside the home country and/or other factors that have limited or increased the float of certain ADRs, the liquidity of such securities may be less than or greater than that with respect to the Underlying Shares. Inasmuch as holders of ADRs may surrender the ADR in order to take delivery of and trade the Underlying Shares, a characteristic that allows investors in ADRs to take advantage of price differentials between different markets, a market for the Underlying Shares that is not liquid will generally result in an illiquid market for the ADR representing such Underlying Shares.

The depository bank that issues an ADR generally charges a fee, based on the price of the ADR, upon issuance and cancellation of the ADR. This fee would be in addition to the brokerage commissions paid upon the acquisition or surrender of the security. In addition, the depository bank incurs expenses in connection with the conversion of dividends or other cash distributions paid in local currency into U.S. Dollars and such expenses are deducted from the amount of the dividend or distribution paid to holders, resulting in a lower payout per Underlying Share represented by the ADR than would be the case if the Underlying Share were held directly. Furthermore, foreign investment laws in certain countries may restrict ownership by foreign nationals of certain classes of Underlying Shares. Accordingly, the ADR representing such class of securities may not possess voting rights, if any, equivalent to those in respect of the Underlying Shares. Certain tax considerations, including tax rate differentials, arising from application of the tax laws of one nation to the nationals of another and from certain practices in the ADR market may also exist with respect to certain ADRs. In varying degrees, any or all of these factors may affect the value of the ADR compared with the value of the Underlying Shares in the home market of the issuer.

#### 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 the light of each investor's particular circumstances.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

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#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated. The principal amount of each Security will equal \$10 for each Unit. The Securities will mature on June 30, 1999.

While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Closing Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity. (See "Payment at Maturity", below.)

The Securities are not subject to redemption by the Company or at the option of any Holder prior to maturity. Upon the occurrence of an Event of Default with respect to the Securities, Holders of the Securities may accelerate the maturity of the Securities, as described below.

The Securities are to be issued in denominations of whole Units. Each Unit is equal to \$10 principal amount of the Securities.

##### PAYMENT AT MATURITY

At maturity, a beneficial owner of a Security will be entitled to receive, with respect to each \$10 principal amount of the Security, an amount equal to the following:

$$\begin{array}{r} \text{\$10} \times \frac{\text{Closing Portfolio Value}}{\text{\$100}} \end{array}$$

provided, however, that the amount payable at maturity will not be less than \$9 for each \$10 principal amount of Securities (the "Minimum Payment"). Based on the prices of the Portfolio Securities on December 22, 1993, the Multipliers were initially set so that the value of the Portfolio on such date equalled \$100 (the "Original Portfolio Value").

If the Closing Portfolio Value is equal to \$90 or less, a beneficial owner of a Security will receive the Minimum Payment of \$9 for each \$10 principal amount of the Securities at maturity. If the Closing Portfolio Value is between \$90 and \$100, a beneficial owner of a Security will receive between \$9 and \$10 for each \$10 principal amount of the Securities at maturity.

The "Closing Portfolio Value" will be determined by MLPF&S, an affiliate of the Company, or successor thereto (the "Calculation Agent"), and will equal the sum of the products of the Average Market Price and the applicable Multiplier for each Portfolio Security. The "Average Market Price" of a Portfolio Security will equal the average (mean) of the Market Prices of such Portfolio Security determined on each of the first forty-five Calculation Days with respect to such Portfolio Security during the Calculation Period. If there are fewer than forty-five Calculation Days with respect to a Portfolio Security, then the Average Market Price with respect to such Portfolio Security will equal the average (mean) of the Market Prices on such Calculation Days, and if there is only one Calculation Day, then the Average Market Price will equal the Market Price on such Calculation Day. The "Calculation Period" means the period from and including the ninetieth scheduled NYSE Trading Day (as defined below) prior to the maturity date to and including the fourth scheduled NYSE Trading Day prior to the maturity date. "Calculation Day" with respect to a Portfolio Security means any Trading Day during the Calculation Period in the country in which such Portfolio Security is being priced on which a Market Disruption

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Event has not occurred. If a Market Disruption Event occurs on all Trading Days in such country during the Calculation Period then the fourth scheduled NYSE Trading Day prior to the maturity date in such country will be deemed a Calculation Day, notwithstanding the Market Disruption Event; provided, however, that if such fourth scheduled NYSE Trading Day is not a Trading Day in such country, then the immediately preceding Trading Day shall instead be deemed a Calculation Day. Any reference to a specific day herein shall mean such calendar day in each market in which Portfolio Securities are priced.

"Market Price" means for a Calculation Day the following:

(a) If the Portfolio Security is listed on a national securities exchange in the United States, is a NASDAQ National Market System ("NASDAQ NMS") security or is included in the OTC Bulletin Board Service ("OTC Bulletin Board") operated by the National Association of Securities Dealers, Inc. (the "NASD"), Market Price means (i) the last reported sale price, regular way, on such day on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Portfolio Security is listed or admitted to trading, or (ii) if not listed or admitted to trading on any such securities exchange or if such last reported sale price is not obtainable, the last reported sale price on the over-the-counter market as reported on the NASDAQ NMS or OTC Bulletin Board on such day, or (iii) if the last reported sale price is not available pursuant to (i) and (ii) above, the mean of the last reported bid and offer price on the over-the-counter market as reported on the NASDAQ NMS or OTC Bulletin Board on such day as determined by the Calculation Agent. The term "NASDAQ NMS security" shall include a security included in any successor to such system and the term "OTC Bulletin Board Service" shall include any successor service thereto.

(b) If the Portfolio Security is not listed on a national securities exchange in the United States or is not a NASDAQ NMS security or included in the OTC Bulletin Board operated by the NASD, Market Price means the last reported sale price on such day on the securities exchange on which such Portfolio Security is listed or admitted to trading with the greatest volume of trading for the calendar month preceding such day as determined by the Calculation Agent, provided that if such last reported sale price is for a transaction which occurred more than four hours prior to the close of such exchange, then the Market Price shall mean the average (mean) of the last available bid and offer price on such exchange. If such Portfolio Security is not listed or admitted to trading on any such securities exchange or if such last reported sale price or bid and offer are not obtainable, the Market Price shall mean the last reported sale price on the over-the-counter market with the greatest volume of trading as determined by the Calculation Agent, provided that if such last reported sale price is for a transaction which occurred more than four hours prior to when trading in such over-the-counter market typically ends, then the Market Price shall mean the average (mean) of the last available bid and offer prices in such market of the three dealers which have the highest volume of transactions in such Portfolio Security in the immediately preceding calendar month as determined by the Calculation Agent based on information that is reasonably available to it. If such prices are quoted in a currency other than in U.S. Dollars, such prices will be translated into U.S. Dollars for

purposes of calculating the Average Market Price using the Spot Rate on the same calendar day as the date of any such price. The "Spot Rate" on any date will be determined by the Calculation Agent and will equal the spot rate of such currency per U.S. \$1.00 on such date at approximately 3:00 p.m., New York City time, as reported on the information service operated by Bloomberg, L.P. ("Bloomberg") representing the mean of certain dealers in such currency or, if Bloomberg has not reported such rate by 3:30 p.m., New York City time, on such day, the offered spot rate of such currency per U.S. \$1.00 on such date for a transaction amount in an amount customary for such

market on such date quoted at approximately 3:30 p.m., New York City time, by a leading bank in the foreign exchange markets as may be selected by the Calculation Agent.

If the Calculation Agent is required to use the bid and offer price for a Portfolio Security to determine the Market Price of such Portfolio Security pursuant to the foregoing, the Calculation Agent shall not use any bid or offer price announced by MLPF&S or any other affiliate of the Company.

As used herein, "NYSE Trading Day" shall mean a day on which trading is generally conducted in the over-the-counter market for equity securities in the United States and on the New York Stock Exchange as determined by the Calculation Agent. "Trading Day" shall mean a day on which trading is conducted on the principal securities exchanges in the country in which such Portfolio Security is being priced.

"Market Disruption Event" with respect to a Portfolio Security means either of the following events, as determined by the Calculation Agent:

(i) the suspension or material limitation (provided that, with respect to Portfolio Securities that are priced in the United States, limitations pursuant to New York Stock Exchange Rule 80A (or any applicable rule or regulation enacted or promulgated by the New York Stock Exchange, any other self regulatory organization or the 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 such Portfolio Security in the country in which such Portfolio Security is being priced for more than two hours of trading or during the period one-half hour prior to the time that such Portfolio Security is to be priced, 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 a Portfolio Security traded on any exchange in the country in which such Portfolio Security is being priced for more than two hours of trading or during the period one-half hour prior to the time that such Portfolio Security is to be priced.

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. 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 beneficial owners of the Securities.

All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, in the absence of manifest error, shall be conclusive for all purposes and binding on the Company and beneficial owners of the Securities. All percentages resulting from any calculation on the Securities will be rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent with one-half cent being rounded upwards.

Portfolio Securities

The securities listed below were used to calculate the Original Portfolio Value. Holders of the MITTS will not have any right to receive the Portfolio Securities or the Underlying Shares. The

following table sets forth the Portfolio Securities, the percentage of each Portfolio Security in the Original Portfolio Value and their Initial Multipliers:

<TABLE>  
<CAPTION>

Issuer of the Portfolio Security	Country in Which Organized	ADR	% of Portfolio Value Represented in Original Portfolio Value	Initial Multiplier
<S>	<C>	<C>	<C>	<C>
Alcatel Alsthom Compagnie				
Generale d'Electricite(1)....	France	Yes	4.167%	0.145560
Banco de Santander S.A.(1).....	Spain	Yes	4.167%	0.084388

Bayer A.G.(3).....	Germany	No	4.167%	0.019832
Benetton Group S.p.A.(1).....	Italy	Yes	4.167%	0.130719
The British Petroleum Co., plc.(1).....	United Kingdom	Yes	4.167%	0.064977
British Telecom- munications plc.(1).....	United Kingdom	Yes	4.167%	0.056402
Cadbury Schweppes plc(1).....	United Kingdom	Yes	4.167%	0.136054
Deutsche Bank A.G.(3).....	Germany	No	4.167%	0.008103
L.M. Ericsson Telephone Co., Inc. (1).....	Sweden	Yes	4.167%	0.103842
Grand Metropolitan plc(1)	United Kingdom	Yes	4.167%	0.148810
Hanson plc(1).....	United Kingdom	Yes	4.167%	0.205761
Hoechst A.G.(3).....	Germany	No	4.167%	0.023662
Nestle S.A.(3).....	Switzerland	No	4.167%	0.004792
Philips Electronics N.V.(2)....	Netherlands	No	4.167%	0.198413
Reuters Holdings plc(1).....	United Kingdom	Yes	4.167%	0.051125
Rhone-Poulenc S.A.(1).....	France	Yes	4.167%	0.166667
Royal Dutch Petroleum Co.(2)...	Netherlands	No	4.167%	0.039683
Siemens A.G.(3).....	Germany	No	4.167%	0.009207
Societe Nationale Elf Aquitaine(1).....	France	Yes	4.167%	0.115741
Telefonica de Espana, S.A.(1)..	Spain	Yes	4.167%	0.104167
Total S.A.(1).....	France	Yes	4.167%	0.153610
Unilever plc(1).....	United Kingdom	Yes	4.167%	0.057870
Vodafone Group plc(1).....	United Kingdom	Yes	4.167%	0.047755
Waste Management International plc(1).....	United Kingdom	Yes	4.167%	0.234742

</TABLE>

- (1) As represented in the Portfolio by American Depositary Receipts.  
(2) As represented in the Portfolio by ordinary shares traded in U.S. dollars.  
(3) As represented in the Portfolio by ordinary shares traded outside the U.S. and denominated in other than U.S. dollars.

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The initial Multiplier relating to each Portfolio Security indicates the number of such Portfolio Security, given the market price of such Portfolio Security, required to be included in the calculation of the Original Portfolio Value so that each Portfolio Security represents an equal percentage of the Original Portfolio Value on December 22, 1993. The price of each Portfolio Security used to calculate the initial Multiplier relating to each such Portfolio Security was the closing price of such Portfolio Security on December 22, 1993. The respective Multipliers will remain constant for the term of the Securities unless adjusted for certain corporate events, as described below.

The Portfolio Value, for any day, will equal the sum of the products of the most recently available Market Prices (determined as described herein) and the applicable Multipliers for the Portfolio Securities. The Closing Portfolio Value, however, is calculated based on averaging Market Prices for certain days.

The Calculation Agent currently intends to publish the Portfolio Value once on each business day. The Calculation Agent currently calculates and publishes values of approximately 1,100 specified portfolios. The Calculation Agent currently provides information concerning such portfolios to the electronic reporting services operated by Bloomberg and to newspapers and specialized trade publications. If the Calculation Agent does publish Portfolio Values, the Calculation Agent currently intends to provide such values to similar sources described above, but there can be no assurance that such information will ultimately be published by such sources. In addition, the Calculation Agent will provide the Portfolio Value upon request, and will provide the Portfolio Value once each business day to the New York Stock Exchange which has agreed to report such Portfolio Value on its electronic transaction reporting services under the symbol "MEP".

#### ADJUSTMENTS TO THE MULTIPLIER AND PORTFOLIO

The Multiplier with respect to any Portfolio Security and the Portfolio will be adjusted as follows:

1. If a Portfolio Security is subject to a stock split or reverse stock split or a Portfolio Security that is an ADR is subject to a similar adjustment, then once such split has become effective, the Multiplier relating to such Portfolio Security will be adjusted to equal the product of the number of shares issued with respect to one such share of such Portfolio Security, or the number of receipts issued with respect to one ADR if a Portfolio Security is an ADR, and the prior multiplier.

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

3. There will be no adjustments to the Multipliers to reflect cash dividends or distributions paid with respect of a Portfolio Security other than for Extraordinary Dividends as described below. A cash dividend with



respect to a Portfolio Security will be deemed to be an "Extraordinary Dividend" if such dividend exceeds the immediately preceding non-Extraordinary Dividend for such Portfolio Security by an amount equal to at least 10% of the Market Price on the Trading Day preceding the record day for the payment of such Extraordinary Dividend (the "ex-dividend date"). If an Extraordinary Dividend occurs with respect to a Portfolio Security, the Multiplier with respect to such Portfolio Security will be adjusted on the ex-dividend date with respect to such Extraordinary Dividend so that the new Multiplier will equal the product of (i) the then current Multiplier, and (ii) a fraction, the numerator of which is the sum of the Extraordinary

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Dividend Amount and the Market Price on the Trading Day preceding the ex-dividend date, and the denominator of which is the Market Price on the Trading Day preceding the ex-dividend date. The "Extraordinary Dividend Amount" with respect to an Extraordinary Dividend for a Portfolio Security will equal such Extraordinary Dividend minus the amount of the immediately preceding non-Extraordinary Dividend for such Portfolio Security.

4. If the issuer of a Portfolio Security, or, if a Portfolio Security is an ADR, the issuer of the Underlying Share, is being liquidated or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, such Portfolio Security will continue to be included in the Portfolio so long as a Market Price for such Portfolio Security is available. If a Market Price is no longer available for a Portfolio Security for whatever reason, including the liquidation of the issuer of such Portfolio Security or the subjection of the issuer of such Portfolio Security to a proceeding under any applicable bankruptcy, insolvency or other similar law, then the value of such Portfolio Security will equal zero in connection with calculating Portfolio Value and Closing Portfolio Value for so long as no Market Price is available, and no attempt will be made to find a replacement stock or increase the value of the Portfolio to compensate for the deletion of such Portfolio Security.

5. If the issuer of a Portfolio Security, or, if a Portfolio Security is an ADR, the issuer of the Underlying Share, has been subject to a merger or consolidation and is not the surviving entity or is nationalized, then a value for such Portfolio Security will be determined at the time such issuer is merged or consolidated or nationalized and will equal the last available Market Price for such Portfolio Security and that value will be constant for the remaining term of the Securities. At such time, no adjustment will be made to the Multiplier of such Portfolio Security. The Company may at its sole discretion increase such last available Market Price to reflect payments or dividends of cash, securities or other consideration to holders of such Portfolio Security in connection with such a merger or consolidation which may not be reflected in such last available Market Price.

6. If the issuer of a Portfolio Security issues to all of its shareholders equity securities of an issuer other than the issuer of the Portfolio Security, then such new equity securities will be added to the Portfolio as a new Portfolio Security. The Multiplier for such new Portfolio Security will equal the product of the original Multiplier with respect to the Portfolio Security for which the new Portfolio Security is being issued (the "Original Portfolio Security") and the number of shares of the new Portfolio Security issued with respect to one share of the Original Portfolio Security.

7. If an ADR is no longer listed or admitted to trading on a United States securities exchange registered under the Exchange Act, is no longer a NASDAQ NMS security or is no longer included in the OTC Bulletin Board operated by the NASD, then the Underlying Shares represented by such ADR will be deemed to be a new Portfolio Security and such ADR will no longer constitute a Portfolio Security. The initial Multiplier for such new Portfolio Security will equal the last value of the Multiplier for such ADR multiplied by the number of shares of Underlying Shares represented by a single ADR.

No adjustments of any Multiplier of a Portfolio Security will be required unless such adjustment would require a change of at least 1% in the Multiplier then in effect. The Multiplier resulting from any of the adjustments specified above will be rounded to the nearest one thousandth with five ten-thousandths being rounded upward.

No adjustments to the Multiplier of any Portfolio Security or to the Portfolio will be made other than those specified above.

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#### HYPOTHETICAL PAYMENTS

The following table illustrates, for a range of hypothetical Closing Portfolio Values, the amount payable at maturity for each Unit of Securities. AN INVESTMENT IN THE PORTFOLIO SECURITIES WOULD BE SIGNIFICANTLY DIFFERENT THAN INVESTING IN THE SECURITIES. AMONG OTHER THINGS, AN INVESTOR IN THE PORTFOLIO SECURITIES MAY REALIZE CERTAIN DIVIDENDS THAT ARE NOT REFLECTED BY INVESTING IN THE SECURITIES, AND CURRENCY FLUCTUATIONS MAY SIGNIFICANTLY INCREASE OR DECREASE THE RATE OF RETURN OF THE PORTFOLIO SECURITIES VERSUS INVESTING IN THE SECURITIES.

<TABLE>  
<CAPTION>

Hypothetical Closing Portfolio Value	Percentage Change in the Portfolio Level	Payment at Maturity per \$10 Principal Amount of Securities
<S>	<C>	<C>
\$ 0.00	-100.00%	\$ 9.00
\$ 10.00	-90.00%	\$ 9.00
\$ 20.00	-80.00%	\$ 9.00
\$ 30.00	-70.00%	\$ 9.00
\$ 40.00	-60.00%	\$ 9.00
\$ 50.00	-50.00%	\$ 9.00
\$ 60.00	-40.00%	\$ 9.00
\$ 70.00	-30.00%	\$ 9.00
\$ 80.00	-20.00%	\$ 9.00
\$ 90.00	-10.00%	\$ 9.00
\$100.00	0.00%	\$10.00
\$110.00	10.00%	\$11.00
\$120.00	20.00%	\$12.00
\$130.00	30.00%	\$13.00
\$140.00	40.00%	\$14.00
\$150.00	50.00%	\$15.00
\$160.00	60.00%	\$16.00
\$170.00	70.00%	\$17.00
\$180.00	80.00%	\$18.00
\$190.00	90.00%	\$19.00
\$200.00	100.00%	\$20.00

</TABLE>

The above figures are for purposes of illustration only. The actual amount payable at maturity with respect to the Securities will depend entirely on the actual Closing Portfolio Value.

The investor will not receive their entire principal at maturity should the Portfolio decline in value. The investor will only receive \$9.00 for each \$10 principal amount of Securities (90% of their original investment) should the Portfolio decline in value by 10% or more.

#### 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 Holder of a Security upon any acceleration permitted by the Securities will be equal to the amount payable calculated as though the date of early repayment were the maturity date of the Securities. See "Description of Securities--Payment at Maturity" in this Prospectus. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the Holder 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, if any, of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Securities.

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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 Holders thereof, at the rate of 6% 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.

#### SECURITIES DEPOSITORY

The Securities are represented by one fully registered global security (the "Global Security"). Such Global Security has been deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), registered in the name of the Securities Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for Securities in definitive form, the Global Security may not 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, 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 NASD. 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 Securities 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 Security ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Securities Depository 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 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 Securities.

So long as the Securities Depository, or its nominee, is the registered owner of the Global Security, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or Holder

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of the Securities represented by such Global Security for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners in the Global Security will not be entitled to have the Securities represented by such Global Security 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 Senior Indenture. Accordingly, each Person owning a beneficial interest in a Global Security 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 Senior 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 the Global Security desires to give or take any action which a Holder is entitled to give or take under the Senior 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 the principal of, and any additional amount payable at maturity with respect to, Securities 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 Security 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 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 of principal or any additional amount payable at maturity in respect of the 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 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 Security shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Securities, the Global Security 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 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 Security.

#### THE PORTFOLIO

##### GENERAL

While the Portfolio consists of stocks (or ADRs representing interests therein) of European issuers, the Portfolio is not intended to provide an indication of the pattern of price movements of common stocks

of European corporations generally. As of December 22, 1993, all of the Portfolio Securities were registered under the Exchange Act, except for the Portfolio Securities which are ADRs representing shares in Bayer A.G., Deutsche Bank A.G., Hoechst A.G., Siemens A.G. and Nestle S.A. Companies with securities registered under the Exchange Act are required to file periodically certain financial and other information specified by the Commission (including a reconciliation of their financial statements to United States generally accepted accounting principles). As of December 22, 1993, Bayer A.G., Deutsche Bank A.G., Hoechst A.G., Siemens A.G. and Nestle S.A. had qualified for an exemption from the reporting requirements of the Exchange Act and had agreed to provide to the Commission certain financial and other information that the issuer provides to its shareholders or files with stock exchanges in its home country or is otherwise required to make public. Such information is not required to contain a reconciliation of their financial statements to United States generally accepted accounting principles. Information provided to or filed with the Commission is available at the offices of the Commission specified under "Available Information" in this Prospectus. Information contained in such information filed with the Commission will generally be more limited than that available with respect to a United States issuer. The Company makes no representation or warranty as to the accuracy or completeness of such reports. THE INCLUSION OF A PORTFOLIO SECURITY IN THE PORTFOLIO IS NOT A RECOMMENDATION TO BUY OR SELL SUCH PORTFOLIO SECURITY OR THE UNDERLYING SHARES RELATING THERETO, AND NEITHER THE COMPANY NOR ANY OF ITS AFFILIATES MAKE ANY REPRESENTATION TO ANY PURCHASER OF SECURITIES AS TO THE PERFORMANCE OF THE PORTFOLIO.

The Company or its affiliates may presently or from time to time engage in business with one or more of the issuers of the Portfolio Securities or of the Underlying Shares relating to the Portfolio Securities, 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 a Security should undertake an independent investigation of the issuers of the Underlying Shares relating to the Portfolio Securities as in its judgment is appropriate to make an informed decision with respect to an investment in the Securities.

#### EUROPE

The issuers of the Portfolio Securities, or of the shares underlying the Portfolio Securities which are ADRs, are companies which have been organized in countries located in Europe. The amount payable at the maturity of the Securities is dependent on the value of such Portfolio Securities and the value of such Portfolio Securities will be affected by political and economic developments in Europe.

The economies of individual European countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. European countries in recent years generally have experienced weak economic performance and suffer from relatively high unemployment levels, slow growth, falling industrial competitiveness, and increasing costs for social welfare programs.

The securities markets of most European countries have substantially less trading volume than the securities markets of the United States and Japan. Further, securities of some European companies are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, European securities markets may be subject to greater influence by adverse events generally affecting the market,

and by large investors trading significant blocks of securities or by large dispositions of securities than is the case in the United States.

#### ISSUERS OF THE UNDERLYING SHARES

Among the issuers of Portfolio Securities and the Underlying Shares, 9 are incorporated in the United Kingdom, 4 in the Federal Republic of Germany, 4 in France, 2 in the Netherlands, 2 in Spain, 1 in Italy, 1 in Sweden and 1 in Switzerland. The following table sets forth the issuers of the Portfolio Securities and Underlying Shares, the country in which each such issuer is organized and the primary industry in which each such issuer is engaged:

<TABLE> <CAPTION> Company Name -----	Country -----	Industry -----
<S>	<C>	<C>
The British Petroleum Co., plc	United Kingdom	Energy
British Telecommunications plc	United Kingdom	Telecommunications
Cadbury Schweppes plc	United Kingdom	Beverage
Grand Metropolitan plc	United Kingdom	Food/Beverage
Hanson plc.	United Kingdom	Conglomerate
Reuters Holdings plc.	United Kingdom	Media/Publishing

Unilever plc.	United Kingdom	Foods
Vodafone Group plc	United Kingdom	Telecommunications
Waste Management International plc	United Kingdom	Pollution Control
Alcatel Alsthom Compagnie Generale d'Electricite	France	Telecommunications
Rhone-Poulenc S.A.	France	Chemicals
Societe Nationale Elf Aquitaine	France	Energy
Total S.A.	France	Energy
Bayer A.G.	Germany	Chemicals
Deutsche Bank A.G.	Germany	Bank
Hoechst A.G.	Germany	Chemicals
Siemens A.G.	Germany	Electrical Equipment
Philips Electronics N.V.	Netherlands	Electrical Equipment
Royal Dutch Petroleum Company	Netherlands	Energy
Banco de Santander S.A.	Spain	Bank
Telefonica de Espana, S.A	Spain	Telecommunications
Benetton Group S.p.A.	Italy	Retailing
L.M. Ericsson Telephone Co., Inc	Sweden	Telecommunications
Nestle S.A.	Switzerland	Foods

</TABLE>

A potential investor should review the historical prices of the securities underlying the Portfolio. The historical prices of such securities should not be taken as an indication of future performance, and no assurance can be given that the prices of such securities will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the Minimum Payment at the maturity of the Securities.

#### OTHER TERMS

##### GENERAL

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The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 such transaction, MLPF&S remains a Controlled Subsidiary (defined in the Senior 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 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.

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#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if

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an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "Act"), for any such report on unaudited interim financial information because any such report is not a "report" or a "part" of the

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registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
STOCK MARKET ANNUAL RESET TERM(SM) NOTES DUE DECEMBER 31, 1999  
(SERIES A)  
"SMART NOTES (SM)"

On April 29, 1993, Merrill Lynch & Co., Inc. (the "Company") issued \$50,000,000 aggregate principal amount of Stock Market Annual Reset Term Notes (Series A) due December 31, 1999 (the "Notes" or "SMART Notes"). As of the date of this Prospectus, \$20,000,000 aggregate principal amount of the Notes remain outstanding. The Notes were issued in denominations of \$1,000 and integral multiples thereof and will mature and be repayable at 100% of the principal amount thereof on December 31, 1999. The Notes are not subject to redemption prior to maturity.

The Company will make interest payments on the Notes for each year at a rate per annum equal to the Participation Rate multiplied by the percent increase, if any, in the S&P MidCap 400 Composite Stock Price Index as determined in each year as further described herein (the "Annual Percent Appreciation"). Annual payments will in no event be less than the Minimum Annual Payment or more than the Maximum Annual Payment. The table below specifies the Minimum Annual Payment and the Maximum Annual Payment on a per annum basis per \$1,000 principal amount

of Notes as well as the Participation Rate. Interest payments will be payable on June 30 and December 31 of each year.

Minimum Annual Payment .....	\$ 30	(3%)
Maximum Annual Payment .....	\$100	(10%)
Participation Rate .....	65%	

For information as to the calculation of the amount payable in any calendar year and the calculation of the S&P MidCap 400 Index, see "Description of Notes" and "The Standard & Poor's MidCap 400 Index" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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

The Notes have been listed on the New York Stock Exchange under the symbol "MERIQ 99".

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THESE NOTES 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 Notes 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 Notes. MLPF&S may act as principal or agent in such transactions. The Notes may be offered on the New York Stock Exchange, 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 Notes 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_, 1998.

(SM) "SMART Notes" and "Stock Market Annual Reset Term" are service marks of Merrill Lynch & Co., Inc.

STANDARD & POOR'S CORPORATION ("S&P") DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P MIDCAP 400 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, HOLDERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P MIDCAP 400 INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED UNDER THE LICENSE AGREEMENT DESCRIBED HEREIN OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE S&P MIDCAP 400 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997,



Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
Ratio of earnings to fixed charges .....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

## RISK FACTORS

### INTEREST PAYMENTS

If the Ending Annual Value applicable to a December Payment Date does not exceed the Starting Annual Value applicable to such December Payment Date by more than approximately 4.62%, beneficial owners of the Notes will receive only the Minimum Annual Payment on such December Payment Date, even if the value of the S&P MidCap 400 Index at some point between the determination of the applicable Starting Annual Value and the determination of the applicable Ending Annual Value exceeded such Starting Annual Value by more than approximately 4.62%. The annual amount payable on the Notes based on the S&P MidCap 400 Index is limited to the Participation Rate multiplied by the percent increase in such index during the period between the date of the determination of the applicable Starting Annual Value for such year and the date of the determination of the applicable Ending Annual Value for such year, and in no event will such amount exceed the Maximum Annual Payment. If the Ending Annual Value applicable to a December Payment Date exceeds the Starting Annual Value applicable to such December Payment Date by more than approximately 15.38%, the beneficial owners of the Notes would receive only the Maximum Annual Payment for the applicable payment period.

Beneficial owners of the Notes will receive total annual payments equal to not less than the Minimum Annual Payment, and will be repaid 100% of the principal amount of the Notes at maturity. Beneficial owners of Notes may receive interest payments with respect to the Notes equal to only the Minimum Annual Payment for each year, and such interest payments are below what the Company would pay as interest as of the date of issuance if the Company issued non-callable senior debt securities with a similar maturity as that of the Notes. The payment of additional amounts on the Notes is subject to the conditions described under "Description of Notes--Interest Payments". The return of principal of the Notes at maturity and the payment of the Minimum Annual Payment are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The amount payable on the Notes based on the S&P MidCap 400 Index will not produce the same return as if the underlying stocks underlying the S&P MidCap 400 Index were purchased and held for a similar period because of the following: (i) the S&P MidCap 400 Index does not reflect the payment of dividends on the stocks underlying it, (ii) the amounts payable on the Notes do not reflect any changes in the S&P MidCap 400 Index for the period between the determination of an Ending Annual Value and the determination of the next succeeding Starting Annual Value, and (iii), the annual amount payable is limited to 65% of the percentage increase in the S&P MidCap 400 Index during any relevant period, subject to the Minimum Annual Payment and the Maximum Annual Payment.

### TRADING

The Notes have been listed on the New York Stock Exchange under the symbol "MERIQ 99". It is expected that the secondary market for the Notes (including prices in such market) will likely be affected by the creditworthiness of the Company and by a number of other factors. It is possible to view the Notes as the economic equivalent of a debt obligation plus a series of cash settlement options; however, there can be no assurance that the Notes will not trade in the secondary market at a discount from the aggregate value of such economic components, if such economic components were valued and capable of being traded separately.

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The trading values of the Notes may be affected by a number of interrelated factors, including those listed below. The following is the expected theoretical effect on the trading value of the Notes of each of the factors listed below. The following discussion of each separate factor generally assumes that all other factors are held constant, although the actual interrelationship between certain of such factors is complex.

Relative Level of the S&P MidCap 400 Index. The trading value of the Notes is expected to depend significantly on the extent of the appreciation, if any, of the S&P MidCap 400 Index over the Annual Starting Value applicable to the next succeeding December Payment Date. If, however, Notes are sold at a time when the S&P MidCap 400 Index exceeds the Annual Starting Value, the sale price may nevertheless be at a discount from the amount expected to be payable to the beneficial owner if such excess were to prevail until the next December Payment Date. Furthermore, the price at which a beneficial owner will be able to sell Notes prior to a December Payment Date may be at a discount, which could be substantial, from the principal amount thereof, if, at such time, the S&P MidCap 400 Index is below, equal to or not sufficiently above the Annual Starting Value applicable to such December Payment Date. The value of the Notes may also be affected by the limitation of the applicable Maximum Annual Payment.

Volatility of the S&P MidCap 400 Index. If the volatility of the S&P MidCap 400 Index increases, the trading value of the Notes is expected to increase. If the volatility of the S&P MidCap 400 Index decreases, the trading value of the Notes is expected to decrease.

U.S. Interest Rates. In general, if U.S. interest rates increase, the value of the Notes is expected to decrease. If U.S. interest rates decrease, the value of the Notes is generally expected to increase. Interest rates may also affect the U.S. economy, and, in turn, the level of the S&P MidCap 400 Index. Rising interest rates may lower the level of the S&P MidCap 400 Index and, thus, the value of the Notes. Falling interest rates may increase the level of the S&P MidCap 400 Index and, thus, may increase the value of the Notes.

Time Remaining to December Payment Dates. The Notes may trade at a value above that which may be inferred from the level of U.S. interest rates and the S&P MidCap 400 Index. This difference will reflect a "time premium" due to expectations concerning the level of the S&P MidCap 400 Index during the period prior to each December Payment Date. As the time remaining to each December Payment Date decreases, however, this time premium may decrease, thus decreasing the trading value of the Notes.

Time Remaining to Maturity. As the number of remaining December Payment Dates decreases, the cumulative value of all the annual rights to receive an amount that reflects participation in the appreciation of the S&P MidCap 400 Index above the Starting Annual Value (which would be realized in interest payments in excess of the Minimum Annual Payment) will decrease, thus decreasing the value of the Notes. Furthermore, as the time to maturity decreases, the value of the right to receive the Minimum Annual Payment and the principal amount is expected to increase, thus increasing the value of the Note.

Dividend Rates. A number of complex relationships between the relative values of the Notes and dividend rates are likely to exist. If dividend rates on the stocks comprising the S&P MidCap 400 Index increase, the value of the annual right to receive an amount that reflects participation in the appreciation of the S&P MidCap 400 Index above the Starting Annual Value is expected to decrease. Consequently the value of the Notes is expected to decrease. Conversely, if dividend rates on the stocks comprising the S&P MidCap 400 Index decrease, the value of the annual right to receive such an amount is expected to increase and, therefore, the value of the Notes is expected to increase. However, in general, rising U.S. corporate dividend rates may increase the S&P MidCap 400 Index and, in turn, increase the value of the Notes. Conversely, falling U.S. dividend rates may decrease the S&P MidCap 400 Index and, in turn, decrease the value of the Notes.

#### OTHER CONSIDERATIONS

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

Investors should also consider the tax consequences of investing in the Notes and should consult their tax advisors.

#### DESCRIPTION OF NOTES

##### GENERAL

The Notes were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, which is more fully described below. The Notes will mature, and the principal of the Notes will be repayable at par, on December 31, 1999.

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

The Notes were issued in denominations of \$1,000 and integral multiples thereof.

##### INTEREST PAYMENTS

For each full calendar year, the Company will pay interest in an amount equal to the following for each \$1,000 principal amount of Notes:

$\$1,000 \times \text{Annual Percent Appreciation} \times \text{Participation Rate}$

provided, however, that the per annum amount payable as a result of the foregoing on the Notes will not be less than the Minimum Annual Payment or greater than the Maximum Annual Payment. The table below specifies the Minimum Annual Payment and the Maximum Annual Payment on a per annum basis per \$1,000 principal amount of Notes as well as the Participation Rate.

Minimum Annual Payment .....	\$30	(3%)
Maximum Annual Payment .....	\$100	(10%)
Participation Rate .....	65%	

The "Annual Percent Appreciation" applicable to the determination of the

amount payable in any year will equal (i) the Ending Annual Value minus the Starting Annual Value, divided by (ii) the Starting Annual Value. The "Starting Annual Value" applicable to the determination of the amount payable in a calendar year will equal the closing value of the S&P MidCap 400 Index on the first NYSE Business Day (as defined herein) in such year on which a Market Disruption Event has not occurred as determined by State Street Bank and Trust Company (the "Calculation Agent"); provided, however, that if a Market Disruption Event shall have occurred on each of the first ten NYSE Business Days in any year, the "Starting Annual Value" applicable to the determination of the amount payable in such year will equal the closing value of the S&P MidCap 400 Index on such tenth NYSE Business Day regardless of whether a Market Disruption Event occurs on such day. The "Ending Annual Value" applicable to the determination of the amount payable in a calendar year will equal the closing value of the S&P MidCap 400 Index on the seventh scheduled NYSE Business Day preceding the end of such year (including December 31 if it is a scheduled NYSE Business Day) as determined by the Calculation Agent, unless a Market Disruption Event has occurred on such day. In the event that a Market Disruption Event has occurred on the seventh scheduled NYSE Business Day preceding the end of such year, the "Ending Annual Value" applicable to the determination of the amount payable in such year will equal the closing value of the S&P MidCap 400 Index on the sixth scheduled

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NYSE Business Day preceding the end of such year regardless of whether such day is a NYSE Business Day or a Market Disruption Event occurs on such day. The Calculation Agent will determine the seventh scheduled NYSE Business Day, and, if necessary, the sixth scheduled NYSE Business Day prior to each December Payment Date.

If the Ending Annual Value applicable to such December Payment Date does not exceed the Starting Annual Value applicable to such December Payment Date by more than approximately 4.62%, beneficial owners of the Notes will receive only the Minimum Annual Payment on such December Payment Date, even if the value of the S&P MidCap 400 Index at some point between the determination of the applicable Starting Annual Value and the determination of the applicable Ending Annual Value exceeded such Starting Annual Value by more than approximately 4.62%. If the Ending Annual Value applicable to a December Payment Date exceeds the Starting Annual Value applicable to such December Payment Date by more than approximately 15.38%, the beneficial owners of the Notes would receive only the Maximum Annual Payment for the applicable payment period.

Any day on which a Starting Annual Value or an Ending Annual Value is required to be calculated is referred to herein as a "Calculation Day". A "NYSE Business Day" is a day on which The New York Stock Exchange is open for trading. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, in the absence of manifest error, shall be conclusive for all purposes and binding on the Company and beneficial owners of the Notes. All percentages resulting from any calculation on the Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

"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, 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 each case, for more than two hours of trading in 80 or more of the securities included in the S&P MidCap 400 Index, or

(ii) the suspension or material limitation, in each case for more than two hours of trading (whether by reason of movements in price exceeding levels permitted by the relevant exchange or otherwise), in (A) futures contracts related to the S&P MidCap 400 Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the S&P MidCap 400 Index which are traded on the American Stock Exchange.

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.

#### INTEREST PAYMENT DATES

The Company will make semiannual interest payments on the Notes on June 30 and December 31 of each year ("June Payment Dates" and "December Payment Dates", respectively), except as provided below, to the persons in whose names the Notes are registered on the next preceding June 29 or December 30. For each Note, the Company will pay half of the Minimum Annual Payment for each calendar year on the June Payment Date, and will pay the balance of the annual amount payable on such Note for such year on the December Payment Date.

Notwithstanding the foregoing, if it is known at least three Business Days prior to December 31 that December 31 will not be a Business Day, the amount payable by the Company with respect to a December Payment Date for

Series A Notes will be made on the Business Day immediately preceding such December 31 to the persons in whose names the Notes are registered on the second Business Day immediately preceding such December 31.

#### S&P MIDCAP 400 INDEX

The following table illustrates hypothetical annual payments on the Notes using assumed changes in the S&P MidCap 400 Index. The numbers below are shown for illustrative purposes only and are not intended to predict either the future levels of the S&P MidCap 400 Index or the payments to be received on the Notes.

#### HYPOTHETICAL SMART NOTE PAYMENTS

<TABLE> <CAPTION>		INDEX			HYPOTHETICAL	
ANNUALIZED						
YEAR	HYPOTHETICAL STARTING	HYPOTHETICAL ENDING	PERCENT	PARTICIPATION		SMART
RATE (3)	ANNUAL VALUE (1)	ANNUAL VALUE (2)	CHANGE	RATE		NOTE PAYMENT
- - - - -	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.....	163	180	10.43%	65%		6.78%
2.....	178	206	15.73%	65%		10.00%**
3.....	208	174	-16.35%	65%		3.00%*
4.....	174	218	25.29%	65%		10.00%**
5.....	217	216	-0.46%	65%		3.00%*
6.....	219	284	29.68%	65%		10.00%**
7.....	283	310	9.54%	65%		6.20%
- - - - -	-----	-----	-----	-----	-----	-----

</TABLE>

- (1) Assumed closing value of the S&P MidCap 400 Index on the first NYSE Business Day of each year.  
 (2) Assumed closing value of the S&P MidCap 400 Index on the seventh scheduled NYSE Business Day prior to the end of each year.  
 (3) Simple interest basis.  
 \* Minimum Annual Payment (\$30 per \$1,000 principal amount (3% per annum)).  
 \*\* Maximum Annual Payment (\$100 per \$1,000 principal amount (10% per annum)).

The above information is for purposes of illustration only. The actual amount payable in any year on the Notes will depend entirely on the Starting Annual Value and Ending Annual Value applicable to such year determined by the Calculation Agent as provided herein and the Minimum Annual Payment, Maximum Annual Payment and Participation Rate.

A potential investor should review the historical performance of the S&P MidCap 400 Index. The historical performance of the S&P MidCap 400 Index should not be taken as an indication of future performance, and no assurance can be given that the S&P MidCap 400 Index will increase sufficiently during any calendar year to cause the beneficial owners of the Notes to receive an amount in excess of the Minimum Annual Payment during any such calendar year.

#### UNAVAILABILITY OF THE S&P MIDCAP 400 INDEX

If S&P discontinues publication of the S&P MidCap 400 Index and S&P or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the S&P MidCap 400 Index (any such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by S&P or such other entity for the S&P MidCap 400 Index and calculate the Starting Annual Value and/or the Ending Annual Value as described above. Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be published in The Wall Street Journal (or another newspaper of general circulation) within three Business Days of such selection.

If the S&P MidCap 400 Index is unavailable or S&P discontinues publication of the S&P MidCap 400 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 S&P MidCap 400 Index for any such Calculation Day used to calculate the Starting Annual Value or Ending Annual Value, as the case may be, will be calculated as described below.

If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the S&P MidCap 400 Index as described below, such Successor Index or value shall be substituted for the S&P MidCap 400 Index for all purposes.

If at any time the method of calculating the S&P MidCap 400 Index, or the value thereof, is changed in a material respect, or if the S&P MidCap 400 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 S&P MidCap 400 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

Calculation Date, 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 S&P MidCap 400 Index as if such changes or modifications had not been made, and calculate such closing value with reference to the S&P MidCap 400 Index, as adjusted. Accordingly, if the method of calculating the S&P MidCap 400 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 S&P MidCap 400 Index as if it had not been modified (e.g., as if such split had not occurred).

If the S&P MidCap 400 Index is unavailable or the publication of the S&P MidCap 400 Index is discontinued and S&P or another entity does not publish a Successor Index on any of the Calculation Days, the value to be substituted for the S&P MidCap 400 Index for any such Calculation Day will be the value computed by the Calculation Agent for each such Calculation Day in accordance with the following procedures:

- (1) identifying the component stocks of the S&P MidCap 400 Index or any Successor Index as of the last date on which either of such indices was calculated by S&P or another entity and published by S&P or such other entity (each such component stock is a "Last Component Stock");
- (2) for each Last Component Stock, calculating as of each such NYSE Business Day the product of the market price per share and the number of the then outstanding shares (such product referred to as the "Market Value" of such stock), by reference to (a) the closing market price per share of such Last Component Stock as quoted by the New York Stock Exchange or the American Stock Exchange or any other registered national securities exchange that is the primary market for such Last Component Stock, or if no such quotation is available, then the closing market price as quoted by any other registered national securities exchange or the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ"), or if no such price is quoted, then the market price from the best available source as determined by the Calculation Agent (collectively, the "Exchanges") and (b) the most recent publicly available statement of the number of outstanding shares of such Last Component Stock;
- (3) aggregating the Market Values obtained in clause (2) for all Last Component Stocks;
- (4) ascertaining the Base Value (as defined below under "The Standard & Poor's MidCap 400 Index--Computation of the S&P MidCap 400 Index") in effect as of the last day on which either the S&P MidCap 400 Index or any Successor Index was published by S&P or another entity, adjusted as described below;
- (5) dividing the aggregate Market Value of all Last Component Stocks by the Base Value (adjusted as aforesaid);
- (6) multiplying the resulting quotient (expressed in decimals) by 100.

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If any Last Component Stock is no longer publicly traded on any registered national securities exchange or in the over-the-counter market, the last available market price per share for such Last Component Stock as quoted by any registered national securities exchange or in the over-the-counter market, and the number of outstanding shares thereof at such time, will be used in computing the last available Market Value of such Last Component Stock. Such Market Value will be used in all computations of the S&P MidCap 400 Index thereafter.

If a company that has issued a Last Component Stock and another company that has issued a Last Component Stock are consolidated to form a new company, the common stock of such new company will be considered a Last Component Stock and the common stocks of the constituent companies will no longer be considered Last Component Stocks. If any company that has issued a Last Component Stock merges with, or acquires, a company that has not issued a Last Component Stock, the common stock of the surviving corporation will, upon the effectiveness of such merger or acquisition, be considered a Last Component Stock. In each such case, the Base Value will be adjusted so that the Base Value immediately after such consolidation, merger or acquisition will equal (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value of all Last Component Stocks immediately after such event, divided by the aggregate Market Value for all Last Component Stocks immediately prior to such event.

If a company that has issued a Last Component Stock issues a stock dividend, declares a stock split or issues new shares pursuant to the acquisition of another company, then, in each case, the Base Value will be adjusted (in accordance with the formula described below) so that the Base Value immediately after the time the particular Last Component Stock commences trading ex-dividend, the effectiveness of the stock split or the time new shares of such Last Component Stock commence trading equals (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value for all Last Component Stocks immediately after such event, divided by the aggregate Market Value of all Last Component Stocks immediately prior to such event. The Base Value used by the Calculation Agent to calculate the value described above will not necessarily be adjusted in all cases in which S&P, in its discretion, might adjust the Base Value (as described below under "The Standard & Poor's MidCap 400 Index--Computation of the S&P MidCap 400 Index").

If S&P discontinues publication of the S&P MidCap 400 Index prior to the

period during which the amount payable with respect to any year is to be determined and the Calculation Agent determines that no Successor Index is available at such time, then on each NYSE Business Day until the earlier to occur of (i) the determination of the amount payable with respect to such year or (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 amount payable with respect to such year by reference to the method set forth in clauses (1) through (6) in the fourth preceding paragraph above 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 Wall Street Journal (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 S&P MidCap 400 Index may adversely affect trading in the Notes.

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Notes shall have occurred and be continuing, the amount payable to a beneficial owner of a Note upon any acceleration permitted by the Notes, will equal: (i) the principal amount thereof, plus (ii) an additional amount, if any, of interest calculated as though the date of early repayment were a December Payment Date and prorated through such date of early repayment based on the ratio of the number of days from and including the date the Starting Annual Value applicable to such year is determined to but excluding the date of early repayment, computed on the basis of a year consisting of 360 days of twelve 30-day months, divided by 360. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the beneficial owner of a Note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Note plus an additional amount, if any, of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Notes.

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#### SECURITIES DEPOSITORY

The Notes are represented by one fully registered global security (the "Global Security"). Such Global Security has been deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), registered in the name of the Securities Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for Securities in definitive form, the Global Security 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, 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 Notes 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 Note ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Securities Depository 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 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 Securities.

So long as the Securities Depository, or its nominee, is the registered owner of the Global Security, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Security for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners in the Global Security will not be entitled to have the Notes represented by such Global Security registered in their names,

will not receive or be entitled to receive physical delivery of the Notes in definitive registered form and will not be considered the owners or Holders thereof under the Senior Indenture. Accordingly, each Person owning a beneficial interest in the Global Security 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 Senior 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 the Global Security desires to give or take any action which a Holder is entitled to give or take under the Senior 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

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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 amounts payable on any June Payment Date or December Payment Date with respect to Notes 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 Security representing such Notes. 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 relative to such beneficial ownership interests. The Company expects that the Securities Depository, upon receipt of any payment of principal or amounts payable on any June Payment Date or December Payment Date in respect of the 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 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 Security shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, the Global Security will be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes 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 Security.

#### THE STANDARD & POOR'S MIDCAP 400 INDEX

All disclosure contained in this Prospectus regarding the S&P MidCap 400 Index, including, without limitation, its make-up, method of calculation and changes in its components, is derived from publicly available information prepared by S&P as of April 16, 1993. Neither the Company nor MLPF&S take any responsibility for such information.

#### GENERAL

The S&P MidCap 400 Index is published by S&P and is intended to provide an indication of the pattern of price movements of common stocks of corporations having mid-market capitalization. The calculation of the value of the S&P MidCap 400 Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined above) of the common stocks of 400 companies as of a particular time as compared to the aggregate average Market Value of the common stocks of 400 substantially similar companies on December 31, 1990. As of April 16, 1993, 263 (66%) of the companies included in the S&P MidCap 400 Index were listed on the New York Stock Exchange, 125 (31%) of the companies were traded in the over-the-counter market and 12 (3%) of the companies were listed on the American Stock Exchange. As of February 3, 1993, the aggregate Market Value of the 400 companies included in the S&P MidCap 400 Index represented approximately 15% of the aggregate Market Value of United States domestic companies. The 400 companies are not the largest companies listed on The New York Stock Exchange (the companies included in the Standard & Poor's 500 Composite Stock Price Index, which had a median market capitalization of \$3.1 billion at April 16, 1993, are generally larger than those included in the S&P MidCap 400 Index, which had a median market capitalization of \$846.8 million at April 16, 1993). S&P chooses companies for inclusion in the S&P MidCap 400 Index with the aim of achieving (for companies of mid-market capitalization) a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of The New York Stock Exchange, which S&P uses as an assumed model



for the composition of the total market with respect to such mid-market corporations. Relevant criteria employed by S&P in selecting companies for the S&P MidCap 400 Index include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the Market Value and trading activity of the common stock of that company.

#### COMPUTATION OF THE S&P MIDCAP 400 INDEX

As of April 16, 1993, S&P computed the S&P MidCap 400 Index as of a particular time as follows:

- (1) the Market Value of each component stock is determined as of such time;
- (2) the Market Values of all component stocks as of such time (as determined under clause (1) above) are aggregated;
- (3) the Market Values as of December 31, 1990 (the "Base Period") of the common stock of each company in a group of 400 substantially similar companies is determined;
- (4) the Market Values of all such common stocks as of the Base Period (as determined under clause (3) above) are aggregated (such aggregate amount being referred to as the "Base Value");
- (5) the aggregate Market Value of all component stocks as of such time (as determined under clause (2) above) is divided by the Base Value; and
- (6) the resulting quotient (expressed in decimals) is multiplied by 100.

While S&P currently employs the above methodology to calculate the S&P MidCap 400 Index, no assurance can be given that S&P will not modify or change such methodology in a manner that may affect the amounts payable on any December Payment Date to beneficial owners of the Notes.

S&P adjusts the foregoing formula to negate the effect of changes in the Market Value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. Such changes may result from such causes as the issuance of stock dividends, the granting to shareholders of rights to purchase additional shares of such stock, the purchase of additional shares of stock by employees pursuant to employee benefit plans, certain consolidations and acquisitions, the granting to shareholders of rights to purchase other securities of the company, the substitution by S&P of particular component stocks in the S&P MidCap 400 Index and other reasons. In all such cases, S&P first recalculates the aggregate Market Value of all component stocks (after taking account of the new market price per share of the particular component stock or the new number of outstanding shares thereof or both, as the case may be) and then determines the New Base Value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the Base Value is adjusted in proportion to any change in the aggregate Market Value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of such causes upon the S&P MidCap 400 Index.

A potential investor should review the historical performance of the S&P MidCap 400 Index. The historical performance of the S&P MidCap 400 Index should not be taken as an indication of future performance, and no assurance can be given that the S&P MidCap 400 Index will increase sufficiently to cause the beneficial owners of the Notes to receive an amount in excess of the principal amount at the maturity of the Notes.

#### LICENSE AGREEMENT

S&P and Merrill Lynch Capital Services, Inc. have entered into a non-exclusive license agreement providing for the license to Merrill Lynch Capital Services, Inc., in exchange for a fee, of the right to use indices owned and published by S&P in connection with certain securities, including the Notes, and the Company is an authorized sublicensee thereof.

The license agreement between S&P and Merrill Lynch Capital Services, Inc. provides that the following language must be stated in this Prospectus:

"The Notes are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the Holders of the Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly or the ability of the S&P MidCap 400 Index to track general stock market performance. S&P's only relationship to Merrill Lynch Capital Services, Inc. and the Company (other than transactions entered into in the ordinary course of business) is the licensing of certain service marks and trade names of S&P and of the S&P

MidCap 400 Index which is determined, composed and calculated by S&P without regard to the Company or the Notes. S&P has no obligation to take the needs of the Company or the Holders of the Notes into consideration in determining, composing or calculating the S&P MidCap 400 Index. S&P is not responsible for and has not participated in the determination or calculation of the equation by which the Notes are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Notes."

#### OTHER TERMS

##### GENERAL

The Note were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Notes. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Notes are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

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The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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 Securities Exchange Act of 1934, as amended, and under rules of certain exchanges and other regulatory bodies.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 Senior 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 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

## MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders

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is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

## EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

## EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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

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"Common Share Data" for each of the five years in the period ended December 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

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MERRILL LYNCH & CO., INC.  
JAPAN INDEX(SM)

EQUITY PARTICIPATION SECURITIES WITH MINIMUM RETURN PROTECTION DUE JANUARY 31,  
2000

On January 27, 1994, Merrill Lynch & Co., Inc. (the "Company") issued \$115,000,000 aggregate principal amount of Japan Index(SM) Equity Participation Securities with Minimum Return Protection due January 31, 2000 (the "Securities" or the "Notes") in denominations of \$1,000 and integral multiples thereof. As of the date of this Prospectus, \$60,000,000 aggregate principal amount of the Securities remain outstanding. The Securities will mature on January 31, 2000. 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 Index (as hereinafter defined). The Securities were issued as a series of Senior Debt Securities under the Senior Indenture described herein. 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 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, (B) the percentage change from 195.46, the closing value of the Index on January 20, 1994 as compared to the Final Average Value (as hereinafter defined), and (C) 115% (the "Participation Rate"). In no event, however, will the Supplemental Redemption Amount be less than \$150 per \$1,000 principal amount of the Securities (the "Minimum Supplemental Redemption Amount"), representing a minimum annualized rate of return of 2.33%. The calculation of the Final Average Value, as more fully described herein, will equal the arithmetic average of the closing values of the Index on certain days during January of 1998, 1999 and 2000. Although the Index will initially be the Japan Index (as defined herein), under certain circumstances described herein, a New Japan Index (as defined herein) may be substituted for the Japan Index. The Japan Index (or, if such substitution shall occur, the New Japan Index) is referred to herein as the "Index".

For information as to the calculation of the Supplemental Redemption Amount which will be paid at maturity and the calculation and the composition of the Index, see "Description of Securities" and "The Index", respectively, in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 3 OF IN THIS PROSPECTUS.

Ownership of the Securities is maintained in book-entry form by or through the Depository (as hereinafter defined). Beneficial owners of the Securities do not

have the right to receive physical certificates evidencing their ownership except under the limited circumstances described herein.

The Securities have been listed on the American Stock Exchange under the symbol "MJP.A".

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the American Stock Exchange, 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 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.

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MERRILL LYNCH & CO.

THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.  
(SM) "Japan Index" is a service mark of The American Stock Exchange.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges .....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

PAYMENT AT MATURITY

Investors should be aware that if the Final Average Value of the Index does not exceed the Initial Value by more than approximately 13.04%, beneficial owners of the Securities will receive only the principal amount thereof and the Minimum Supplemental Redemption Amount. A beneficial owner of the Securities may receive a Supplemental Redemption Amount equal only to the Minimum Supplemental Redemption Amount at maturity, and such Minimum Supplemental Redemption Amount is below what the Company would pay as interest as of the date of issuance 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 are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The Index does not reflect the payment of dividends on the stocks underlying it and therefore, in addition to the considerations regarding averaging discussed 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. Because the Final Average Value will be based upon average values of the Index during specified periods in three successive years, a significant increase in the Index as measured by the average values during the specified period in the final year, or in either earlier year, may be substantially or entirely offset by the average values of the Index during the specified periods in the other two years.

The Index used to calculate the Supplemental Redemption Amount will initially be the Japan Index, which is currently calculated and published by the American Stock Exchange. Upon the occurrence of certain events described under "Description of Securities--Substitution of the Index", a New Japan Index (which will also relate to the trading of equity securities in Japan) will be substituted for the Japan Index as the basis of the calculation of the Supplemental Redemption Amount. The required characteristics of such New Japan Index are described herein; however, the New Japan Index does not currently exist, and such New Japan Index may be calculated and published by a United States stock exchange other than the American Stock Exchange. In the event that a New Japan Index is substituted for the Japan Index, no assurance can be given as to whether the Supplemental Redemption Amount calculated on the basis of such New Japan Index will be more than or less than or equal to the Supplemental Redemption Amount which would have been payable had such substitution not occurred.

The Senior Indenture provides that the Senior Indenture and the Securities will be governed by and construed in accordance with the laws of New York. 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). The Company has covenanted 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 are listed on the American Stock Exchange. 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. Because the Final Average Value is an average of the three Calculation Values as described below, the price at which a beneficial owner of a Security will be able to sell such Security in the secondary market may be at a discount if the first or second such Calculation Value is below the Initial Value.

The trading value of the Securities is expected to depend primarily on the extent of the appreciation, if any, of the Index over the Initial Value. If, however, Securities are sold prior to the maturity date at a time when the Index exceeds the Initial Value, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such excess of the Index over the Initial 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 maturity date and the effect of the value of the Index on prior days used to calculate the Final Average Value, if any. 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 Initial Value and/or if the value of the Index on prior days used to calculate the Final Average Value, if any, was below, equal to or not sufficiently above the Initial Value. A discount could also result from rising interest rates in the U.S.

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The trading values 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 theoretical 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.** In general, if U.S. interest rates increase, the value of the Securities is expected to decrease. If U.S. interest rates decrease, the value of the Securities is expected to increase. In general, if Japanese interest rates increase, the value of the Securities is expected to increase. If Japanese interest rates decrease, the value of the Securities is expected to decrease. Interest rates may also affect the Japanese economy, and, in turn, the value of the Index. Rising interest rates may lower the value of the Index and, thus, the Securities. Falling interest rates may increase the value of the Index and, thus, may increase the 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 minimum expected value at maturity if one or more Calculation Values, as defined below, were below, equal to or not sufficiently above the Initial Value.

Dividend Rates in Japan. If dividend rates on the stocks comprising the Index increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the Index decrease, the value of the Securities is expected to increase. However, in general, rising Japanese corporate dividend rates may increase the value of the Index and, in turn, increase the value of the Securities. Conversely, falling Japanese dividend rates may decrease the value of the Index and, in turn, decrease the value of the Securities.

Although the stocks comprising the Japan Index are traded in Japanese yen and the Securities are denominated in U.S. dollars, the Supplemental Redemption Amount will not be adjusted for the currency exchange rate in effect at the maturity of the Securities. The Supplemental Redemption Amount is based upon the percentage increase in the Japan Index. The Japan Index is calculated using a constant U.S.\$/Japanese Yen exchange rate. The value of the Securities should not, therefore, be directly affected by the currency exchange rate. For example, if the Japan Index were to increase by 25% from the Initial Value to the Final Average Value, a holder of the Securities would receive a Supplemental Redemption Amount equal to \$287.50 per \$1,000 principal amount of Securities at maturity regardless of the U.S.\$/Japanese Yen exchange rate prevailing at maturity. Changes in the exchange rate, however, may reflect changes in the Japanese economy which, of course, would affect the value of the Index and the Securities.

#### THE JAPANESE MARKET

The underlying stocks that constitute the Japan Index have been issued by Japanese companies. If a New Japan Index is substituted for the Japan Index, such New Japan Index would also be based upon stocks issued by Japanese companies. Investments in securities indexed to the value of Japanese equity securities involve certain risks. The Japanese securities markets may be more volatile than U.S. or other securities markets and may be affected by

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market developments in different ways than U.S. or other securities markets. Direct or indirect government intervention to stabilize the Japanese securities markets and cross-shareholdings in Japanese companies on such markets may affect prices and volume of trading on those markets. Also, there is generally less publicly available information about Japanese companies than about those U.S. companies that are subject to the reporting requirements of the Commission, and Japanese companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those to which U.S. reporting companies are subject.

Securities prices in Japan are subject to political, economic, financial and social factors that apply in Japan. These factors (including the possibility that recent or future changes in the Japanese government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other Japanese laws or restrictions applicable to Japanese companies or investments in Japanese equity securities and the possibility of fluctuations in the rate of exchange between currencies) could negatively affect the Japanese securities markets. Moreover, the Japanese economy may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

#### 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.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, which is more fully described below. The Securities will mature on January 31, 2000.

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 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" and "Other Terms--Events of Default" in this Prospectus.

The Securities were issued in denominations of \$1,000 and integral multiples thereof.

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 Final Average Value of the Index does not exceed the Initial Value by more than approximately 13.04% a beneficial owner of a Security will be entitled to receive only the principal amount thereof and the Minimum Supplemental Redemption Amount. Although the Index will initially be the Japan Index, under certain circumstances described herein a New Japan Index (as defined herein)

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may be substituted for the Japan Index. The Japan Index (or, if such substitution shall occur, the New Japan Index) is referred to herein as the "Index".

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

$$\text{Principal Amount} \times \frac{\text{Final Average Value}-\text{Initial Value}}{\text{Initial Value}} \times 115\%$$

provided, that the Supplemental Redemption Amount will not be less than the Minimum Supplemental Redemption Amount of \$150 per \$1,000 principal amount of Securities. The Initial Value equals 195.46, the closing value of the Japan Index on January 20, 1994; provided, however, that a new Initial Value will be calculated as described herein if a New Japan Index is substituted for the Japan Index.

The Final Average Value of the Index will be determined by State Street Bank and Trust Company (the "Calculation Agent") and will equal the arithmetic average (mean) of the Yearly Values, as defined below, for 1998, 1999 and 2000. The Yearly Value for any year will be calculated during the Calculation Period for such year which will be from and including January 22 in 1998, January 21 in 1999 and January 20 in 2000 to and including the fifth scheduled Business Day after each such date. The Yearly Value for each year will equal the arithmetic average (mean) of the closing values of the Index on the first Business Day in the applicable Calculation Period (provided that a Market Disruption Event, as defined below, shall not have occurred on such day) and on each succeeding Business Day (provided that a Market Disruption Event shall not have occurred on the applicable day) up to and including the last Business Day in the applicable Calculation Period (each, a "Calculation Date") until the Calculation Agent has so determined such closing values for five Business Days. If a Market Disruption Event occurs on two or more of the Business Days during a Calculation Period, the Yearly Value for the relevant year will equal the average of the values on Business Days on which a Market Disruption Event did not occur during such Calculation Period or, if there is only one such Business Day, the value on such day. If a Market Disruption Event occurs on all of such Business Days during a Calculation Period, the Yearly Value for the relevant year shall equal the closing value of the Index on the last Business Day of the Calculation Period regardless of whether a Market Disruption Event shall have occurred on such day. A Yearly Value may be restated if the Substitution Event occurs after the determination of such Yearly Value, see "Substitution of the Index".

For purposes of determining the Final Average Value, a "Business Day" is a day on which the Relevant Stock Exchange is open for trading. "Relevant Stock Exchange" means the American Stock Exchange or, if a New Japan Index has been substituted for the Japan Index, the U.S. stock exchange that publishes such New Japan Index. 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.

The following table illustrates, for a range of hypothetical Final Average Values, the total amount payable at maturity for each \$1,000 principal amount of Securities.

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<TABLE>  
<CAPTION>

HYPOTHETICAL FINAL AVERAGE VALUE OF THE JAPAN INDEX	PERCENTAGE CHANGE OVER INITIAL VALUE	TOTAL AMOUNT PAYABLE AT MATURITY
-----	-----	-----
<S>	<C>	<C>
97.73	-50%	\$1,150
117.28	-40%	\$1,150
136.82	-30%	\$1,150
156.37	-20%	\$1,150

175.91	-10%	\$1,150
195.46(1)	0%	\$1,150
215.01	10%	\$1,150
234.55	20%	\$1,230
254.10	30%	\$1,345
273.64	40%	\$1,460
293.19	50%	\$1,575
312.74	60%	\$1,690
332.28	70%	\$1,805
351.83	80%	\$1,920
371.37	90%	\$2,035
390.92	100%	\$2,150
410.47	110%	\$2,265
430.01	120%	\$2,380

</TABLE>

(1) The Initial Value.

The above figures are for purposes of illustration only. The actual total redemption amount received by investors will depend entirely on the actual Final Average Value determined by the Calculation Agent as provided herein. Because the Final Average Value will be based upon average values of the Index (which may be a New Japan Index substituted for the Japan Index) during specified periods in three successive years, a significant increase or decrease in the Index as measured by the average values during the specified period in any year may be substantially or entirely offset by the average values of the Index during the specified periods in the other two years.

A potential investor should review the historical performance of the Japan Index. The historical performance of the Japan Index should not be taken as an indication of future performance, and no assurance can be given that the Japan Index will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount and the Minimum Supplemental Redemption Amount at the maturity of the Securities.

#### ADJUSTMENTS TO THE INDEX; MARKET DISRUPTION EVENT

If at any time the method of calculating the Index, or the value thereof, is changed in a 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 Final Average 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).

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"Market Disruption Event" means the occurrence or existence of either of the following events on a Business Day during a Calculation Period as determined by the Calculation Agent:

(i) a suspension or absence of trading on the TSE of 20% or more of the Underlying Stocks which then comprise the Index or a Successor Index during the one-half hour period preceding the close of trading on the TSE; or

(ii) the suspension or material limitation on the Singapore International Monetary Exchange Ltd. (the "SIMEX"), Osaka Securities Exchange (the "OSE") or the Relevant Stock Exchange or any other major securities market of trading in futures or options contracts related to the Index during the one-half hour period preceding the close of trading on the applicable exchange.

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

(1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, (2) a decision to permanently discontinue trading in the relevant contract will not constitute a Market Disruption Event, (3) a suspension of trading in a futures or options contract on the Index by the Relevant Stock Exchange or other major securities market by reason of (x) a price change exceeding limits set by the Relevant Stock Exchange or such securities market, (y) an imbalance of orders relating to such contracts or (z) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or material limitation of trading in futures or options contracts related to the Index and (4) an "absence of trading" on the SIMEX, OSE, the Relevant Stock Exchange or a major securities market on which futures or options contracts related to the Index are traded will not include any time when the SIMEX, OSE, the Relevant Stock Exchange or such securities market, as the case may be, itself is closed for trading under ordinary circumstances.

#### SUBSTITUTION OF THE INDEX

Movements in the Japan Index correspond generally to movements in the Nikkei 225 Index published by Nihon Keizai Shimbun, Inc., which is currently the most

widely utilized index relating to Japanese equity securities, as measured by trading volume and open interest relating to the futures contract on such index (the "Nikkei 225 Futures Contract"). In October of 1993, Nihon Keizai Shimbun, Inc. commenced the calculation and publication of a new broad-based, capitalization-weighted index referred to as the Nikkei 300 Index (the "Nikkei 300 Index"). Unlike the Nikkei 225 Index, which is a price-weighted index of 225 Japanese companies listed in the First Section of the TSE, the Nikkei 300 Index is a capitalization-weighted index of 300 Japanese companies listed in the First Section of the TSE. See "The Index--The New Japan Index" for a description of the Nikkei 300 Index. The OSE announced that, if a broad-based, capitalization-weighted index were introduced on the TSE, the OSE expected to establish a new futures contract on such index. Although the OSE has not as of the date of this Prospectus introduced a new futures contract on the Nikkei 300 Index, any such contract which it may introduce at some future date is referred to herein as the "Nikkei 300 Futures Contract".

If the Nikkei 300 Futures Contract is introduced and publicly traded on an exchange in Japan, and such contract develops trading volume and open interest exceeding that of the Nikkei 225 Futures Contract, the Company believes this would indicate that the Nikkei 300 Futures Contract will have become more widely utilized than the Nikkei 225 Futures Contract. Therefore, in the event that a Nikkei 300 Futures Contract is publicly traded at some future date on an exchange in Japan and each of the additional conditions described below are fulfilled (the occurrence of all such conditions being referred to herein as a "Substitution Event"), a New Japan Index (as defined below) will be substituted for the Japan Index. From and after such time, the Index used to determine the Supplemental Redemption Amount with respect to the Notes will be such New Japan Index. Upon the substitution of the New Japan Index for the Japan Index, the Company will cause notice thereof to be given to Holders of the Securities. Such notice will also state that, for purposes of calculating the Supplemental Redemption Amount, an adjusted Initial Value will be substituted for the original Initial Value. Such adjusted Initial Value will be calculated as follows:

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$$\frac{\text{Initial Value of Japan Index}}{\text{current value of Japan Index}} \times \text{current value of New Japan Index}$$

where the current values of the Japan Index and of the New Japan Index will equal their respective levels reported by the relevant exchange at the close of business on the day that the Calculation Agent substitutes the New Japan Index for the Japan Index. If the Substitution Event occurs after the determination of a Yearly Value, any such Yearly Value will be restated in terms of the New Japan Index pursuant to the following formula:

$$\frac{\text{Yearly Value prior to restatement}}{\text{original Initial Value}} \times \text{adjusted Initial Value}$$

The Supplemental Redemption Amount will then be calculated using such restated Yearly Value.

A "Substitution Event" will have occurred if, as determined by the Calculation Agent (whose opinion shall be conclusive and binding on the Company and on the holders of the Notes), the following conditions are fulfilled:

(a) Nikkei 300 Futures Contracts shall be introduced and publicly traded on an exchange in Japan; and

(b) The American Stock Exchange or another United States securities exchange publishes (on a basis not less regularly than each day on which such exchange and the TSE are open for trading) an index (the "New Japan Index") which:

(i) for a period of 90 days immediately preceding the date of the Substitution Event has a correlation based on daily, closing value to closing value, percentage changes of not less than 90% with the Nikkei 300 Index; and

(ii) an option, warrant or other security which has payments determined by reference to the New Japan Index has been approved to be listed on a national securities exchange by the Securities and Exchange Commission; and

(c) Either of the following has occurred:

(i) the Nikkei 225 Index is no longer published and/or the Nikkei 225 Futures have been delisted from trading on the OSE; or

(ii) the Nikkei 300 Futures Contracts publicly traded on exchanges in Japan have (A) greater average daily volume and (B) greater average daily open interest than the Nikkei 225 Futures Contracts which trade on the OSE, each for any three-month period prior to the date of the Substitution Event, commencing on a futures expiration date on the OSE and ending on the following futures expiration date; and

(d) To the extent required, the Company shall have obtained any license necessary to use the New Japan Index as described herein. The Company has agreed in the Securities to use its reasonable efforts to obtain any such license.

Notwithstanding the above, unless the Nikkei 225 Index is no longer published and/or the Nikkei 225 Futures Contracts shall have been delisted from trading on the OSE, a Substitution Event will not be deemed to have occurred on any of the 180 days next preceding the maturity date of the Notes.

All disclosure contained in this Prospectus regarding the Nikkei 225 Index, Nikkei 225 Futures Contract, Nikkei 300 Index, Nikkei 300 Futures Contract, or their publisher, Nihon Keizai Shimbun, Inc., is derived from publicly available information as of January 20, 1994. Nihon Keizai Shimbun, Inc. has no relationship with the Company

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or the Securities; it does not sponsor, endorse, authorize, sell or promote the Securities, and has no obligation or liability in connection with the administration, marketing or trading of the Securities.

#### DISCONTINUANCE OF THE INDEX

If the American Stock Exchange discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index, publication of the New Japan Index has been discontinued) and the American Stock Exchange 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 notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by the American Stock Exchange or such other entity for the Japan Index or the New Japan Index, as the case may be, and calculate the Final Average 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 American Stock Exchange discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index, publication of the New Japan Index has been discontinued) and a Successor Index is not selected by the Calculation Agent or is no longer published on any of the Calculation Dates, the value to be substituted for the Index for any such Calculation Date used to calculate the Supplemental Redemption Amount at maturity will be a value computed by the Calculation Agent for each Calculation Date 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 American Stock Exchange discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index, publication of the New Japan Index has been discontinued) 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 Final Average 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 Date. The Calculation Agent will cause notice of each such value to be published not less often than once each month in The Wall Street Journal (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 will be equal to: (i) the principal amount thereof, plus (ii) an additional amount of contingent interest calculated as though the date of early repayment were the maturity date of the Securities. The Calculation Period used to calculate the final Yearly Value of the Securities so accelerated will begin on the eighth scheduled Business Day next preceding the scheduled date for such early redemption. If such final Yearly Value is the only Yearly Value which shall have been calculated with respect to the Securities, such final Yearly Value will be the Final Average Value. If one or two other Yearly Values shall have been calculated with respect to the Securities for prior years when the Securities shall have been outstanding, the average (mean) of the final Yearly Value and such one other Yearly Value or such two other Yearly Values, as the case may be, will be the Final Average Value. 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 2.33%, calculated on a semiannual bond equivalent basis. See "Description of

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Securities--Payment at Maturity" in this Prospectus. 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 5.5% 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.

#### SECURITIES DEPOSITORY

All Securities are represented by one fully registered global security (the "Global Security"). The Global Security is deposited with, or on behalf of, The Depository Trust Company ("DTC"), as Depository (the "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, the Global Security may not be transferred except as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such 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 Exchange Act. 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 the 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 the Global Security.

So long as DTC, or its nominee, is the registered owner of the 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 Senior 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 Senior 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 Senior 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 the Global Security desires to give or take any action which a Holder is entitled to give or take under the Senior 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 Security 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 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 the 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 the 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 Security shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Securities, the Global Security will be exchangeable for Securities in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 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 Security.

#### THE INDEX

##### THE JAPAN INDEX

The Index for purposes of calculating the Supplemental Redemption Amount will initially be the Japan Index. Unless otherwise stated, all information herein relating to the Japan Index has been provided by the American Stock Exchange as of January 20, 1994. Such information reflects the policies of the American Stock Exchange; such policies are subject to change in the discretion of the American Stock Exchange.

The Japan Index is a stock index calculated, published and disseminated by the American Stock Exchange that measures the composite price performance of selected Japanese stocks. The Japan Index as of January 20, 1994 was based on 210 highly capitalized Underlying Stocks trading on the TSE representing a broad cross-section of Japanese industries. All 210 Underlying Stocks are stocks listed in the First Section of the TSE. Stocks listed in the First Section are among the most actively traded stocks on the Tokyo Stock Exchange. Options contracts on the Japan Index are traded on the American Stock Exchange.

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The Japan Index is a modified, price-weighted index (i.e., an Underlying Stock's weight in the index is based on its price per share rather than the total market capitalization of the issuer) which is calculated by (i) multiplying the per share price of each Underlying Stock by the corresponding weighing factor for such Underlying Stock (a "Weight Factor"), (ii) calculating the sum of all these products and (iii) dividing such sums by a divisor (the "Divisor"). The Divisor, initially set in September 1990 at 9,799,460, was 9,608,946 as of January 20, 1994, and is subject to periodic adjustments as set forth below. Each Weight Factor is computed by dividing (Yen)50 by the par value of the relevant Underlying Stock and multiplying the result by 100, so that the share price of each Underlying Stock when multiplied by its Weight Factor corresponds to a share price based on a uniform par value of (Yen)50. Each Weight Factor represents the number of shares of the related Underlying Stock which are included in one trading unit of the Japan Index. The stock prices used in the calculation of the Japan Index are those reported by a primary market for the Underlying Stock (as of January 20, 1994, the TSE). The level of the Japan Index is calculated once per day using last sale prices only (i.e., not "special bid quotes" or "special ask quotes" which are used in connection with other stock indices) for transactions in Underlying Stock on the TSE. The level of the Japan Index is disseminated via the Consolidated Tape Authority Network-B (commonly referred to as the "American Stock Exchange Tape"). The American Stock Exchange Tape symbol for the Japan Index is "JPN".

In order to maintain continuity in the level of the Japan Index in the event of certain changes due to non-market factors affecting the Underlying Stocks, such as the addition or deletion of stocks, substitution of stocks, stock dividends, stock splits or distributions of assets to stockholders, the Divisor used in calculating the Japan Index is adjusted in a manner designed to prevent any instantaneous change or discontinuity in the level of the Japan Index. Thereafter, the Divisor remains at the new value until a further adjustment is necessary as the result of another change. As a result of each such change affecting any Underlying Stock, the Divisor is adjusted in such a way that the sum of all share prices immediately after such change multiplied by the applicable Weight Factor and divided by the new Divisor (i.e., the level of the Japan Index immediately after such change) will equal the level of the Japan Index immediately prior to the change.

Underlying Stocks may be deleted or added by the American Stock Exchange. However, to maintain continuity in the Japan Index, the policy of the American Stock Exchange is generally not to alter the composition of the Underlying Stocks except when an Underlying Stock is deleted due to (i) bankruptcy of the issuer, (ii) merger of the issuer with, or acquisition of the issuer by, another company, (iii) delisting of such stock, or (iv) failure of such stock to meet, upon periodic review by the American Stock Exchange, market value and trading volume criteria established by the American Stock Exchange (as such may change

from time to time). Upon deletion of a stock from the Underlying Stocks, the American Stock Exchange may select a suitable replacement for such deleted Underlying Stock. The policy of the American Stock Exchange is to announce any such change in advance via distribution of an information circular.

The American Stock Exchange is under no obligation to continue the calculation and dissemination of the Japan Index. The Securities are not sponsored, endorsed, sold or promoted by the American Stock Exchange. No inference should be drawn from the information contained in this Prospectus that the American Stock Exchange makes any representation or warranty, implied or express, to the Company, beneficial owners of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities in particular or the ability of the Japan Index to track general stock market performance. The American Stock Exchange has no obligation to take the needs of the Company or beneficial owners of the Securities into consideration in determining, composing or calculating the Japan Index. The American Stock Exchange is not responsible for, and has not participated in the determination or calculation of the equation by which the Supplemental Redemption Amount with respect to the Securities will be determined. The American Stock Exchange has no obligation or liability in connection with the administration, marketing or trading of the Securities.

The use of and reference to the Japan Index in connection with the Securities has been consented to by the American Stock Exchange, the publisher of the Japan Index. "Japan Index" is a service mark of the American Stock Exchange.

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None of the Company, the Calculation Agent and MLPF&S accepts any responsibility for the calculation, maintenance or publication of the Japan Index or any Successor Index. The American Stock Exchange disclaims all responsibility for any errors or omissions in the calculation and dissemination of the Japan Index or the manner in which such index is applied in determining the Supplemental Redemption Amount with respect to the Securities.

A potential investor should review the historical performance of the Index. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the Index will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount and the Minimum Supplemental Redemption Amount at the maturity of the Securities.

#### THE TOKYO STOCK EXCHANGE

The following information relating to the Tokyo Stock Exchange was derived from information publicly available as of January 20, 1994. The TSE is one of the world's largest securities exchanges in terms of market capitalization. The TSE is a two-way, continuous pure auction market. Trading hours are from 9:00 A.M. to 11:00 A.M. and from 1:00 P.M. to 3:00 P.M., Tokyo time, Monday through Friday.

Due to the time zone difference, on any normal trading day the TSE will close prior to the opening of business in New York City on the same calendar day. Therefore, the closing level of the Japan Index on such trading day will generally be available in the United States by the opening of business on the same calendar day.

The TSE has adopted certain measures intended to prevent any extreme short-term price fluctuation resulting from order imbalances. These include daily price floors and ceilings intended to prevent extreme fluctuations in individual stock prices. Any stock listed on the Tokyo Stock Exchange cannot be traded at a price outside of these limits which are stated in absolute Japanese yen, and not percentage, limits from the closing price of the stock on the previous day. In addition, when there is a major order imbalance in a listed stock, the TSE posts a "special bid quote" or a "special asked quote" for that stock at a specified higher or lower price level than the stock's last sale price in order to solicit counter orders and balance supply and demand for the stock. Investors should also be aware that the TSE may suspend the trading of individual stocks in certain limited and extraordinary circumstances including, for example, unusual trading activity in that stock. As a result, variations in the Japan Index may be limited by price limitations on, or by suspension of trading in, individual stocks which comprise the Japan Index which may, in turn, adversely affect the value of the Securities or result in a Market Disruption Event. See "Description of Securities--Adjustments to the Index; Market Disruption Event".

#### THE NEW JAPAN INDEX

Under certain circumstances, a New Japan Index may be substituted for the Japan Index for purposes of calculating the Supplemental Redemption Amount. The New Japan Index would be an index published by the American Stock Exchange or another United States securities exchange with a high correlation to the Nikkei Stock Index 300. See "Substitution of the Index".

The Nikkei Stock Index 300 is an index calculated, published and disseminated by Nihon Keizai Shimbun, Inc., that measures the composite price performance of stocks of 300 Japanese companies. All 300 stocks are listed in the First Section of the TSE. Stocks listed in the First Section are among the most actively traded stocks on the TSE. Publication of the Nikkei Stock Index 300 began on October 8, 1993.

The Nikkei Stock Index 300 is a market capitalization-weighted index which is calculated by (i) multiplying the per share price of each stock included in the

Nikkei Stock Index 300 by the number of outstanding shares (excluding shares held by the Japanese Government), (ii) calculating the sum of all these products (such sum being hereinafter referred to as the "Aggregate Market Price"), (iii) dividing the Aggregate Market Price by the Base Aggregate

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Market Price (i.e. the Aggregate Market Price as of October 1, 1982) and (iv) multiplying the result by 100. Larger companies' shares have a larger effect on moving the entire index than smaller companies' shares.

Although the Nikkei Stock Index 300 was first published in October 1993, Nihon Keizai Shimbun, Inc. has calculated values for the Nikkei Stock Index 300 for the period from October 1, 1982 through October 8, 1993. The stocks included in the Nikkei Stock Index 300 (such stocks being hereinafter referred to as the "Underlying Stocks") were selected from a reference group of stocks which were selected by excluding stocks listed in the First Section of the TSE that have relatively low market liquidity or extremely poor financial results. The Underlying Stocks were selected from this reference group by (i) selecting from the remaining stocks in this reference group the stocks with the largest aggregate market value in each of 36 industrial sectors and (ii) selecting additional stocks (with priority within each industrial sector given to the stock with the largest aggregate market value) so that the selection ratios (i.e. the ratio of the aggregate market value of the included stocks to that of the stocks in the reference group) with respect to all 36 industry sectors will be as nearly equal as possible and the total number of companies with stocks included in the Nikkei Stock Index 300 will be 300.

In order to maintain continuity in the level of the Nikkei Stock Index 300, the Nikkei Stock Index 300 will be reviewed annually by Nihon Keizai Shimbun, Inc. and the Underlying Stocks may be replaced, if necessary, in accordance with the "deletion/addition rule". The "deletion/addition" rule provides generally for the deletion of a stock from the Nikkei Stock Index 300 if such stock is no longer included in the reference group or if the aggregate market value of such stock is low relative to other stocks in the relevant industry sector. Stocks deleted pursuant to the "deletion/addition" rule will be replaced by stocks included in the reference group which have relatively high aggregate market values. In addition, stocks may be added or deleted from time to time for extraordinary reasons.

All disclosure contained in this Prospectus regarding the Nikkei 225 Index, Nikkei 225 Futures Contract, Nikkei Stock Index 300, Nikkei 300 Futures Contract, or their publisher, Nihon Keizai Shimbun, Inc., is derived from information publicly available as of January 20, 1994. Nihon Keizai Shimbun, Inc. has no relationship with the Company or the Securities; it does not sponsor, endorse, authorize, sell or promote the Securities, and has no obligation or liability in connection with the administration, marketing or trading of the Securities.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

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The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS



The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose

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Holder is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect

thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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

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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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
AMEX OIL INDEX (SM)

STOCK MARKET ANNUAL RESET TERM(SM) NOTES  
DUE DECEMBER 29, 2000 "SMART NOTES(SM) "

On March 31, 1994, Merrill Lynch & Co., Inc. (the "Company") issued \$25,000,000 aggregate principal amount of AMEX Oil Index Stock Market Annual Reset Term Notes due December 29, 2000 (the "Notes" or "SMART Notes"). The Notes were issued in denominations of \$1,000 and integral multiples thereof and will mature and be repayable at 100% of the principal amount thereof on December 29, 2000. The Notes are not subject to redemption prior to maturity.

The Company will make interest payments on the Notes for each calendar year at a rate per annum equal to 85% (the "Participation Rate") of the average percentage increase, if any, in the AMEX Oil Index (as defined herein) as determined in each calendar year from the Starting Annual Value to the Ending Average Value as further described herein (the "Average Percent Change"). Annual payments will in no event be less than the Minimum Annual Payment of \$20 per \$1,000 principal amount of Notes on a per annum basis (2% per annum).

The "Starting Annual Value" applicable to the determination of the amount payable in a calendar year will equal the closing value of the AMEX Oil Index on the last AMEX Business Day (as defined below) in the immediately preceding calendar year. The "Ending Average Value" applicable to the determination of the amount payable in a calendar year will equal the arithmetic average (mean) of the Quarterly Values of the AMEX Oil Index for each calendar quarter during such year. Interest payments will be payable on June 30 and December 31 of each year and at maturity as described below.

For information as to the calculation of the amount payable in any calendar year and the calculation of the AMEX Oil Index, see "Description of Notes" and "The AMEX Oil Index" in this Prospectus. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 3 OF IN THIS PROSPECTUS.

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

The Notes have been listed on the American Stock Exchange under the symbol "MOI.F".

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THESE NOTES 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 Notes 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 Notes. MLPF&S may act as principal or agent in such transactions. The Notes may be offered on the American Stock Exchange, 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 Notes 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

(SM) "SMART Notes" and "Stock Market Annual Reset Term" are service marks of Merrill Lynch & Co., Inc.

(SM) "Oil Index" is a registered service mark of the American Stock Exchange, Inc.

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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS
	1993	1994	1995	1996	1997	ENDED MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges .....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### RISK FACTORS

##### INTEREST PAYMENTS

If the Ending Average Value applicable to a December Payment Date does not exceed the Starting Annual Value applicable to such December Payment Date by more than approximately 2.35%, beneficial owners of the Notes will receive only the Minimum Annual Payment on such December Payment Date, even if the value of the AMEX Oil Index at some point between the determination of the applicable Starting Annual Value and the determination of the applicable Ending Average Value exceeded such Starting Annual Value by more than approximately 2.35%. The annual amount payable on the Notes based on the AMEX Oil Index is limited to the Participation Rate multiplied by the percentage increase, if any, between the Starting Annual Value and the Ending Average Value for such year.

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Beneficial owners of the Notes will receive total annual payments equal to not less than the Minimum Annual Payment, and will be repaid 100% of the principal amount of the Notes at maturity. Beneficial owners of Notes may receive interest payments with respect to the Notes equal to only the Minimum Annual Payment for each year, and such interest payments are 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 Notes. The payment of additional amounts on the Notes is subject to the conditions described under "Description of Notes--Interest Payments". The return of principal of the Notes at maturity and the payment of the Minimum Annual Payment are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The amount payable on the Notes based on the AMEX Oil Index will not produce the same return as if the stocks underlying the AMEX Oil Index were purchased and held for a similar period because of the following: (i) the AMEX Oil Index does not reflect the payment of dividends on the stocks underlying it, (ii) the annual amount payable is limited to the Participation Rate multiplied by the percentage increase in the AMEX Oil Index during any relevant period, subject to the Minimum Annual Payment, (iii) the Ending Average Value may not reflect the full percentage increase in the AMEX Oil Index during any relevant period because it is an average of the AMEX Oil Index at various points in time and (iv) the amounts payable on the Notes do not reflect changes in the AMEX Oil Index for the period between the determination of an Ending Average Value and the determination of the next succeeding Starting Annual Value.

The Indenture provides that the Indenture and the Notes are governed by and construed in accordance with the laws of the state of New York. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to Notes in which \$2,500,000 or more has been invested. While 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 has covenanted for the benefit of the beneficial owners of the Notes, to the extent permitted by law, not to claim voluntarily the benefits of any laws concerning usurious rates of interest against a beneficial owner of the Notes.

##### TRADING

The Notes have been listed on the American Stock Exchange under the symbol "MOI.F". It is expected that the secondary market for the Notes (including prices in such market) will likely be affected by the creditworthiness of the Company and by a number of other factors. It is possible to view the Notes as the economic equivalent of a debt obligation plus a series of cash settlement options; however, the Notes may trade in the secondary market at a discount from the aggregate value of such economic components, if such economic components were valued and capable of being traded separately.

The trading values of the Notes may be affected by a number of interrelated factors, including those listed below. The following is the expected theoretical effect on the trading value of the Notes of each of the factors listed below. The following discussion of each separate factor generally assumes that all

other factors are held constant, although the actual interrelationship between certain of such factors is complex.

**Relative Level of the AMEX Oil Index.** The trading value of the Notes is expected to depend significantly on the extent of the excess of the expected Ending Average Value for a calendar year over the Starting Annual Value applicable to such calendar year. If, however, Notes are sold at a time when the AMEX Oil Index (or the estimated Ending Average Value if such value were calculated at such time) exceeds the Starting Annual Value, the sale price may nevertheless be at a discount from the amount expected to be payable to the beneficial owner if such excess were to prevail until the next December Payment Date. Furthermore, the price at which a beneficial owner will be able to sell Notes prior to a December Payment Date may be at a discount, which could be substantial, from the principal amount thereof, if, at such time, the AMEX Oil Index is below, equal to or not sufficiently above the Annual Starting Value applicable to such December Payment Date. The level of the AMEX Oil Index will depend on the prices of the stocks underlying such Index which, in turn, will be affected by factors affecting the oil industry, see "The AMEX Oil Index--Oil Industry Sector".

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**Volatility of the AMEX Oil Index.** If the volatility of the AMEX Oil Index increases, the trading value of the Notes is expected to increase. If the volatility of the AMEX Oil Index decreases, the trading value of the Notes is expected to decrease.

**U.S. Interest Rates.** In general, if U.S. interest rates increase, the value of the Notes is expected to decrease. If U.S. interest rates decrease, the value of the Notes is generally expected to increase. Interest rates may also affect the U.S. economy, and, in turn, the level of the AMEX Oil Index. Rising interest rates may lower the level of the AMEX Oil Index and, thus, the value of the Notes. Falling interest rates may increase the level of the AMEX Oil Index and, thus, may increase the value of the Notes.

**Time Remaining to December Payment Dates.** The Notes may trade at a value above that which may be inferred from the level of U.S. interest rates and the AMEX Oil Index. This difference will reflect a "time premium" due to expectations concerning the level of the AMEX Oil Index during the period prior to each December Payment Date. As the time remaining to each December Payment Date decreases, however, this time premium may decrease, thus decreasing the trading value of the Notes.

**Time Remaining to Maturity.** As the number of remaining December Payment Dates decreases, the cumulative value of all the annual rights to receive an amount that reflects participation in the payments in excess of the Minimum Annual Payment will decrease, thus decreasing the value of the Notes.

**Dividend Rates.** A number of complex relationships between the relative values of the Notes and dividend rates are likely to exist. If dividend rates on the stocks comprising the AMEX Oil Index increase, the value of the annual right to receive an amount that reflects participation in the average appreciation of the AMEX Oil Index above the Starting Annual Value is expected to decrease. Consequently the value of the Notes is expected to decrease. Conversely, if dividend rates on the stocks comprising the AMEX Oil Index decrease, the value of the annual right to receive such an amount is expected to increase and, therefore, the value of the Notes is expected to increase. In general, however, because the majority of issuers of stocks underlying the AMEX Oil Index are organized in the United States, rising U.S. corporate dividend rates may increase the AMEX Oil Index and, in turn, increase the value of the Notes. Conversely, falling U.S. dividend rates may decrease the AMEX Oil Index and, in turn, decrease the value of the Notes.

#### OTHER CONSIDERATIONS

It is suggested that prospective investors who consider purchasing the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. Investors should also consider the tax consequences of investing in the Notes and should consult their tax advisors.

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#### DESCRIPTION OF NOTES

##### GENERAL

The Notes were issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, as described below. The Notes will mature, and the principal of the Notes will be repayable at par, on December 29, 2000.

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

The Notes are transferable in denominations of \$1,000 and integral multiples thereof.

## INTEREST PAYMENTS

For each full calendar year, the Company will pay interest in an amount equal to the following for each \$1,000 principal amount of Notes:

$$\$1,000 \times \text{Average Percent Change} \times \text{Participation Rate}$$

provided, however, that the per annum amount payable as a result of the foregoing on the Notes will not be less than the Minimum Annual Payment of \$20 per \$1,000 principal amount of Notes on a per annum basis (2% per annum). The Participation Rate equals 85%.

The "Average Percent Change" applicable to the determination of the amount payable in any calendar year will equal:

$$\frac{\text{Ending Average Value} - \text{Starting Annual Value}}{\text{Starting Annual Value}}$$

The "Starting Annual Value" applicable to the determination of the amount payable in a calendar year will equal the closing value of the AMEX Oil Index on the last AMEX Business Day in the immediately preceding calendar year as determined by State Street Bank and Trust Company (the "Calculation Agent"). The "Ending Average Value" applicable to the determination of the amount payable in a calendar year will equal the arithmetic average (mean) of the Quarterly Values of the AMEX Oil Index for each calendar quarter during such year as determined by the Calculation Agent. The "Quarterly Value" for any of the first three calendar quarters in a calendar year will be the closing value of the AMEX Oil Index on the last scheduled AMEX Business Day in any such calendar quarter; provided, however, that if a Market Disruption Event has occurred on such last scheduled AMEX Business Day in such calendar quarter, the Quarterly Value for such calendar quarter will be the closing value of the AMEX Oil Index on the next succeeding scheduled AMEX Business Day regardless of whether a Market Disruption Event occurs on such day. The "Quarterly Value" for the fourth calendar quarter in a calendar year will be the closing value of the AMEX Oil Index on the seventh scheduled AMEX Business Day preceding the end of such calendar quarter; provided, however, that if a Market Disruption Event has occurred on such seventh scheduled AMEX Business Day, the Quarterly Value for such calendar quarter will be the closing value of the AMEX Oil Index on the sixth scheduled AMEX Business Day preceding the end of such calendar quarter regardless of whether a Market Disruption Event occurs on such day. The Calculation Agent will determine scheduled AMEX Business Days.

If the Ending Average Value applicable to such December Payment Date does not exceed the Annual Starting Value by more than approximately 2.35%, beneficial owners of the Notes will receive only the Minimum Annual Payment on such December Payment Date, even if the value of the AMEX Oil Index at some point between the determination of the applicable Starting Annual Value and the determination of the applicable Ending Average Value exceeded such Starting Annual Value by more than approximately 2.35%.

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Any day on which a Starting Annual Value or a closing value of the AMEX Oil Index for a calendar quarter is required to be calculated is referred to herein as a "Calculation Day". An "AMEX Business Day" is a day on which the American Stock Exchange is open for trading. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, in the absence of manifest error, shall be conclusive for all purposes and binding on the Company and beneficial owners of the Notes. All percentages resulting from any calculation on the Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

## ADJUSTMENTS TO THE INDEX; MARKET DISRUPTION EVENT

If at any time the method of calculating the AMEX Oil Index, or the value thereof, is changed in a material respect, or if the AMEX Oil 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 AMEX Oil 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 Calculation Day, 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 AMEX Oil Index as if such changes or modifications had not been made, and calculate such closing value with reference to the AMEX Oil Index, as adjusted. Accordingly, if the method of calculating the AMEX Oil 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 AMEX Oil 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, the American Stock Exchange, or the 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 each case, during the last half hour of trading in any of the component stocks, or depository receipts representing such stocks, included in the AMEX Oil Index on any national securities exchange in the United States, or

(ii) the suspension or material limitation, in each case during the last half hour of trading (whether by reason of movements in price exceeding levels permitted by the relevant exchange or otherwise), in (A) futures contracts related to the AMEX Oil Index which are traded on any exchange or board of trade in the United States or (B) option contracts related to the AMEX Oil Index which are traded on the American Stock Exchange.

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.

#### INTEREST PAYMENT DATES

The Company will make semiannual interest payments on the Notes on June 30 of each year ("June Payment Dates") and December 31 of each year and at maturity ("December Payment Dates"), except as provided below, to the persons in whose names the Notes are registered on the immediately preceding June 29 or December 30, and, at maturity, to the person to whom the principal is payable. For each Note, the Company will pay half of the Minimum Annual Payment for each calendar year on the June Payment Date, and will pay the balance of the annual amount payable on such Note for such year on the December Payment Date.

Notwithstanding the foregoing, if it is known at least three Business Days prior to December 31 that December 31 will not be a Business Day, the amount payable by the Company with respect to a December Payment Date for the Notes will be made on the Business Day immediately preceding such December 31 to the persons in whose names the Notes are registered on the second Business Day immediately preceding such December 31.

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#### UNAVAILABILITY OF THE AMEX OIL INDEX

If the AMEX discontinues publication of the AMEX Oil 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 the AMEX Oil Index (any such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's 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 AMEX Oil Index and calculate the annual amount payable as described above under "Interest Payments". Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be given to Holders of the Notes.

If the AMEX discontinues publication of the AMEX Oil 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 AMEX Oil Index for any such Calculation Day used to calculate the annual amount payable will be a value computed by the Calculation Agent for each Calculation Day in accordance with the procedures last used to calculate the AMEX Oil Index prior to any such discontinuance. If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the AMEX Oil Index such Successor Index or value shall be substituted for the AMEX Oil Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If the AMEX discontinues publication of the AMEX Oil Index prior to the period during which the amount payable with respect to any year is to be determined and the Calculation Agent determines that no Successor Index is available at such time, then on each AMEX Business Day until the earlier to occur of (i) the determination of the amount payable with respect to such year or (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 amount payable with respect to such year 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 Wall Street Journal (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 AMEX Oil Index may adversely affect trading in the Notes.

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Notes shall have occurred and be continuing, the amount payable to a beneficial owner of a Note upon any acceleration permitted by the Notes, will equal: (i) the principal amount thereof, plus (ii) an additional amount, if any, of interest calculated as though the date of early repayment were a December Payment Date and prorated through such date of early repayment on the basis of a year consisting of 360 days of twelve 30-day months. If Quarterly Values have been calculated prior to the early redemption date for the calendar year in which such early redemption date occurs, such Quarterly Values shall be averaged with the value of the AMEX Oil Index determined with respect to such date of early redemption. If no Quarterly Values have been calculated prior to the early redemption date for the calendar year in which the early redemption date occurs, the Ending Average Value for such calendar year will be the value of the AMEX Oil Index determined



with respect to such date of early redemption. 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 Notes from and including January 1 in the calendar year in which such early redemption date occurs, to but excluding the date of early redemption at an annualized rate of 2%, calculated on a semiannual bond equivalent basis. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the beneficial owner of a Note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Note plus an additional amount, if any, of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Notes.

In case of default in payment at the maturity date of the Notes (whether at their stated maturity or upon acceleration), from and after the maturity date the Notes shall bear interest, payable upon demand of the Holders thereof, at the rate of 7% 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 Notes to the date payment of such amount has been made or duly provided for.

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#### SECURITIES DEPOSITORY

The Notes are represented by one fully registered global security (the "Global Security"). Such Global Security has been deposited with, or on behalf of, The Depository Trust Company, as Securities Depository (the "Securities Depository"), registered in the name of the Securities Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for Securities in definitive form, the Global Security may not 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, 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 Notes 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 Note ("Beneficial Owner") is in turn to be recorded on the Participants' or Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Securities Depository 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 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 Securities.

So long as the Securities Depository, or its nominee, is the registered owner of the Global Security, the Securities Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Security for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners in the Global Security will not be entitled to have the Notes represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive registered form and will not be considered the owners or Holders thereof under the Senior Indenture. Accordingly, each Person owning a beneficial interest in a Global Security 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 Senior 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 the Global Security desires to give or take any action which a Holder is entitled to give or take under the Senior 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 the principal of, and amounts payable on any June Payment Date or December Payment Date with respect to Notes 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 Security representing such Notes. None of the Company,

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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 of principal or amounts payable on any June Payment Date or December Payment Date in respect of the 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 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 Security shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, the Global Security will be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes 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 Security.

#### THE AMEX OIL INDEX

##### GENERAL

All information relating to the AMEX Oil Index was derived from information publicly available as of March 24, 1994. The AMEX Oil Index is a price-weighted stock index (i.e., an Underlying Stock's weight in the index is based on its price per share rather than the total market capitalization of the issuer) calculated, published and disseminated by the AMEX that measures the composite price performance of selected common stocks of widely-held corporations involved in various segments of the oil industry. The AMEX Oil Index was originally published by the AMEX as the Oil and Gas Index. In September 1984, the AMEX changed the Oil and Gas Index from a market-weighted index to a price-weighted index and deleted all companies engaged exclusively in gas exploration and production activities. The Oil and Gas Index was then renamed the Oil Index. At March 24, 1994, the calculation of the value of the AMEX Oil Index was based on the relative value of the aggregate market price of the common stocks of sixteen companies engaged in various segments of the oil industry.

The AMEX may from time to time, with approval of the Commission, add companies to, or delete companies from, the AMEX Oil Index to fulfill the above-stated intention of providing an indication of price movements of common stock of corporations engaged in various segments of the oil industry. The level of the AMEX Oil Index is calculated once per day using last sale prices only (i.e., not special "bid quotes" or special "ask quotes" which are used in connection with other stock indices). The level of the AMEX Oil Index is disseminated via the Consolidated Tape Authority Network-B (commonly referred to as the "AMEX Tape"). The AMEX Tape Symbol for the AMEX Oil Index is "XOI".

##### COMPUTATION OF THE AMEX OIL INDEX

At March 24, 1994, the AMEX computed the AMEX Oil Index as of a particular time as follows:

- (1) the market price of one share of each component stock is determined as of such time;
- (2) the market prices of all component stocks as of such time (as determined under clause (1) above) are aggregated;
- (3) the aggregate amount (as determined under clause (2) above) is divided by 3.47874 (the "Divisor").

While the AMEX employed the above methodology to calculate the AMEX Oil Index at March 24, 1994, no assurance can be given that the AMEX will not modify or change such methodology in a manner that may affect the amounts payable on any December Payment Date to beneficial owners of the Notes.

In order to maintain continuity in the level of the AMEX Oil Index in the event of certain changes due to non-market factors affecting the Underlying Stocks, such as the addition or deletion of stocks, substitution of stocks, stock dividends, stock splits or distributions of assets to stockholders, the Divisor used in calculating the AMEX Oil Index is adjusted in a manner designed to prevent any instantaneous change or discontinuity in the level of the AMEX Oil Index. Thereafter, the Divisor remains at the new value until a further adjustment is necessary as the result of another change. As a result of each such change affecting any component stock, the Divisor is adjusted in such a way that the level of the AMEX Oil Index immediately after such change will equal the level of the AMEX Oil Index immediately prior to the change.

Component stocks may be deleted or added by the AMEX with approval of the Commission. However, to maintain continuity in the AMEX Oil Index, the policy of the AMEX is generally not to alter the composition of the component stocks except when a component Stock is deleted due to (i) bankruptcy of the issuer, (ii) merger of the issuer with, or acquisition of the issuer by, another company, (iii) delisting of such stock, or (iv) failure of such stock to meet, upon periodic review by the AMEX, market value and trading volume criteria established by the AMEX (as such may change from time to time). Upon deletion of a stock from the component stocks, the AMEX may select a suitable replacement for such deleted component stock. The policy of the AMEX is to announce any such change in advance via distribution of an information circular.

The use of and reference to the AMEX Oil Index in connection with the Notes has been consented to by the AMEX, the publisher of the AMEX Oil Index and, in connection with such consent, the AMEX has requested that the following information appear in this Prospectus. The AMEX is under no obligation to continue the calculation and dissemination of the AMEX Oil Index. The Notes are not sponsored, endorsed, sold or promoted by the AMEX. No inference should be drawn from the information contained in this Prospectus that the AMEX makes any representation or warranty, implied or express, to the Company, beneficial owners of the Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes in particular or the ability of the AMEX Oil Index to track general stock market performance. The AMEX has no obligation to take the needs of the Company or beneficial owners of the Notes into consideration in determining, composing or calculating the AMEX Oil Index. The AMEX is not responsible for, and has not participated, in the determination or calculation of the equation by which the Notes with respect to the annual payments will be determined. The AMEX has no obligation or liability in connection with the administration, marketing or trading of the Notes. The AMEX disclaims all responsibility for any errors or omissions in the calculation and dissemination of the AMEX Oil Index or the manner in which such index is applied in determining the annual payments with respect to the Notes.

None of the Company, the Calculation Agent, MLPF&S nor the Trustee accepts any responsibility for the calculation, maintenance or publication of the AMEX Oil Index or any Successor Index.

A potential investor should review the historical prices of the securities underlying the Amex Oil Index. The historical prices of such securities should not be taken as an indication of future performance, and no assurance can be given that the prices of such securities will increase sufficiently to cause the beneficial owners of the Notes to receive an amount in excess of the Minimum Annual Payment on any December Payment Date and at the maturity of the Notes.

#### OIL INDUSTRY SECTOR

The oil industry is subject to varying degrees of regulatory, political and economic risk which may affect the price of the stocks of the companies engaged in the industry. Such risks depend on a number of factors including the countries in which a particular company conducts its activities, evolving levels of governmental regulation, and litigation with respect to environmental and other matters. All segments of the oil industry are competitive, including manufacturing, distribution and marketing of petroleum products and petrochemicals. In addition, the oil industry competes with other industries in supplying the energy needs of various types of consumers. Refining margins (the difference between the price of products and the price of crude oil) and marketing margins (the difference between the wholesale and retail price of petroleum products) also affect companies engaged in the oil industry.

The profitability of companies engaged in the oil industry is directly affected by the worldwide price of oil and related petroleum products which, in turn, depends upon the worldwide demand for oil and related petroleum products.

Environmental regulation is a significant factor affecting profitability of companies engaged in the oil industry. In the U.S., companies engaged in the oil industry are subject to substantial environmental regulation by federal, state, and local

authorities. Federal regulations include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (often referred to as CERCLA or Superfund), the Superfund Amendments and Reauthorizations Act of 1986, and the Resource Conservation Recovery Act of 1976.

In the United States and elsewhere, various laws and regulations are either now in force, in standby status or under consideration, with respect to such

matters as price controls, crude oil and refined product allocations, refined product specifications, environmental, health and safety regulations, retroactive and prospective tax increases, cancellation of contract rights, expropriation of property, divestiture of certain operations, foreign exchange rate restrictions as to the convertibility of currencies, tariffs and other international trade restrictions. Other regulations such as the U.S. Federal Clean Air Act Amendments of 1990 may have a substantial impact on companies engaged in the oil industry despite the fact that they do not impose direct regulations. Finally, regional regulations like those proposed by California's South Coast Air Quality Management District may have substantial effects on the oil industry as well.

#### OTHER TERMS

##### GENERAL

The Notes were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Notes. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Notes are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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##### LIMITATION 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 Senior 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 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by

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the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997

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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

MERRILL LYNCH & CO., INC.

S&P 500 MARKET INDEX TARGET-TERM SECURITIES DUE MAY 10, 2001  
("MITTS(R) ")

On May 13, 1996, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount of \$110,000,000 of S&P 500 Market Index Target-Term Securities due May 10, 2001 (the "Securities" or "MITTS"). As of the date of this Prospectus, \$75,000,000 aggregate principal amount of the Securities remain outstanding. Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

The Securities are debt securities of the Company. The Securities were issued in denominations of \$10 and integral multiples thereof, will bear no periodic payments of interest and will mature on May 10, 2001. 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, if any (the "Supplemental Redemption Amount"), based on the percentage increase, if any, in the S&P 500 Composite Stock Price Index (the "Index") over the Starting Index Value. The Supplemental Redemption Amount will in no event be less than zero. The Securities are not redeemable or callable by the Company prior to maturity. At maturity, a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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, (B) the percentage increase from the Starting Index Value to the Ending Index Value, and (C) the Participation Rate. The Starting Index Value equals 638.26 which was the closing value of the Index 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. The Participation Rate equals 110%.

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, SEE "DESCRIPTION OF SECURITIES" AND "THE INDEX", RESPECTIVELY, IN THIS PROSPECTUS. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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 listed on the New York Stock Exchange under the symbol "MIX".

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_, 1998.

(R)"MITTS" is a registered service mark and (R)"Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

STANDARD & POOR'S CORPORATION ("S&P") DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, HOLDERS OF THE SECURITIES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED UNDER THE LICENSE AGREEMENT DESCRIBED HEREIN OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement,

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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges .....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### RISK FACTORS

##### PAYMENT AT MATURITY

Supplemental Redemption Amount May be Zero. Investors should be aware that if the Ending Index Value does not exceed the Starting Index Value, beneficial owners of the Securities will receive only the principal amount thereof at maturity, even if the value of the Index at some point between the issue date and the maturity date of the Securities exceeded the Starting Index Value.

Yield may be Below Market Interest Rates on the Pricing Date. A beneficial owner of the Securities may receive no Supplemental Redemption Amount at maturity, or a Supplemental Redemption Amount that 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 Supplemental Redemption Amount, if any, 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 Dividends. The Index does not reflect the payment of dividends on the stocks underlying it and therefore 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.

State Law Limit on Interest Paid. Because the Senior Indenture provides that the Securities are 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 listed on the New York Stock Exchange under the symbol "MIX".

It is expected that the trading value of the Securities in the secondary market 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 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.

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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, if any. 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, the Securities. Falling interest rates may increase the value of the Index and, thus, may increase the 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.

Dividend Rates in the United States. If dividend rates on the stocks comprising the Index increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the Index decrease, the value of the Securities is expected to increase. However, in general, rising U.S. corporate dividend rates may increase the value of the Index and, in turn, increase the value of the Securities. Conversely, falling U.S. dividend rates may decrease the value of the Index and, in turn, decrease the value of the Securities.

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, Index volatility and/or dividend rates of stocks comprising the Index 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 stocks underlying the Index.

#### 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 and should consult their tax advisors.

MLPF&S or its affiliates may from time to time engage in transactions involving the 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. 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.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on May 10, 2001.

At maturity, a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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 and "Other Terms--Events of Default" in this Prospectus.

The Securities were 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, if any, all as provided below. If the Ending Index Value does not exceed the Starting Index Value a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

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:

<TABLE>	
<S>	<C>
Principal Amount X	Ending Index Value--Starting Index Value
	----- X Participation Rate
	Starting Index Value
</TABLE>	

provided, however, that in no event will the Supplemental Redemption Amount be less than zero. The Starting Index Value equals 638.26, which was the closing value of the Index on the date the Securities were priced by the Company for initial sale to the public (i.e., the Pricing Date). The Participation Rate equals 110%. 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 occurrences 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 the American Stock Exchange are open for trading and the Index or any Successor Index is calculated and published. 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 purpose and binding on the Company and beneficial owners of the Securities.

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 total rate of return to beneficial owners of the Securities, (iii) the pretax annualized rate of return to beneficial owners of Securities, and (iv) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 2.20% per annum, as more fully described below).

<TABLE>				
<CAPTION>				
	PERCENTAGE CHANGE	TOTAL AMOUNT	PRETAX	PRETAX ANNUALIZED
HYPOTHETICAL ENDING	OVER THE STARTING	PAYABLE AT MATURITY	ANNUALIZED RATE	RATE OF RETURN OF
INDEX VALUE	INDEX VALUE	PER \$10 PRINCIPAL	OF RETURN ON	STOCKS UNDERLYING
-----	-----	AMOUNT OF SECURITIES	THE SECURITIES(1)	THE INDEX(1) (2)
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
319.13	-50%	\$10.00	0.00%	-11.41%
382.96	-40%	\$10.00	0.00%	-7.89%
446.78	-30%	\$10.00	0.00%	-4.89%
510.61	-20%	\$10.00	0.00%	-2.25%
574.43	-10%	\$10.00	0.00%	0.09%
638.26(3)	0%	\$10.00	0.00%	2.21%
702.09	10%	\$11.10	2.10%	4.15%
765.91	20%	\$12.20	4.02%	5.94%
829.74	30%	\$13.30	5.80%	7.61%
893.56	40%	\$14.40	7.44%	9.16%
957.39	50%	\$15.50	8.97%	10.62%
1,021.22	60%	\$16.60	10.42%	12.00%
1,085.04	70%	\$17.70	11.77%	13.30%
1,148.87	80%	\$18.80	13.05%	14.54%
1,212.69	90%	\$19.90	14.27%	15.72%
1,276.52	100%	\$21.00	15.43%	16.84%
1,340.35	110%	\$22.10	16.53%	17.92%
1,404.17	120%	\$23.20	17.59%	18.95%
</TABLE>				

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

(2) This rate of return assumes (i) an investment of a fixed amount in the

stocks underlying the Index with the allocation of such amount reflecting the current relative weights of such stocks in the Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 2.20% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Securities from May 13, 1996 to May 10, 2001; and (vi) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Index as of May 7, 1996 was approximately 2.20%.

(3) The Starting Index Value.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and 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 under "The Index--Historical Data on the Index".

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#### 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 each case, for more than two hours of trading in 100 or more of the securities included in the S&P 500 Index, or

(ii) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the Index which are traded on the Chicago Board Options Exchange, Inc.

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 S&P discontinues publication of the Index and S&P 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 notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by S&P 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 S&P 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 S&P 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

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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 Wall Street Journal (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. See "Description of Securities--Payment at Maturity" in this Prospectus. 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 8% 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

The issuance, all Securities are represented by one or more fully registered global securities (the "Global Securities"). Each such Global Security has been deposited with, or on behalf of, The Depository Trust Company ("DTC"), as Depository (the "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 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 Exchange Act. 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

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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 Senior 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 Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 Senior 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 Senior 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 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 \$1,000 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.

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#### 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.

#### THE INDEX

All disclosure contained in this Prospectus regarding the Index, including, without limitation, its make-up, method of calculation and changes in its components, is derived from publicly available information prepared by S&P as of May 7, 1996. Neither the Company nor the Underwriter takes any responsibility for the accuracy or completeness of such information.

#### GENERAL

The Index is published by S&P and is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time as compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of April 29, 1996, the 500 companies included in the Index represented approximately 77% of the aggregate Market Value of common stocks traded on The New York Stock Exchange; however, these 500 companies are not the

500 largest companies listed on The New York Stock Exchange and not all of these 500 companies are listed on such exchange. As of April 29, 1996, the aggregate market value of the 500 companies included in the Index represented approximately 70% of the aggregate market value of United States domestic, public companies. S&P chooses companies for inclusion in the Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of The New York Stock Exchange, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that Company's common stock is generally responsive to changes in the affairs of the respective industry and the Market Value and trading activity of the common stock of that company. As of April 29, 1996, the 500 companies included in the Index were divided into 90 individual groups. These individual groups comprised the following four main groups of companies (with the number of companies currently included in each group indicated in parentheses): Industrials (372), Utilities (49), Transportation (14) and Financial (65). S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the Index to achieve the objectives stated above.

COMPUTATION OF THE S&P 500 INDEX

S&P currently computes the Index as of a particular time as follows:

- (1) the product of the market price per share and the number of then outstanding shares of each component stock is determined as of such time (such product referred to as the "Market Value" of such stock);
- (2) the Market Value of all component stocks as of such time (as determined under clause (1) above) are aggregated;
- (3) the mean average of the Market Values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined;
- (4) the mean average Market Values of all such common stocks over such base period (as determined under clause (3) above) are aggregated (such aggregate amount being referred to as the "Base Value");
- (5) the aggregate Market Value of all component stocks as of such time (as determined under clause (2) above) is divided by the Base Value; and
- (6) the resulting quotient (expressed in decimals) is multiplied by ten.

While S&P currently employs the above methodology to calculate the Index, no assurance can be given that S&P will not modify or change such methodology in a manner that may affect the Supplemental Redemption Amount, if any, payable to beneficial owners of Securities upon maturity or otherwise.

S&P adjusts the foregoing formula to negate the effect of changes in the Market Value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. Such changes may result from such causes as the issuance of stock dividends, the granting to shareholders of rights to purchase additional shares of such stock, the purchase thereof by employees pursuant to employee benefit plans, certain consolidations and acquisitions, the granting to shareholders of rights to purchase other securities of the company, the substitution by S&P of particular component stocks in the Index, and other reasons. In all such cases, S&P first recalculates the aggregate Market Value of all component stocks (after taking account of the new market price per share of the particular component stock or the new number of outstanding shares thereof or both, as the case may be) and then determines the New Base Value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the Base Value is adjusted in proportion to any change in the aggregate Market Value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of such causes upon the Index.

A potential investor should review the historical performance of the Index. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the Index will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount at the maturity of the Securities.

LICENSE AGREEMENT

S&P and Merrill Lynch Capital Services, Inc. have entered into a non-exclusive license agreement providing for the license to Merrill Lynch Capital Services, Inc., in exchange for a fee, of the right to use indices owned and published by S&P in connection with certain securities, including the Securities, and the Company is an authorized sublicensee thereof.

The license agreement between S&P and Merrill Lynch Capital Services, Inc.

provides that the following language must be stated in this Prospectus:

"The Securities are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the Holders of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly or the ability of the Index to track general stock market performance. S&P's only relationship to Merrill Lynch Capital Services, Inc. and the Company (other than transactions entered into in the ordinary course of business) is the licensing of certain servicemarks and trade names of S&P and of the Index which is determined, composed and calculated by S&P without regard to the Company or the Securities. S&P has no obligation to take the needs of the Company or the Holders of the Securities into consideration in determining, composing or calculating the Index. S&P is not responsible for and has not participated in the determination of the timing of the sale of the Securities, prices at which the Securities are to initially be sold, or quantities of the Securities to be issued or in the determination or calculation of the equation by which the Securities are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Securities."

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#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 Senior 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 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.



## MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

## MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

## EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of

any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
TECHNOLOGY MARKET INDEX TARGET-TERM SECURITIES DUE AUGUST 15, 2001  
("MITTS (R) ")

On August 12, 1996, Merrill Lynch & Co., Inc. (the "Company") issued \$25,000,000 aggregate principal amount (2,500,000 Units) of Technology Market Index Target-Term Securities due August 15, 2001 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Depository described below. Units will be transferable by the Depository, as more fully described below, in denominations of whole Units.

The Securities are debt securities of the Company, which were issued in denominations of \$10 and integral multiples thereof, will bear no periodic payments of interest and will mature on August 15, 2001. 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 CBOE Technology Index\* (the "Index") over the Benchmark Index Value. The Supplemental Redemption Amount will in no event be less than zero or more than \$10 per \$10 principal amount of Securities, representing a maximum annualized rate of return of 14.33% compounded semi-annually over the term of the Securities. The Securities are not redeemable or callable by the Company prior to maturity. At maturity, a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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 Benchmark Index Value to the Ending Index Value. The Benchmark Index Value equals 189.48 and was determined as described herein. The closing value of the Index on the date the Securities were priced by the Company for initial sale to the public was 168.43, and the Benchmark Index Value exceeded such closing value by 12.5%. 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, SEE "DESCRIPTION OF SECURITIES" AND "THE INDEX", RESPECTIVELY, IN THIS PROSPECTUS. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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 listed on the Chicago Board Options Exchange, Inc. (the "CBOE") and the New York Stock Exchange (the "NYSE") under the symbol "TKM".

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the CBOE and 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

(R) "MITTS" is a registered service mark and (SM) "Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

\* The use and reference of the term "CBOE Technology Index" herein has been consented to by the CBOE.

The "CBOE Technology Index" is a service mark of the CBOE.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998,

February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 Lawrence M. Egan, Jr., Corporate Secretary's Office, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
Ratio of earnings to fixed charges . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges,

"earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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#### RISK FACTORS

##### PAYMENT AT MATURITY

Benchmark Index Value will Exceed Value of Index on the Pricing Date. The Benchmark Index Value exceeded the closing value of the Index on the Pricing Date by 12.5%. Investors should be aware that if, at maturity, the Ending Index Value does not exceed the closing Index value on the Pricing Date by more than 12.5%, beneficial owners of the Securities will receive only the principal amount thereof.

Yield may be Below Market Interest Rates on the Pricing Date. A beneficial owner of the Securities may receive no Supplemental Redemption Amount at maturity, or a Supplemental Redemption Amount that 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 Supplemental Redemption Amount, if any, may not reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

Limitation of Supplemental Redemption Amount. Because the Supplemental Redemption Amount will not exceed \$10 per \$10 principal amount of Securities, beneficial owners of Securities will not benefit from Index increases in excess of approximately 125% of the closing Index value on the Pricing Date (the "Maximum Index Value"). In no event will the Supplemental Redemption Amount exceed \$10 per \$10 principal amount of Securities.

Yield on Securities will not Reflect Dividends. The Index does not reflect the payment of dividends on the stocks underlying it and therefore 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.

##### TRADING

The Securities have been listed on the CBOE and on the NYSE under the symbol "TKM". 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 Benchmark Index Value. If, however, Securities are sold prior to the maturity date at a time when the Index exceeds the Benchmark 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 Benchmark 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 Benchmark Index Value. The limitation that the Supplemental Redemption Amount will not exceed \$10 per \$10 principal amount of Securities may adversely affect the secondary market value of the Securities and such adverse effect could occur even if the value of the Index is below the Maximum 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:

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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 Benchmark Index Value.

Dividend Rates in the United States. If dividend rates on the stocks comprising the Index increase, the trading value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the Index decrease, the value of the Securities is expected to increase. However, in general, rising U.S. corporate dividend rates may increase the value of the Index and, in turn, increase the trading value of the Securities. Conversely, falling U.S. corporate dividend rates may decrease the value of the Index and, in turn, decrease the trading value of the Securities.

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 addition, the impact of a given factor may change depending on the prevailing value of the Index relative to the Benchmark Index Value and the Maximum Index Value and on the time remaining to maturity. 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, Index volatility and/or dividend rates of stocks comprising the Index 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 Benchmark 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 stocks underlying the Index. Since the stocks underlying the Index are of companies involved in various aspects of the high technology industry segment, factors affecting this industry segment may affect the value of the Index and therefore the trading value of the Securities.

#### 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 and should consult their tax advisors.

MLPF&S or its affiliates may from time to time engage in transactions involving the 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. 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.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on August 15, 2001.

At maturity, a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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 and "Other Terms--Events of Default" in this Prospectus.

The Securities were 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, if any, all as provided below. If the Ending Index Value does not exceed the Benchmark Index Value a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

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:

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

provided, however, that in no event will the Supplemental Redemption Amount be less than zero or more than \$10 per \$10 principal amount of Securities. The Benchmark Index Value equals 189.48. The Benchmark Index Value was determined on the Pricing Date by multiplying the closing value of the Index on the Pricing Date by a factor equal to 112.5%. The Ending Index Value will be determined by MLPF&S (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 NYSE is open for trading and trading generally occurs in the over-the-counter market for equity securities and the Index or any Successor Index is calculated and published. 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.

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 (which includes an assumed aggregate dividend yield of 0.20% per annum, as more fully described below).

<TABLE>  
<CAPTION>

HYPOTHETICAL ENDING INDEX VALUE	PERCENTAGE CHANGE OVER THE STARTING INDEX VALUE	TOTAL AMOUNT PAYABLE AT MATURITY	PRETAX ANNUALIZED RATE OF RETURN ON THE SECURITIES (1)	PRETAX ANNUALIZED RATE OF RETURN OF STOCKS UNDERLYING THE INDEX (1) (2)
<S>	<C>	<C>	<C>	<C>
84.22	-50%	\$10.00	0.00%	-13.20%
101.06	-40%	\$10.00	0.00%	-9.77%
117.90	-30%	\$10.00	0.00%	-6.81%
134.74	-20%	\$10.00	0.00%	-4.22%
151.59	-10%	\$10.00	0.00%	-1.90%
168.43 (3)	0%	\$10.00	0.00%	0.20%
185.27	10%	\$10.00	0.00%	2.12%
202.12	20%	\$10.67	1.30%	3.88%
218.96	30%	\$11.56	2.92%	5.52%
235.80	40%	\$12.44	4.41%	7.05%
252.65	50%	\$13.33	5.82%	8.49%
269.49	60%	\$14.22	7.15%	9.84%
286.33	70%	\$15.11	8.41%	11.12%
303.17	80%	\$16.00	9.61%	12.33%
320.02	90%	\$16.89	10.74%	13.48%
336.86	100%	\$17.78	11.83%	14.58%
353.70	110%	\$18.67	12.86%	15.63%
370.55	120%	\$19.56	13.85%	16.64%
387.39	130%	\$20.00	14.33%	17.60%
404.23	140%	\$20.00	14.33%	18.53%
421.08	150%	\$20.00	14.33%	19.43%

</TABLE>

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(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 (i) an investment of a fixed amount in the stocks underlying the Index with the allocation of such amount reflecting the relative weights of such stocks in the Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the closing value of the Index on the Pricing Date to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 0.20% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the closing value of the Index on the Pricing Date to the applicable hypothetical Ending Index Value; (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 aggregate dividend yield of the stocks underlying the Index as of August 7, 1996 was approximately 0.20%.

(3) The closing value of the Index on the Pricing Date.

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 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 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 each case, for more than two hours of trading in 5 or more of the securities included in the Index, or

(ii) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in option contracts on the Index which are traded on the Chicago Board Options Exchange, Inc.

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 CBOE discontinues publication of the Index and the CBOE 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

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such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee (as defined below) and the Company, the Calculation Agent will substitute the Successor Index as calculated by the CBOE 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 CBOE 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 CBOE 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 Wall Street Journal (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. See "Description of Securities--Payment at Maturity" in this Prospectus. 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 (the "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

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as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such 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 Exchange Act. 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 Senior 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 Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 Senior 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 Senior 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

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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 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

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.

#### THE INDEX

##### THE INDEX

Unless otherwise stated, all information herein on the Index is derived from the CBOE or other publicly available sources. Such information reflects the policies of the CBOE as stated in such sources and such policies are subject to change by the CBOE.

The Index is a price-weighted stock index designed, developed, maintained and operated by, and is a service mark of, the CBOE. The Index is designed to provide an indication of the composite price performance of the common stocks of companies involved in the U.S. high technology industry segment (i.e., companies involved in the design and manufacture of high technology components and systems). The Index consists of the stocks of 30 issuers involved in various aspects of the high technology industry segment, including: computer services, telecommunications equipment, server software and hardware, design software, PC

software and hardware, networking, peripherals, and semiconductors. (See the table below for a list of the stocks underlying the Index as of August 5, 1996.) The CBOE selects companies for inclusion in the Index with the aim of representing the spectrum of companies that develop components and systems that define high technology. Relevant criteria employed by the CBOE include the viability of the particular company, the extent to which that company represents the high technology sector, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the technology sector and the market value and trading activity of the common stock of that company. As of August 5, 1996, the 30 companies included in the Index were divided into five main individual groups. These individual groups comprised the following (with the number of companies currently included in each group indicated in parentheses): Computer Hardware (8), Computer Software (6), Computer Systems & Services (6), Telecommunications (5) and Semiconductors (5). The CBOE may from time to time, in its sole discretion, add companies to, or delete companies from, the Index to achieve the objectives stated above. The Index has a base date of January 3, 1995.

The common stocks comprising the Index are currently listed either on 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. As of August 5, 1996, the 30 companies included in the Index had an aggregate market value of \$445.9 billion, with an average capitalization of \$14.86 billion. The Index components ranged in size from \$906.6 million to \$72.3 billion, with a median capitalization of \$4.81 billion. All of the stocks are currently the subject of listed options trading in the U.S.

The average monthly trading volumes per Index component over the six month period ending July 31, 1996 ranged from a low of 5.65 million shares to a high of 177.6 million shares. As of August 5, 1996, the largest stock in the Index, by value, accounted for 8.88% of the Index, while the smallest represented 0.78% of the Index. Also on that date, the top five stocks in the Index accounted for 32.26% of the Index by value.

The Index satisfies the CBOE's generic maintenance standards for options on narrow-based stock indexes.

COMPUTATION OF THE INDEX

The Index is a price-weighted index (i.e., the weight in the Index of a stock underlying the Index (an "Underlying Stock") is based on its price per share rather than the total market capitalization of the issuer of such stock) and reflects changes in the prices of the Underlying Stocks relative to the index base date, January 3, 1995, when the Index equaled 100.00. Specifically, the Index value is calculated by (i) totaling the prices of a single share of each of the Underlying Stocks (the "Market Price Aggregate"), and (ii) dividing the Market Price Aggregate by the Index Divisor. The Index Divisor was originally chosen to result in an Index value of 100 on January 3, 1995, and is subject to periodic adjustments as set forth below. The stock prices used to calculate the Index are those reported by a primary market for the Underlying Stocks.

The CBOE adjusts the foregoing Index Divisor to negate the effects of changes in the price of an Underlying Stock that are determined by the CBOE to be arbitrary and not due to market fluctuations. Such adjustments may result from stock splits, certain consolidations and acquisitions, the grant to shareholders of the right to purchase other securities of the issuer (e.g., spinoffs and rights issuances). The CBOE may also adjust the Index Divisor because of the substitution of an Underlying Security. In all such cases, the CBOE first recalculates the Market Price Aggregate and then determines a new Index Divisor based on the following formula:

$$\text{Old Divisor} \times \frac{\text{New Market Price Aggregate}}{\text{Old Market Price Aggregate}} = \text{New Divisor}$$

The Index will be maintained by the CBOE. The Index is reviewed on approximately a monthly basis by the CBOE staff. The CBOE may change the composition of the Index at any time to reflect changes affecting the components of the Index or the technology industry generally. If it becomes necessary to remove a stock from the Index (for example, because of a takeover or merger), the CBOE will only add a stock having characteristics that will permit the Index to remain within the maintenance criteria specified in CBOE Rules and within the applicable rules of the Commission. These maintenance criteria currently provide, among other things, that each component security must have (1) a market capitalization of at least \$75 million, except that securities accounting for the bottom 10% of the weight of the Index may have market capitalizations of at least \$50 million, and (2) trading volume of at least 500,000 shares in each of the last six months, except that securities accounting for the bottom 10% of the weight of the Index may have trading volumes of at least 400,000 shares in each of the last six months. Additionally, as of the first trading day of each January and July, no single security may account for over 25% of the weight of the Index and no five securities may account for over 50% of the weight of the Index. Furthermore, each component security must be a reported security as defined in Rule 11Aa3-1 of the Exchange Act. Finally, at least 90% of the weight of the Index and 80% of the number of components in the Index must be eligible for standardized options

trading pursuant to CBOE Rules or, if currently listed for options trading, must meet the applicable maintenance standards specified in CBOE Rules. The CBOE will also take into account the capitalizations, liquidity, volatility, and name recognition of any proposed replacement stock.

Absent prior approval of the Commission, the CBOE will not increase to more than 40, or decrease to fewer than 20, the number of stocks in the Index. Additionally, the CBOE will not make any change in the composition of the Index that would cause fewer than 90% of the stocks by weight, or fewer than 80% of the total number of stocks in the index, to qualify as stocks eligible for equity options trading under CBOE rules.

The CBOE is under no obligation to continue the calculation and dissemination of the Index and the method by which the Index is calculated and the name "CBOE Technology Index" may be changed at the discretion of the CBOE. The Securities are not sponsored, endorsed, sold or promoted by the CBOE. No inference should be drawn from the information contained in this Prospectus that the CBOE makes any representation or warranty, implied or express, to the Company, the beneficial owners of Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities in particular or the ability of the Index to track general stock market performance. The CBOE has no obligation to take the needs of the Company or the beneficial owners of Securities into consideration in determining, composing or calculating the Index. The CBOE is not responsible for, and has not participated in the determination of the timing of prices for or quantities of, the Securities to be issued or in the determination or calculation of the equation by which the Supplemental Redemption Amount is determined. The CBOE has no obligation or liability in connection with the administration, marketing or trading of the Securities.

The use of and reference to the Index in connection with the Securities have been consented to by the CBOE.

Except with respect to the responsibility of the Calculation Agent to make certain calculations under certain circumstances as described herein, none of the Company, the Trustee, the Calculation Agent or the Underwriter has undertaken independent diligence of the calculation, maintenance or publication of the Index or any Successor Index. The CBOE disclaims all responsibility for any inaccuracies in the data on which the Index is based and any mistakes or errors or omissions in the calculation or dissemination of the Index and for the manner in which the Index is used in determining the Supplemental Redemption Amount, if any.

A potential investor should review the historical performance of the Index. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the Index will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount at the maturity of the Securities.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

#### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

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#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any

other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any

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right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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MERRILL LYNCH & CO., INC.  
HEALTHCARE/BIOTECHNOLOGY PORTFOLIO MARKET INDEX TARGET-TERM SECURITIES (SM)  
DUE OCTOBER 31, 2001  
("MITTS (R)")

On October 30, 1996, Merrill Lynch & Co., Inc. (the "Company") issued \$15,000,000 aggregate principal amount (1,500,000 Units) of Healthcare/Biotechnology Portfolio Market Index Target-Term Securities due October 31, 2001 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Depository described below. Units will be transferable by the Depository, as more fully described below, in denominations of whole Units.

The Securities are debt securities of the Company, which were issued in denominations of \$10 and integral multiples thereof, will bear no periodic payments of interest and will mature on October 31, 2001. 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 value of a portfolio (the "Portfolio Value") of specified stocks (the "Portfolio") of companies involved in various segments of the healthcare industry and the biotechnology industry over the Benchmark Portfolio Value. The Supplemental Redemption Amount will in no event be less than zero. The Securities are not redeemable or callable by the Company prior to maturity. At maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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 Benchmark Portfolio Value to the Ending Portfolio Value. The Benchmark Portfolio Value equals 115 and was determined as described herein. The Benchmark Portfolio Value exceeds the closing value of the Portfolio on the date the Securities were priced by the Company for initial sale to the Public (the "Pricing Date") by 15%. The Ending Portfolio Value, as more particularly described herein, will be the average (arithmetic mean) of the closing values of the Portfolio on certain days, or, if certain events occur, the closing value of the Portfolio on a single day prior to the maturity of the Securities.

FOR INFORMATION AS TO THE CALCULATION OF THE SUPPLEMENTAL REDEMPTION AMOUNT, IF ANY, WHICH WILL BE PAID AT MATURITY AND THE CALCULATION AND THE COMPOSITION OF THE PORTFOLIO, SEE "DESCRIPTION OF SECURITIES" AND "THE PORTFOLIO", RESPECTIVELY, IN THIS PROSPECTUS. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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 listed on the American Stock Exchange (the "AMEX") under the symbol "MLH".

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the CBOE and 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

(R) "MITTS" is a registered service mark and (SM) "Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS
	1993	1994	1995	1996	1997	ENDED MARCH 27, 1998
Ratio of earnings to fixed charges .....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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#### RISK FACTORS

##### PAYMENT AT MATURITY

Benchmark Portfolio Value will Exceed Value of Starting Portfolio Value on the Pricing Date. On the Pricing Date, the Benchmark Portfolio Value exceeded the Starting Portfolio Value (as defined below) by 15%. Investors should be aware that if, at maturity, the Ending Portfolio Value does not exceed the Starting Portfolio Value by more than 15%, beneficial owners of the Securities will receive only the principal amount thereof.

Yield may be Below Market Interest Rates on the Pricing Date. A beneficial owner of the Securities may receive no Supplemental Redemption Amount at maturity, or a Supplemental Redemption Amount that 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 Supplemental Redemption Amount, if any, 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 Dividends. The Portfolio does not reflect the payment of dividends on the stocks underlying it and therefore the yield based on the Portfolio 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.

State Law Limit on Interest Paid. Because the Senior Indenture (as defined below) provides that the Securities are 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 listed on the AMEX under the symbol "MLH". 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 Portfolio Value over the Benchmark Portfolio Value. If, however, Securities are sold prior to the maturity date at a time when the Portfolio Value exceeds the Benchmark Portfolio 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 Portfolio Value over the Benchmark Portfolio Value were to prevail until maturity of the Securities because of the possible fluctuation of the Portfolio between the time of such sale and the time that the Ending Portfolio 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 Portfolio is below, equal to, or not sufficiently above the

Benchmark Portfolio Value. A discount could also result from rising interest rates.

In addition to the value of the Portfolio, 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 Portfolio are likely to affect the Securities' trading value.

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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 Portfolio. Rising interest rates may lower the value of the Portfolio and, thus, may decrease the trading value of the Securities. Falling interest rates may increase the value of the Portfolio and, thus, may increase the trading value of the Securities.

**Volatility of the Portfolio.** If the volatility of the Portfolio Value increases, the trading value of the Securities is expected to increase. If the volatility of the Portfolio Value 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 Portfolio. This difference will reflect a "time premium" due to expectations concerning the value of the Portfolio 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 Portfolio is below, equal to, or not sufficiently above the Benchmark Portfolio Value.

**Dividend Rates in the United States.** If dividend rates on the stocks comprising the Portfolio increase, the trading value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the Portfolio decrease, the value of the Securities is expected to increase. However, in general, rising U.S. corporate dividend rates may increase the value of the Portfolio and, in turn, increase the trading value of the Securities. Conversely, falling U.S. corporate dividend rates may decrease the value of the Portfolio and, in turn, decrease the trading value of the Securities.

The impact of the factors specified above, excluding the value of the Portfolio, 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 Portfolio. 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 Portfolio 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, Portfolio volatility and/or dividend rates of stocks comprising the Portfolio 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 Portfolio in excess of the Benchmark Portfolio 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 PORTFOLIO

The value of the Portfolio and the Supplemental Redemption Amount, if any, may be adversely affected by political, economic and other developments that affect the stocks underlying the Portfolio. Since the stocks underlying the Portfolio are of companies involved in various segments of the healthcare industry and the biotechnology industry, factors affecting these industries may affect the value of the Portfolio and therefore the trading value of the Securities. See "The Portfolio--Healthcare and Biotechnology Industries".

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#### 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.

Investors should also consider the tax consequences of investing in the Securities, and should consult their tax advisors.

MLPF&S or its affiliates may from time to time engage in transactions involving the stocks underlying the Portfolio 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. 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.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on October 31, 2001.

At maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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 and "Other Terms--Events of Default" in this Prospectus.

The Securities were 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, if any, all as provided below. If the Ending Portfolio Value does not exceed the Benchmark Portfolio Value a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

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:

$$\text{Principal Amount} \times \frac{\text{Ending Portfolio Value} - \text{Benchmark Portfolio Value}}{\text{Benchmark Portfolio Value}}$$

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provided, however, that in no event will the Supplemental Redemption Amount be less than zero. The Benchmark Portfolio Value equals 115. The Benchmark Portfolio Value was determined on the Pricing Date by multiplying the Starting Portfolio Value (as defined below) by a factor equal to 115%. Based on the individual prices of the Portfolio Securities on the Pricing Date, the Multiplier for each Portfolio Security was initially set by the AMEX so that, on the Pricing Date, the Portfolio Securities were equally dollar-weighted in the Portfolio and the Portfolio Value equaled 100 (the "Starting Portfolio Value"). The Ending Portfolio Value will be determined by MLPF&S (the "Calculation Agent") and will equal the average (arithmetic mean) of the closing values of the Portfolio determined on each of the first five Calculation Days during the Calculation Period. If there are fewer than five Calculation Days, then the Ending Portfolio Value will equal the average (arithmetic mean) of the closing values of the Portfolio on such Calculation Days, and if there is only one Calculation Day, then the Ending Portfolio Value will equal the closing value of the Portfolio on such Calculation Day. If no Calculation Days occur during the Calculation Period because of Market Disruption Events, then the Ending Portfolio Value will equal the closing value of the Portfolio determined on the last scheduled Portfolio 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 Portfolio Business Day prior to the maturity date to and including the second scheduled Portfolio Business Day prior to the maturity date. "Calculation Day" means any Portfolio Business Day during the Calculation Period on which a Market Disruption Event has not occurred. For purposes of determining the Ending Portfolio Value, a "Portfolio Business Day" is a day on which the AMEX is open for trading and trading generally occurs in the over-the-counter market for equity securities and the Portfolio or any Successor Portfolio is calculated and published. 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.

The following table illustrates, for a range of hypothetical Ending Portfolio Values, (i) the total amount payable at maturity for each \$10 principal amount

of Securities, based on the Benchmark Portfolio Value, which equals 115% of the Starting Portfolio Value; (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 Portfolio (which includes an assumed aggregate dividend yield of 0.23% per annum, as more fully described below).

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<TABLE>  
<CAPTION>

HYPOTHETICAL ENDING PORTFOLIO VALUE -----	PERCENTAGE CHANGE OVER THE STARTING PORTFOLIO VALUE -----	TOTAL AMOUNT PAYABLE AT MATURITY (1) -----	PRETAX ANNUALIZED RATE OF RETURN ON THE SECURITIES (2) -----	PRETAX ANNUALIZED RATE OF RETURN OF STOCK UNDERLYING THE PORTFOLIO (2) (3) -----
<S>	<C>	<C>	<C>	<C>
50	-50%	\$10.00	0.00%	-13.09%
60	-40%	\$10.00	0.00%	-9.66%
70	-30%	\$10.00	0.00%	-6.71%
80	-20%	\$10.00	0.00%	-4.11%
90	-10%	\$10.00	0.00%	-1.79%
100 (4)	0%	\$10.00	0.00%	0.23%
110	10%	\$10.00	0.00%	2.23%
120	20%	\$10.43	0.85%	4.00%
130	30%	\$11.30	2.47%	5.64%
140	40%	\$12.17	3.97%	7.17%
150	50%	\$13.04	5.39%	8.60%
160	60%	\$13.91	6.72%	9.96%
170	70%	\$14.78	7.97%	11.23%
180	80%	\$15.65	9.16%	12.45%
190	90%	\$16.52	10.30%	13.60%
200	100%	\$17.39	11.38%	14.70%
210	110%	\$18.26	12.41%	15.75%
220	120%	\$19.13	13.40%	16.76%
230	130%	\$20.00	14.35%	17.77%
240	140%	\$20.87	15.27%	18.66%
250	150%	\$21.74	16.15%	19.56%

</TABLE>

- (1) The total amount payable at maturity is based on the Benchmark Portfolio Value, which equals 115% of the Starting Portfolio Value.
- (2) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.
- (3) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Portfolio with the allocation of such amount reflecting the relative weights of such stocks in the Portfolio; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Portfolio from the Starting Portfolio Value to the relevant hypothetical Ending Portfolio Value; (iii) a constant dividend yield of 0.23% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Portfolio at the end of each such quarter assuming such value increases or decreases linearly from the Starting Portfolio Value to the applicable hypothetical Ending Portfolio Value; (iv) no transaction fees or expenses; (v) a five year maturity of the Securities from the date of issuance; and (vi) a final Portfolio value equal to the Ending Portfolio Value. The aggregate dividend yield of the stocks underlying the Portfolio as of October 24, 1996 was approximately 0.23% per annum.
- (4) The Starting Portfolio Value was set at 100 based on the closing prices on the Pricing Date.

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 Portfolio Value determined by the Calculation Agent as provided herein.

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#### ADJUSTMENTS TO THE PORTFOLIO; MARKET DISRUPTION EVENTS

If at any time the method of calculating the Portfolio Value is changed in any material respect, or if the Portfolio is in any other way modified so that such Portfolio Value does not, in the opinion of the Calculation Agent, fairly represent the Portfolio Value 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 Portfolio 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 Portfolio Value as if such changes or modifications had not been made, and calculate such closing value with reference to the Portfolio Value, as adjusted. Accordingly, if the method of calculating the Portfolio Value is modified so that the Portfolio Value 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 Portfolio Value), then the Calculation Agent shall adjust such Portfolio Value in order to arrive at a Portfolio Value 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 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 three or more of the Portfolio Securities 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 the trading of option contracts related to three or more of the Portfolio Securities 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 PORTFOLIO

If the AMEX discontinues publication of the Portfolio Value 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 Portfolio Value (any such index being referred to hereinafter as a "Successor Portfolio Value"), then, upon the Calculation Agent's notification of such determination to the Trustee (as defined below) and the Company, the Calculation Agent will substitute the Successor Portfolio Value as calculated by the AMEX or such other entity for the Portfolio Value and calculate the Ending Portfolio Value as described above under "Payment at Maturity". Upon any selection by the Calculation Agent of a Successor Portfolio Value, the Company shall cause notice thereof to be given to Holders of the Securities.

If the AMEX discontinues publication of the Portfolio Value and a Successor Portfolio Value 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 Portfolio Value 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 Portfolio Value prior to any such discontinuance. If a Successor Portfolio Value is selected or the Calculation Agent calculates a value as a substitute for the Portfolio Value as described below, such Successor Portfolio Value or value shall be substituted for the Portfolio Value for all purposes, including for purposes of determining whether a Market Disruption Event exists.

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If the AMEX discontinues publication of the Portfolio Value prior to the period during which the Supplemental Redemption Amount is to be determined and the Calculation Agent determines that no Successor Portfolio Value is available at such time, then on each Business Day until the earlier to occur of (i) the determination of the Ending Portfolio Value and (ii) a determination by the Calculation Agent that a Successor Portfolio Value 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 Wall Street Journal (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 Portfolio Value 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. See "Description of Securities--Payment at Maturity" in this Prospectus. 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 7.7% 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 (the "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 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 Exchange Act. 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

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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 Senior 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 Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 Senior 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 Senior 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 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

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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

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.

#### THE PORTFOLIO

##### GENERAL

While the Portfolio consists of stocks of certain companies involved in various segments of the healthcare industry and the biotechnology industry, the Portfolio is not intended to provide an indication of the pattern of price movements of common stocks of healthcare and biotechnology corporations generally. All of the Portfolio Securities are registered under the Exchange Act. Companies with securities registered under the Exchange Act are required to file periodically certain financial and other information specified by the Commission. Information provided to or filed with the Commission is available at the offices of the Commission and at the Web site specified under "Available Information" in this Prospectus. Neither the Company nor MLPF&S makes any representation or warranty as to the accuracy or completeness of such reports. THE INCLUSION OF A PORTFOLIO SECURITY IN THE PORTFOLIO IS NOT A RECOMMENDATION TO BUY OR SELL SUCH PORTFOLIO SECURITY AND NEITHER THE COMPANY NOR ANY OF ITS AFFILIATES MAKE ANY REPRESENTATION TO ANY PURCHASER OF SECURITIES AS TO THE PERFORMANCE OF THE PORTFOLIO.

The Company or its affiliates may presently or from time to time engage in business with one or more of the issuers of the Portfolio Securities, 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 a Security should undertake an independent investigation of the issuers of the Portfolio Securities as in its judgment is appropriate to make an informed decision with respect to an investment in the Securities.

##### HEALTHCARE AND BIOTECHNOLOGY INDUSTRIES

The healthcare industry is subject to various federal, state and local laws and regulations which are frequently subject to change in many ways that can affect the price of the stocks of companies involved in such industry.

A number of legislative bills and proposals to regulate, control or alter substantially the methods of financing and delivering healthcare, including proposals covering cost controls, imposition of charitable care requirements, national health insurance, incentives for competition in the provision of healthcare insurance premiums, catastrophic illness coverage under Medicare, a voucher system for Medicare, and the promotion of prepaid healthcare plans, are currently under discussion, and certain of such bills have been introduced in Congress. There are wide variations among these bills and proposals, and the effect of these bills and proposals on the healthcare industry cannot be determined at this time. Because of the many possible financial effects that could result from an enactment of any of these bills and proposals, it is not possible at this time to predict with assurance the effect on the prices of Portfolio Securities and therefore the Securities if any of these bills or proposals were enacted.

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The biotechnology industry segment is subject to many of the same factors that affect the healthcare industry. In addition, the products produced by biotechnology companies often entail costly research and development and can be subject to extensive regulatory review prior to approval for sale.

##### COMPUTATION OF THE PORTFOLIO VALUE

The AMEX will generally calculate and disseminate the value of the Portfolio

based on the most recently reported prices of the Portfolio Securities (as reported by the Exchanges), at approximately 15-second intervals during the AMEX's business hours and at the end of each Portfolio Business Day via the Consolidated Tape Association's Network B. The Portfolio Value, at any time, will equal the sum of the products of such prices and the applicable Multipliers for the Portfolio Securities. The Ending Portfolio Value, however, is calculated by the Calculation Agent based on averaging the Portfolio Values reported by the AMEX at the end of certain Portfolio Business Days. See "Description of Securities--Payment at Maturity". The securities listed below are the Portfolio Securities and will be used to calculate the value of the Portfolio. Holders of the MITTS will not have any right to receive the Portfolio Securities. The following table sets forth the issuers of the Portfolio Securities, the exchanges, the percentage of each Portfolio Security in the Starting Portfolio Value and the initial Multipliers:

<TABLE>  
<CAPTION>

Issuer of the Initial Portfolio Security Multiplier	Exchanges	Industry Segment	Approximate Market Capitalization as of October 23, 1996	% of Starting Portfolio Value	
-----	-----	-----	-----	-----	-----
---			(In Millions)		
<S>	<C>	<C>	<C>	<C>	<C>
Amgen Inc. .... 0.0640000	Nasdaq	Biotechnology	16,312.14	4%	
Apria Healthcare Group Inc. .... 0.2269504	NYSE	Health--Specialty	874.73	4%	
Baxter International Inc. .... 0.0981595	NYSE	Hospital Supplies	11,718.40	4%	
Beverly Enterprises .... 0.3368421	NYSE	Health--Long Term Care	1,166.27	4%	
Biogen, Inc. .... 0.0487805	Nasdaq	Biotechnology	2,870.02	4%	
Chiron Corporation .... 0.2077922	Nasdaq	Biotechnology	3,270.62	4%	
Columbia/HCA Healthcare Corporation .... 0.1126761	NYSE	Hospital Management	24,148.37	4%	
Emcare Holdings Inc. .... 0.1502347	Nasdaq	Health--Specialty	215.90	4%	
Genzyme Corporation .... 0.1649485	Nasdaq	Biotechnology	1,629.46	4%	
Genesis Health Ventures, Inc. .... 0.1675393	NYSE	Health--Long Term Care	730.63	4%	
Health Management Associates, Inc. .... 0.1729730	NYSE	Hospital Management	2,495.82	4%	
Healthsource, Inc. .... 0.3440860	NYSE	Health Maintenance Organization	741.34	4%	
Healthsouth Corporation .... 0.1038961	NYSE	Health--Specialty	5,909.69	4%	
Humana Inc. .... 0.2105263	NYSE	Health Maintenance Organization	3,086.40	4%	
Johnson & Johnson .... 0.0822622	NYSE	Hospital Supplies	66,327.34	4%	
Medpartners/Mullikin, Inc. .... 0.1720430	NYSE	Health Maintenance Organization	1,205.26	4%	
Neuromedical Systems, Inc. .... 0.2162162	Nasdaq	Health--Specialty	516.75	4%	
Olsten Corporation .... 0.1739130	NYSE	Health--Specialty	1,283.15	4%	
Oxford Health Plans, Inc. .... 0.0871935	Nasdaq	Health Maintenance Organization	3,441.59	4%	
Phycor, Inc. .... 0.1216730	Nasdaq	Health Maintenance Organization	1,759.06	4%	
Quorum Health Group, Inc. .... 0.1428571	Nasdaq	Hospital Management	1,291.42	4%	
Renal Treatment Centers, Inc. .... 0.1361702	NYSE	Health--Specialty	683.50	4%	
Tenet Healthcare Corporation .... 0.1893491	NYSE	Hospital Management	4,476.70	4%	
Total Renal Care Holdings, Inc. .... 0.0932945	NYSE	Health--Specialty	1,119.74	4%	
United Healthcare Corporation .... 0.1126761	NYSE	Health Maintenance Organization	6,657.24	4%	

</TABLE>

The initial Multiplier relating to each Portfolio Security indicates the number of shares of such Portfolio Security, given the market price of such Portfolio Security, required to be included in the calculation of the Starting Portfolio Value so that each Portfolio Security represents an equal percentage of the Starting Portfolio Value. The price of each Portfolio Security used to calculate the initial Multiplier relating to each such Portfolio Security was the closing price of such Portfolio Security on the Pricing Date. The respective Multipliers will remain constant for the term of the Securities unless adjusted



for certain corporate events, as described below.

#### ADJUSTMENTS TO THE MULTIPLIER AND PORTFOLIO

The Multiplier with respect to any Portfolio Security and the Portfolio will be adjusted as follows:

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

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

3. There will be no adjustments to the Multipliers to reflect cash dividends or distributions paid with respect of a Portfolio Security other than for Extraordinary Dividends as described below. A cash dividend with respect to a Portfolio Security will be deemed to be an "Extraordinary Dividend" if such dividend exceeds the immediately preceding non-Extraordinary Dividend for such Portfolio Security by an amount equal to at least 10% of the market price on the Portfolio Business Day preceding the record day for the payment of such Extraordinary Dividend (the "ex-dividend date"). If an Extraordinary Dividend occurs with respect to a Portfolio Security, the Multiplier with respect to such Portfolio Security will be adjusted on the ex-dividend date with respect to such Extraordinary Dividend so that the new Multiplier will equal the product of (i) the then current Multiplier, and (ii) a fraction, the numerator of which is the sum of the Extraordinary Dividend Amount and the market price on the Trading Day preceding the ex-dividend date, and the denominator of which is the market price on the Trading Day preceding the ex-dividend date. The "Extraordinary Dividend Amount" with respect to an Extraordinary Dividend for a Portfolio Security will equal such Extraordinary Dividend minus the amount of the immediately preceding non-Extraordinary Dividend for such Portfolio Security.

4. If the issuer of a Portfolio Security is being liquidated or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, such Portfolio Security will continue to be included in the Portfolio so long as a market price for such Portfolio Security is available. If a market price is no longer available for a Portfolio Security for whatever reason, including the liquidation of the issuer of such Portfolio Security or the subjection of the issuer of such Portfolio Security to a proceeding under any applicable bankruptcy, insolvency or other similar law, then the value of such Portfolio Security will equal zero in connection with calculating the Portfolio Value and the Ending Portfolio Value for so long as no market price is available, and no attempt will be made to find a replacement stock or increase the value of the Portfolio to compensate for the deletion of such Portfolio Security.

5. If the issuer of a Portfolio Security has been subject to a merger or consolidation and is not the surviving entity or is nationalized, then a value for such Portfolio Security will be determined at the time such issuer is merged or consolidated or nationalized and will equal the last available market price for such Portfolio Security and that value will be constant for the remaining term of the Securities. At such time, no adjustment will be made to the Multiplier of such Portfolio Security. The Company may at its sole discretion increase such last available market price to reflect payments or dividends of cash, securities or other consideration to holders of such Portfolio Security in connection with such a merger or consolidation which may not be reflected in such last available market price.

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

No adjustments of any Multiplier of a Portfolio Security will be required unless such adjustment would require a change of at least 1% in the Multiplier then in effect. The Multiplier resulting from any of the adjustments specified above will be rounded to the nearest one thousandth with five ten-thousandths being rounded upward.

The AMEX expects that no adjustments to the Multiplier of any Portfolio Security or to the Portfolio will be made other than those specified above, however, the AMEX may at its discretion make adjustments to maintain the economic intent of the Portfolio.

A potential investor should review the historical performance of the Portfolio. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the

Portfolio will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount at the maturity of the Securities.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

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##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 Senior 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 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

##### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding

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Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying final Treasury regulations (the "Final Regulations") concerning the United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of the principal amount thereof and a

Supplemental Redemption Amount equal to \$3.8425 per Unit. This represents an estimated yield on the Securities equal to 6.61% per annum (compounded semiannually).

The projected payment schedule (including both the projected Supplemental Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e.,

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for purposes of applying the Final Regulations to the Securities), and is not a prediction of what the actual Supplemental Redemption Amount will be, or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over the term of the Securities based upon the projected payment schedule for the Securities (including both the projected Supplemental Redemption Amount and the estimated yield equal to 6.61% per annum (compounded semiannually)) as determined by the Company for purposes of the application of the Final regulations to the Securities:

<TABLE>  
<CAPTION>

ACCRUAL PERIOD	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
-----	-----	-----
<S>	<C>	<C>
October 30, 1996 through		
April 30, 1997.....	\$0.3305	\$0.3305
May 1, 1997 through		
October 31, 1997.....	\$0.3414	\$0.6719
November 1, 1997 through		
April 30, 1998.....	\$0.3527	\$1.0246
May 1, 1998 through		
October 31, 1998.....	\$0.3644	\$1.3890
November 1, 1998 through		
April 30, 1999.....	\$0.3764	\$1.7654
May 1, 1999 through		
October 31, 1999.....	\$0.3888	\$2.1542
November 1, 1999 through		
April 30, 2000.....	\$0.4017	\$2.5559
May 1, 2000 through		
October 31, 2000.....	\$0.4150	\$2.9709
November 1, 2000 through		
April 30, 2001.....	\$0.4287	\$3.3996
May 1, 2001 through		
October 31, 2001.....	\$0.4429	\$3.8425

</TABLE>

Projected Supplemental Redemption Amount = \$3.8425 per Unit

Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Office of the Corporate Secretary, 100 Church Street, New York, New York 10080.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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

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"Common Share Data" for each of the five years in the period ended December 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

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MERRILL LYNCH & CO., INC.

NIKKEI 225 MARKET INDEX TARGET-TERM SECURITIES (SM) DUE JUNE 14, 2002  
("MITTS (R)")

On June 3, 1997, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount of \$255,000,000 (25,500,000 Units) of Nikkei 225 Market Index Target-Term Securities due June 14, 2002 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

GENERAL:

- . Senior unsecured debt securities . Not redeemable prior to maturity
- . No payments prior to maturity . Transferable only in whole Units

PAYMENT AT MATURITY:

Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage change in the Nikkei Stock Average multiplied by a Participation Rate of 140%. The Supplemental Redemption Amount may be zero, but will not be less than zero.

Before you decide to invest in the MITTS, carefully read this prospectus, especially the risk factors beginning on page 3.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

We expect that the MITTS will be maintained in book-entry form only through the facilities of DTC.

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

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MERRILL LYNCH & CO.  
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THE DATE OF THIS PROSPECTUS IS JULY \_\_, 1998.

(R) "MITTS" is a registered service mark and (SM) "Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals.

The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS
	1993	1994	1995	1996	1997	ENDED MARCH 27, 1998
Ratio of earnings to fixed charges .....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### RISK FACTORS

Your investment in MITTS will involve certain risks. For example, there is the risk that you might not earn a return on your investment, and the risk that you will be unable to sell your MITTS prior to their maturity. You should carefully consider the following discussion of risks before deciding whether an investment in the MITTS is suitable for you.

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#### THE SUPPLEMENTAL REDEMPTION AMOUNT.

You should be aware that if the Ending Index Value does not exceed the Starting Index Value at maturity, the Supplemental Redemption Amount will be zero. This will be true even if the value of the Index was higher than the Starting Index Value at some time during the life of the MITTS but later falls below the Starting Index Value. If the Supplemental Redemption Amount is zero, we will pay you only the principal amount of your MITTS.

The Participation Rate equals 140%. If the Ending Index Value exceeds the Starting Index Value, then the Participation Rate will enhance the amount of the interest payment received at maturity. However, if the Ending Index Value does not exceed the Starting Index Value you will receive only the principal amount of your MITTS.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY.

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same maturity date. Your investment may not reflect the full opportunity cost to you when you consider the effect of inflation or other factors that affect the time value of money.

#### YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS.

NKS calculates the Index by reference to the prices of the common stocks comprising the Index without taking into consideration the value of dividends paid on those stocks. Therefore, the return you earn on the MITTS, if any, will not be the same as the return that you would earn if you actually owned each of the common stocks in the Index and received the dividends paid on those stocks.

#### CURRENCY EXCHANGE RATE.

Although the stocks comprising the Index are traded in Japanese yen and the MITTS are denominated in U.S. dollars, we will not adjust the Supplemental Redemption Amount for the currency exchange rate in effect at the maturity of the MITTS. The Supplemental Redemption Amount is based solely upon the percentage increase in the Index. Changes in the exchange rate, however, may reflect changes in the Japanese economy which may affect the value of the Index and the MITTS.

#### UNCERTAIN TRADING MARKET.

The MITTS have been approved for listing on the New York Stock Exchange under

the symbol "JEM", subject to official notice of issuance. While there have been a number of issuances of Market Index Target-Term Securities, trading volumes have varied historically from one transaction to another and it is therefore impossible to predict how the MITTS will trade. You cannot assume that a trading market will develop for the MITTS. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the MITTS will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the value of the Index.

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

#### FACTORS AFFECTING TRADING VALUE OF THE MITTS.

We believe that the market value of the MITTS will be affected by the value of the Index and by a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following bullets describe the expected impact on the market value of the MITTS given a change in a specific factor, assuming all other conditions remain constant.

- . Index Value. We expect that the market value of the MITTS will depend substantially on the amount by which the Index exceeds the Starting Index Value. If you choose to sell your MITTS when the value of the Index exceeds the Starting Index Value, you may receive substantially less than the amount that would be payable at maturity based on that Index value because of the expectation that the Index will continue to fluctuate until the

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Ending Index Value is determined. If you choose to sell your MITTS when the value of the Index is below the Starting Index Value, you may receive less than the \$10 principal amount per Unit of MITTS. In general, rising Japanese dividend rates (i.e., dividends per share) may increase the value of the Index while falling Japanese dividend rates may decrease the value of the Index. Political, economic and other developments that affect the stocks underlying the Index may also affect the value of the Index and the value of the MITTS.

- . Interest Rates. Because the MITTS repay, at a minimum, the principal amount at maturity, we expect that the trading value of the MITTS will be affected by changes in interest rates. In general, if U.S. interest rates increase, we expect that the trading value of the MITTS will decrease. If U.S. interest rates decrease, we expect the trading value of the MITTS will increase. In general, if interest rates in Japan increase, we expect that the trading value of the MITTS will increase. If interest rates in Japan decrease, we expect the trading value of the MITTS will decrease. However, interest rates in Japan may also affect the Japanese economy and, in turn, the value of the Index. Rising interest rates in Japan may lower the value of the Index and the MITTS. Falling interest rates in Japan may increase the value of the Index and the value of the MITTS.
- . Volatility of the Index. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index increases, we expect that the trading value of the MITTS will increase. If the volatility of the Index decreases, we expect that the trading value of the MITTS will decrease.
- . Time Remaining to Maturity. The MITTS may trade at a value above that which would be expected based on 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 MITTS. However, as the time remaining to maturity of the MITTS decreases, we expect that this time premium will decrease, lowering the trading value of the MITTS.
- . Dividend Yields. If dividend yields on the stocks comprising the Index increase, we expect that the value of the MITTS will decrease. Conversely, if dividend yields on the stocks comprising the Index decrease, we expect that the value of the MITTS will increase.
- . Company Credit Ratings. Real or anticipated changes in the Company's credit ratings may affect the market value of the MITTS.

We want you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any change in the trading value of the MITTS attributable to another factor, such as an increase in the Index value.

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

#### STATE LAW LIMITS ON INTEREST PAID.

New York State laws govern the 1983 Indenture. New York has certain usury



laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the MITTS. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the MITTS holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

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#### THE JAPANESE SECURITIES MARKET.

The underlying stocks that constitute the Index have been issued by Japanese companies. You should be aware that investments in securities indexed to the value of Japanese equity securities involve certain risks. The Japanese securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets. Direct or indirect government intervention to stabilize the Japanese securities markets and cross-shareholdings in Japanese companies on such markets may affect prices and volume of trading on those markets. Also, there is generally less publicly available information about Japanese companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and Japanese companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Securities prices in Japan are subject to political, economic, financial and social factors that apply in Japan. These factors (including the possibility that recent or future changes in the Japanese government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other Japanese laws or restrictions applicable to Japanese companies or investments in Japanese equity securities and the possibility of fluctuations in the rate of exchange between currencies) could negatively affect the Japanese securities markets. Moreover, the Japanese economy may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

#### PURCHASES AND SALES BY MERRILL LYNCH.

The Company, MLPF&S, and other affiliates of the Company may from time to time buy or sell the stocks underlying the Index for their own accounts for business reasons or in connection with hedging the Company's obligations under the MITTS. These transactions could affect the price of such stocks and the value of the Index.

#### POTENTIAL CONFLICTS.

Under certain circumstances, MLPF&S's roles as a subsidiary of the Company, a counterparty of the Company's hedge, the Underwriter and the Calculation Agent for the MITTS could give rise to conflicts of interests.

#### 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 the light of their particular circumstances.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisers.

### DESCRIPTION OF SECURITIES

#### GENERAL

The Nikkei 225 Market Index Target-Term Securities due June 14, 2002, which are referred to herein as the "MITTS" or the "Securities", are to be issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1993, as amended and restated, which is more fully described below. The Securities will mature on June 14, 2002.

While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, 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" and "Other Terms - Events of Default" in this Prospectus.

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

PAYMENT AT MATURITY

General

At maturity, a beneficial owner of a Security will be entitled to receive the principal amount thereof plus a Supplemental Redemption Amount, if any, as provided below. If the Ending Index Value does not exceed the Starting Index Value, a beneficial owner of a Security will be entitled to receive only the principal amount thereof. The principal amount for a Security will equal the initial issue price of \$10 per Unit of MITTS.

Determination of the Supplemental Redemption Amount

The Supplemental Redemption Amount for a Security will be determined by the Calculation Agent and will equal:

<TABLE>					
<S>		<C>		<C>	
	Principal Amount of such Security (\$10 per Unit) X	Ending Index Value	Starting Index Value		Participation Rate
		-----		X	
			Starting Index Value		
</TABLE>					

provided, however, that in no event will the Supplemental Redemption Amount be less than zero. As indicated in the formula above, the Supplemental Redemption Amount for the MITTS will be calculated using the principal amount of the MITTS.

The Participation Rate equals 140%. The Starting Index Value equals 20,351.34, which was the closing value of the Index on the Pricing Date. The Ending Index Value will be determined by 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 the American Stock Exchange are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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.

HYPOTHETICAL RETURNS

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 total rate of return to beneficial owners of the Securities, (iii) the pretax annualized rate of return to beneficial owners of Securities, and (iv) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of .75% per annum, as more fully described below).

<TABLE>					
<CAPTION>					
		TOTAL AMOUNT			PRETAX ANNUALIZED
		PAYABLE AT MATURITY		PRETAX	RATE OF RETURN OF
HYPOTHETICAL ENDING	PERCENTAGE CHANGE	PER \$10 PRINCIPAL	TOTAL RATE OF	ANNUALIZED RATE	STOCKS UNDERLYING
INDEX VALUE	OVER THE STARTING	AMOUNT OF	RETURN ON	OF RETURN ON	THE
-----	INDEX VALUE	SECURITIES	THE SECURITIES	THE SECURITIES (1)	INDEX (1) (2)
<S>	<C>	<C>	<C>	<C>	<C>
8,140.54	-60%	\$10.00	0.00%	0.00%	-17.13%
10,175.67	-50%	\$10.00	0.00%	0.00%	-12.86%
12,210.80	-40%	\$10.00	0.00%	0.00%	-9.33%
14,245.94	-30%	\$10.00	0.00%	0.00%	-6.32%
16,281.07	-20%	\$10.00	0.00%	0.00%	-3.69%
18,316.21	-10%	\$10.00	0.00%	0.00%	-1.35%
</TABLE>					

<TABLE>					
<CAPTION>					
		TOTAL AMOUNT			PRETAX ANNUALIZED
		PAYABLE AT MATURITY		PRETAX	RATE OF RETURN OF
HYPOTHETICAL ENDING	PERCENTAGE CHANGE	PER \$10 PRINCIPAL	TOTAL RATE OF	ANNUALIZED RATE	STOCKS UNDERLYING
INDEX VALUE	OVER THE STARTING	AMOUNT OF	RETURN ON	OF RETURN ON	THE
-----	INDEX VALUE	SECURITIES	THE SECURITIES	THE SECURITIES (1)	INDEX (1) (2)
</TABLE>					

<S>	<C>	<C>	<C>	<C>	<C>	<C>
20,351.34 (3)	0%	\$10.00	0.00%	0.00%	0.75%	
22,386.47	10%	\$11.40	14.00%	2.62%	2.66%	
24,421.61	20%	\$12.80	28.00%	4.97%	4.42%	
26,456.74	30%	\$14.20	42.00%	7.09%	6.04%	
28,491.88	40%	\$15.60	56.00%	9.04%	7.55%	
30,527.01	50%	\$17.00	70.00%	10.83%	8.96%	
32,562.14	60%	\$18.40	84.00%	12.50%	10.29%	
34,597.28	70%	\$19.80	98.00%	14.05%	11.54%	
36,632.41	80%	\$21.20	112.00%	15.51%	12.72%	
38,667.55	90%	\$22.60	126.00%	16.88%	13.84%	
40,702.68	100%	\$24.00	140.00%	18.18%	14.91%	
42,737.81	110%	\$25.40	154.00%	19.42%	15.92%	
44,772.95	120%	\$26.80	168.00%	20.59%	16.90%	
46,808.08	130%	\$28.20	182.00%	21.71%	17.83%	

</TABLE>

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

(2) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Index with the allocation of such amount reflecting the current relative weights of such stocks in the Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of .75% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Securities from June 3, 1997 to June 14, 2002; and (vi) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Index as of May 28, 1997 was approximately .75%.

(3) This is the Starting Index Value.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein.

#### 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).

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"Market Disruption Event" means either of the following events, as determined by the Calculation Agent: (a) a suspension, material limitation or absence of trading on the TSE of 20% or more of the Underlying Stocks which then comprise the Index or a Successor Index during the one-half hour period preceding the close of trading on the applicable exchange; or (b) the suspension or material limitation on the Singapore International Monetary Exchange, Ltd. (the "SIMEX"), the Osaka Securities Exchange (the "OSE") or any other major futures or securities market from trading in futures or options contracts related to the Index or a Successor Index during the one-half hour period preceding the close of trading on the applicable exchange.

For the purposes of determining whether a Market Disruption Event has occurred: (i) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, (ii) a decision to permanently discontinue trading in the relevant futures or options contract will not constitute a Market Disruption Event, (iii) a suspension in trading in a futures or options contract on the Index by a major securities market by reason of (a) a price change violating limits set by such securities market, (b) an imbalance of orders relating to such contracts or (c) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or material limitation of trading in futures or options contracts related to the Index, and, (iv) an absence of trading on the TSE will not include any time when the TSE is closed for trading under ordinary circumstances. 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 MITTS.

Based on the information currently available to the Company, the opening of trading on the OSE was delayed on January 17, 1995 because of the earthquake in Kobe. If such delay had occurred during the one-half hour period preceding the close of trading on the OSE, it would have constituted a Market Disruption Event. In addition, because of movements in the price for futures contracts for the Index, the OSE imposed price limits on such futures contracts on January 23, 1995 that were in effect during the one-half hour period preceding the close of trading on the OSE and that would have constituted a Market Disruption Event. On January 31 and February 1 of 1994, prices for futures contracts for the Nikkei Stock Index 225 reached price limits imposed by the OSE, which would have been a Market Disruption Event. Other than the foregoing events, to the Company's knowledge no circumstances have arisen since the inception of the Index that could have constituted a Market Disruption Event. The existence or non-existence of such circumstances, however, is not necessarily indicative of the likelihood of such circumstances arising or not arising in the future.

#### DISCONTINUANCE OF THE INDEX

If NKS discontinues publication of the Index and NKS 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 notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by NKS 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 NKS 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 NKS 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 (a) the determination of the Ending Index Value and (b) 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 Wall Street Journal (or another newspaper of general

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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 the principal amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the Securities. See "Description of Securities - Payment at Maturity" in this Prospectus. 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 6.96% 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 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.

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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 amount and any Supplemental Redemption Amount with respect to the 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 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

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.

#### THE INDEX

All disclosure contained in this Prospectus regarding the Index, including, without limitation, its make-up, method of calculation and changes in its components, is derived from publicly available information prepared by Nihon Keizai Shimbun, Inc. ("NKS").

#### GENERAL

Unless otherwise stated, all information herein relating to the Nikkei 225 Index has been derived from the Stock Market Indices Data Book published by NKS and other publicly-available sources. Such information reflects the policies of NKS as stated in such sources; such policies are subject to change at the discretion of NKS.

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The Nikkei 225 Index is a stock index calculated, published and disseminated by NKS that measures the composite price performance of selected Japanese stocks. The Nikkei 225 Index is currently based on 225 Underlying Stocks trading on the TSE and represents a broad cross-section of Japanese industry. All 225 Underlying Stocks are stocks listed in the First Section of the TSE. Stocks listed in the First Section are among the most actively traded stocks on the TSE. Futures and options contracts on the Nikkei 225 Index are traded on the Singapore International Monetary Exchange Ltd., the Osaka Securities Exchange and the Chicago Mercantile Exchange.

The Nikkei 225 Index is a modified, price-weighted index (i.e., an Underlying Stock's weight in the index is based on its price per share rather than the total market capitalization of the issuer) which is calculated by (i) multiplying the per share price of each Underlying Stock by the corresponding weighting factor for such Underlying Stock (a "Weight Factor"), (ii) calculating the sum of all these products and (iii) dividing such sum by a divisor. The divisor, initially set in 1949 at 225, was 9.999 as of May 28, 1997, and is subject to periodic adjustments as set forth below. Each Weight Factor is computed by dividing (Yen)50 by the par value of the relevant Underlying Stock, so that the share price of each Underlying Stock when multiplied by its Weight Factor corresponds to a share price based on a uniform par value of (Yen)50. Each Weight Factor represents the number of shares of the related Underlying Stock which are included in one trading unit of the Nikkei 225 Index. The stock prices used in the calculation of the Nikkei 225 Index are those reported by a primary market for the Underlying Stocks (currently the TSE). The level of the Nikkei 225 Index is calculated once per minute during TSE trading hours.

In order to maintain continuity in the level of the Nikkei 225 Index in the event of certain changes due to non-market factors affecting the Underlying Stocks, such as the addition or deletion of stocks, substitution of stocks, stock dividends, stock splits or distributions of assets to stockholders, the divisor used in calculating the Nikkei 225 Index is adjusted in a manner designed to prevent any instantaneous change or discontinuity in the level of the Nikkei 225 Index. Thereafter, the divisor remains at the new value until a further adjustment is necessary as the result of another change. As a result of each such change affecting any Underlying Stock, the divisor is adjusted in such a way that the sum of all share prices immediately after such change multiplied by the applicable Weight Factor and divided by the new divisor (i.e., the level of the Nikkei 225 Index immediately after such change) will equal the level of the Nikkei 225 Index immediately prior to the change.

Underlying Stocks may be deleted or added by NKS. However, to maintain continuity in the Nikkei 225 Index, the policy of NKS is generally not to alter the composition of the Underlying Stocks except when an Underlying Stock is deleted in accordance with the following criteria. Any stock becoming ineligible for listing in the First Section of the TSE due to any of the following reasons will be deleted from the Underlying Stocks: bankruptcy of the issuer; merger of the issuer into, or acquisition of the issuer by, another company; delisting of such stock or transfer of such stock to the "Seiri-Post" because of excess debt of the issuer or because of any other reason; or transfer of such stock to the Second Section of the TSE. Upon deletion of a stock from the Underlying Stocks, NKS will select, in accordance with certain criteria established by it, a replacement for such deleted Underlying Stock. In an exceptional case, a newly listed stock in the First Section of the TSE that is recognized by NKS to be representative of a market may be added to the Underlying Stocks. In such case, an existing Underlying Stock with low trading volume and not representative of a market will be deleted.

NKS is under no obligation to continue the calculation and dissemination of the Nikkei 225 Index. The MITTS are not sponsored, endorsed, sold or promoted by NKS. No inference should be drawn from the information contained in this Prospectus Supplement that NKS makes any representation or warranty, implied or express, to the Company, the holders of the MITTS or any member of the public

regarding the advisability of investing in securities generally or in the MITTS in particular or the ability of the Nikkei 225 Index to track general stock market performance. NKS has no obligation to take the needs of the Company or the holders of the MITTS into consideration in determining, composing or calculating the Nikkei 225 Index. NKS is not responsible for, and has not participated in the determination of the timing of, prices for, or quantities of, the MITTS to be issued or in the determination or calculation of the equation by which the MITTS are to be settled in cash. NKS has no obligation or liability in connection with the administration, marketing or trading of the MITTS.

The use of and reference to the Nikkei 225 Index in connection with the MITTS have been consented to by NKS, the publisher of the Nikkei 225 Index.

None of the Company, the Calculation Agent and the Underwriter accepts any responsibility for the calculation, maintenance or publication of the Nikkei 225 Index or any Successor Index. NKS disclaims all responsibility for any

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errors or omissions in the calculation and dissemination of the Nikkei 225 Index or the manner in which such Index is applied in determining any Starting or Ending Index Values or any Supplemental Redemption Amount upon maturity of the MITTS.

#### THE TOKYO STOCK EXCHANGE

The Tokyo Stock Exchange is one of the world's largest securities exchanges in terms of market capitalization. The TSE market is a two-way, continuous pure auction market. Trading hours are currently from 9:00 A.M. to 11:00 A.M. and from 12:30 P.M. to 3:00 P.M., Tokyo time, Monday through Friday.

Due to the time zone difference, on any normal trading day the TSE will close prior to the opening of business in New York City on the same calendar day. Therefore, the closing level of the Nikkei 225 Index on such trading day will generally be available in the United States by the opening of business on the same calendar day.

The TSE has adopted certain measures, including daily price floors and ceilings on individual stocks, intended to prevent any extreme short-term price fluctuations resulting from order imbalances. In general, any stock listed on the TSE cannot be traded at a price lower than the applicable price floor or higher than the applicable price ceiling. Such price floors and ceilings are expressed in absolute Japanese yen, rather than percentage, limits based on the closing price of the stock on the previous trading day. In addition, when there is a major order imbalance in a listed stock, the TSE posts a "special bid quote" or a "special asked quote" for that stock at a specified higher or lower price level than the stock's last sale price in order to solicit counter-orders and balance supply and demand for the stock. Investors should also be aware that the TSE may suspend the trading of individual stocks in certain limited and extraordinary circumstances, including, for example, unusual trading activity in that stock. As a result, changes in the Nikkei 225 Index may be limited by price limitations or special quotes, or by suspension of trading, on individual stocks which comprise the Nikkei 225 Index, which limitations may, in turn, adversely affect the value of the MITTS.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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

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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.

#### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

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#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any



other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying final Treasury regulations (the "Final Regulations") concerning the United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of the principal amount thereof and a Supplemental Redemption Amount equal to \$4.1078 per Unit. This represents an estimated yield on the Securities equal to 6.96% per annum (compounded semiannually).

The projected payment schedule (including both the projected Supplemental Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e., for purposes of applying the Final Regulations to the Securities), and is not a prediction of what the actual Supplemental Redemption Amount will be, or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over the term of the Securities based upon the projected payment schedule for the Securities (including both the projected Supplemental Redemption Amount and the estimated yield equal to 6.96% per annum (compounded semiannually)) as determined by the Company for purposes of the application of the Final Regulations to the Securities:

<TABLE>  
<CAPTION>

ACCRUAL PERIOD -----	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT) -----	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT) -----
<S>	<C>	<C>
June 3, 1997 through June 14, 1997.....	\$0.0206	\$0.0206
June 15, 1997 through December 14, 1997.....	\$0.3506	\$0.3712
December 15, 1997 through June 14, 1998.....	\$0.3590	\$0.7302
June 15, 1998 through December 14, 1998.....	\$0.3734	\$1.1036
December 15, 1998 through June 14, 1999.....	\$0.3864	\$1.4900
June 15, 1999 through December 14, 1999.....	\$0.3999	\$1.8899
December 15, 1999 through June 14, 2000.....	\$0.4138	\$2.3037
June 15, 2000 through		

December 14, 2000.....	\$0.4281	\$2.7318
June 15, 2001 through		
December 14, 2001.....	\$0.4585	\$3.6334
December 15, 2001 through		
June 14, 2002.....	\$0.4744	\$4.1078

</TABLE>

Projected Supplemental Redemption Amount = \$4.1078 per Unit

Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Office of the Corporate Secretary, 100 Church Street, New York, New York 10080.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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

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Securities Act of 1933, as amended (the "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 Act.

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\*\*\*\*\*  
Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
\*\*\*\*\*

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

- - - - -

7,200,000 UNITS  
MERRILL LYNCH & CO., INC.  
MAJOR 8 EUROPEAN INDEX MARKET INDEX TARGET-TERM SECURITIES DUE AUGUST 30, 2002  
"MITTS (R)"  
(\$10 PRINCIPAL AMOUNT PER UNIT)

On July 28, 1997, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount \$72,000,000 (7,200,000 Units) of Major 8 European Index Market Index Target-Term Securities due August 30, 2002 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

GENERAL:

- . Senior unsecured debt securities . Not redeemable prior to maturity
- . No payments prior to maturity . Transferable only in whole Units

PAYMENT AT MATURITY:

Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage increase, if any, in the Major 8 European Index, which is a compilation of eight European equity indices, multiplied by a Participation Rate of 110%. The Supplemental Redemption Amount may be ZERO, but will not be less than zero.

BEFORE YOU DECIDE TO INVEST IN THE MITTS, CAREFULLY READ THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS BEGINNING ON PAGE 3.

We expect that the MITTS will be maintained in book-entry form only through the facilities of DTC.

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.

This Prospectus has been prepared in connection with the Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the American Stock Exchange (the "AMEX"), 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 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.

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MERRILL LYNCH & CO.  
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The date of this Prospectus is July \_\_, 1998.

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

#### 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 New York Stock Exchange, the AMEX, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, MERRILL LYNCH & CO., INC., 100 CHURCH STREET, 12TH FLOOR, NEW YORK, NEW

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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios for earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

Your investment in MITTS will involve certain risks. For example, there is the risk that you might not earn a return on your investment, and the risk that you will be unable to sell your MITTS prior to their maturity. You should carefully consider the following discussion of risks before deciding whether an investment in the MITTS is suitable for you.

THE SUPPLEMENTAL REDEMPTION AMOUNT.

You should be aware that if the Ending Index Value does not exceed the Starting Index Value at maturity, the Supplemental Redemption Amount will be zero. This will be true even if the value of the Index was higher than the Starting Index Value at some time during the life of the MITTS but later falls below the Starting Index Value. If the Supplemental Redemption Amount is zero,

we will pay you only the principal amount of your MITTS.

The Participation Rate equals 110%. If the Ending Index Value exceeds the Starting Index Value, then the Participation Rate will enhance the amount of the interest payment received at maturity. However, if the Ending Index Value does not exceed the Starting Index Value, you will receive only the principal amount of your MITTS.

YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY.

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same maturity date. Your investment may not reflect the full opportunity cost to you when you consider the effect of factors that affect the time value of money.

YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS.

The AMEX calculates the Index by reference to the Sub-Indices which reflect the prices of the common stocks comprising such Sub-Indices without taking into consideration the value of dividends paid on those stocks, except in the case of the Deutscher Aktienindex Sub-Index which reflects dividends paid on its underlying common stocks. Therefore, the return you earn on the MITTS, if any, will not be the same as the return that you would earn if you actually owned each of the common stocks underlying each Sub-Index and received the dividends paid on those stocks.

CURRENCY EXCHANGE RATES.

Although the stocks comprising the Sub-Indices are traded in currencies other than U.S. dollars and the MITTS are denominated in U.S. dollars, we will not adjust the Supplemental Redemption Amount for currency exchange rates in effect at the maturity of the MITTS. The Supplemental Redemption Amount is based solely upon the percentage increase in the Index. Changes in exchange rates, however, may reflect changes in the relevant European economies which may affect the value of the Sub-Indices, and the MITTS.

UNCERTAIN TRADING MARKET.

The MITTS are traded on the AMEX under the symbol "MEM". While there have been a number of issuances of Market Index Target-Term Securities, trading volumes have varied historically from one transaction to another and it is therefore impossible to predict how the MITTS will trade. You cannot assume that a trading market will develop for the MITTS. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the MITTS will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the value of the Index.

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

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FACTORS AFFECTING TRADING VALUE OF THE MITTS.

We believe that the market value of the MITTS will be affected by the value of the Index and by a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following bullets describe the expected impact on the market value of the MITTS given a change in a specific factor, assuming all other conditions remain constant.

- . INDEX VALUE. We expect that the market value of the MITTS will depend substantially on the amount by which the Index exceeds the Starting Index Value. If you choose to sell your MITTS when the value of the Index exceeds the Starting Index Value, you may receive substantially less than the amount that would be payable at maturity based on that Index value because of the expectation that the Index will continue to fluctuate until the Ending Index Value is determined. If you choose to sell your MITTS when the value of the Index is below the Starting Index Value, you may receive less than the \$10 principal amount per Unit of MITTS. In general, rising dividend rates (i.e., dividends per share) in the European countries related to the common stocks underlying the Sub-Indices (each, an "applicable European country") may increase the value of the Index while falling dividend rates in the applicable European countries may decrease the value of the Index. Political, economic and other developments that affect the stocks underlying the Index may also affect the value of the Index and the value of the MITTS.
- . INTEREST RATES. Because the MITTS repay, at a minimum, the principal amount at maturity, we expect that the trading value of the MITTS will be affected by changes in interest rates. In general, if U.S. interest rates increase, we expect that the trading value of the MITTS will decrease. If U.S. interest rates decrease, we expect the trading value of the MITTS will increase. In general, if interest rates in the applicable European countries increase, we expect that the trading value of the MITTS will increase. If interest rates in the applicable European countries decrease, we expect the trading value of the MITTS will decrease. However, interest rates in the applicable European countries may also affect the relevant

economies and, in turn, the value of the Sub-Indices. Rising interest rates in the applicable European countries may lower the value of the Sub-Indices and the MITTS. Falling interest rates in the applicable European countries may increase the value of the Index and the value of the MITTS.

- . VOLATILITY OF THE INDEX. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index increases, we expect that the trading value of the MITTS will increase. If the volatility of the Index decreases, we expect that the trading value of the MITTS will decrease.
- . TIME REMAINING TO MATURITY. The MITTS may trade at a value above that which would be expected based on 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 MITTS. However, as the time remaining to maturity of the MITTS decreases, we expect that this time premium will decrease, lowering the trading value of the MITTS.
- . DIVIDEND YIELDS. If dividend yields on the stocks comprising the Sub-Indices increase, we expect that the value of the MITTS will decrease. Conversely, if dividend yields on the stock comprising the Sub-Indices decrease, we expect that the value of the MITTS will increase.
- . COMPANY CREDIT RATINGS. Real or anticipated changes in the Company's credit ratings may affect the market value of the MITTS.

We want you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the MITTS attributable to another factor, such as an increase in the Index value.

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

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#### STATE LAW LIMITS ON INTEREST PAID.

New York State laws govern the Senior Indenture, as defined below. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the MITTS. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the MITTS holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

#### THE EUROPEAN SECURITIES MARKETS.

The underlying stocks that constitute the Sub-Indices have been issued by companies listed on European exchanges. You should be aware that investments in securities indexed to the value of the European equity securities involve certain risks. The European securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets. Direct or indirect government intervention to stabilize a particular European securities market and cross-shareholdings in European companies on such markets may affect prices and volume of trading on those markets. Also, there is generally less publicly available information about European companies than about those U.S. companies that are subject to the reporting requirements of the SEC and European companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Securities prices in Europe may be affected by political, economic, financial and social factors in Europe. These factors (including the possibility that recent or future changes in a European country's government, economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to such European companies or investments in European equity securities and the possibility of fluctuations in the rate of exchange between currencies) could negatively affect the European securities markets. Moreover, the relevant European economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

#### PURCHASES AND SALES BY MERRILL LYNCH.

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the stocks underlying the Index for their own accounts for business reasons or in connection with hedging the Company's obligations under the MITTS. These transactions could affect the price of such stocks and the value of the

Index.

POTENTIAL CONFLICTS.

The Calculation Agent is a subsidiary of the Company, the issuer of the MITTS. Under certain circumstances, MLPF&S's roles as a subsidiary of the Company and its responsibilities as Calculation Agent for the MITTS could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts of interest could arise.

OTHER CONSIDERATIONS.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

DESCRIPTION OF SECURITIES

GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on August 30, 2002.

While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, 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" and "Other Terms--Events of Default" in this Prospectus.

The Securities were issued in denominations of whole Units.

PAYMENT AT MATURITY

General

At maturity, a beneficial owner of a Security will be entitled to receive the principal amount thereof plus a Supplemental Redemption Amount, if any, all as provided below. If the Ending Index Value does not exceed the Starting Index Value, a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

Determination of the Supplemental Redemption Amount

The Supplemental Redemption Amount for a Security will be determined by the Calculation Agent and will equal:

$$\begin{array}{l}
 \text{Principal Amount of such Security } (\$10 \text{ per Unit}) \times \frac{\text{Ending Index Value} - \text{Starting Index Value}}{\text{Starting Index Value}} \times \text{Participation Rate}
 \end{array}$$

provided, however, that in no event will the Supplemental Redemption Amount be less than zero.

The Participation Rate equals 110%. The Starting Index Value equals 100. The Ending Index Value will be determined by 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 occurrences 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 the AMEX are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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.

HYPOTHETICAL RETURNS

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 total rate of return to beneficial owners of the Securities, (iii) the pretax annualized rate of return to beneficial owners of Securities, and (iv) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 2.33% per annum, as more fully described below).

<TABLE>  
<CAPTION>

ANNUALIZED OF HYPOTHETICAL ENDING THE	PERCENTAGE CHANGE OVER THE STARTING	TOTAL AMOUNT PAYABLE AT MATURITY		PRETAX ANNUALIZED		PRETAX
		PER \$10 PRINCIPAL	TOTAL RATE OF	RATE	RATE OF RETURN	
		AMOUNT OF	RETURN ON	OF RETURN ON	STOCKS UNDERLYING	
INDEX VALUE	INDEX VALUE	SECURITIES	THE SECURITIES	THE SECURITIES (1)	INDEX (1) (2)	
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
40	-60%	\$10.00	0.00%	0.00%	0.00%	-15.28%
50	-50%	\$10.00	0.00%	0.00%	0.00%	-11.10%
60	-40%	\$10.00	0.00%	0.00%	0.00%	-7.64%
70	-30%	\$10.00	0.00%	0.00%	0.00%	-4.68%
80	-20%	\$10.00	0.00%	0.00%	0.00%	-2.09%
90	-10%	\$10.00	0.00%	0.00%	0.00%	0.21%
100(3)	0%	\$10.00	0.00%	0.00%	0.00%	2.29%
110	10%	\$11.10	11.00%	2.06%	4.18%	4.18%
120	20%	\$12.20	22.00%	3.95%	5.92%	5.92%
130	30%	\$13.30	33.00%	5.69%	7.53%	7.53%
140	40%	\$14.40	44.00%	7.31%	9.03%	9.03%
150	50%	\$15.50	55.00%	8.81%	10.43%	10.43%
160	60%	\$16.60	66.00%	10.23%	11.75%	11.75%
170	70%	\$17.70	77.00%	11.56%	12.99%	12.99%
180	80%	\$18.80	88.00%	12.82%	14.17%	14.17%
190	90%	\$19.90	99.00%	14.01%	15.28%	15.28%
200	100%	\$21.00	110.00%	15.14%	16.35%	16.35%
210	110%	\$22.10	121.00%	16.23%	17.36%	17.36%
220	120%	\$23.20	132.00%	17.26%	18.34%	18.34%
230	130%	\$24.30	143.00%	18.26%	19.27%	19.27%

</TABLE>

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- (1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.
  - (2) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Sub-Indices with the allocation of such amount reflecting the current relative weights of such stocks in the Sub-Indices; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 2.33% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Securities from August 1, 1997 to August 30, 2002; and (vi) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Sub-Indices as of July 28, 1997 was approximately 2.33%.
  - (3) The Starting Index Value equals 100.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein.

#### 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 the occurrence or existence on any Overseas Index Business Day with respect to a Sub-Index during the one-half hour period that ends at the regular official weekday time at which trading on the Index Exchange related to such Sub-Index occurs of any suspension of, or limitation



imposed on, trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) on (i) the Index Exchange in securities that comprise 20% or more of the value of such Sub-Index or (ii) any exchanges on which futures or options on such Sub-Index are traded in such option or futures if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of the foregoing definition, (i) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular hours of the relevant exchange and (ii) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange will constitute a Market Disruption Event.

"Overseas Index Business Day" means, with respect to any Sub-Index, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the relevant Index Exchange or on any exchanges on which futures or options on such Sub-Index are traded, other than a day on which trading on any such exchange is scheduled to close prior to its regular weekday closing time.

"Index Exchange" means, with respect to any Sub-Index, the principal exchange on which the shares comprising such Sub-Index are traded.

#### 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 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 (a) the determination of the Ending Index Value and (b) 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 Wall Street Journal (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.

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#### 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 the Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the Securities. See "Description of Securities--Payment at Maturity" in this Prospectus. 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 6.32% 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 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 Exchange Act. 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 Senior 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 Senior Indenture,

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including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 Senior 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 Senior 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 Amount and any Supplemental Redemption Amount with respect to the 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 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

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.

THE INDEX

The value of the Index on any Index Business Day is calculated and disseminated by the AMEX. The AMEX generally calculates and disseminates the value of the Index based on the most recently reported values of the Sub-Indices, 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.

Determination of Index Multiplier for each Sub-Index

The weighting of each Sub-Index was determined at the close of business on the date the Securities were priced for initial sale to the public (the "Pricing Date") based on its relative market capitalization. The market capitalization of a stock equals the product of the total number of shares of such stock outstanding and the price of a share of such stock. The total market capitalization of the stocks comprising each Sub-Index was determined using the most recently available information concerning the number of shares outstanding for each stock contained in a Sub-Index and the most recently available price for each such share. Current exchange rates were used to translate such market capitalization information into U.S. dollars.

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The market capitalizations expressed in U.S. dollars of each Sub-Index were totaled (the "Total Market Capitalization"). The weighting of each Sub-Index was then determined and equals the percentage of the market capitalization for such Sub-Index relative to the Total Market Capitalization. The Index Multiplier for each Sub-Index was then calculated and equals (i) the weighting for such Sub-Index multiplied by 100, divided by (ii) the most recently available value of such Sub-Index. The Index Multipliers were calculated in this way so that the Index would equal 100.00 on the Pricing Date.

The Index Multiplier for each Sub-Index will remain fixed, except that the AMEX may adjust such Index Multiplier in the event of a significant change in how a Sub-Index is calculated. There will be no periodic rebalancing of the Index to reflect changes in the relative market capitalizations of the Sub-Indices.

Computation of the Index

The Index is calculated by totaling the products of the most recently available value of each Sub-Index and the Index Multiplier applicable to such Sub-Index. Since the Sub-Indices are based on stocks traded on stock exchanges in Europe, once such stock exchanges close and the values of the Sub-Indices become fixed until such stock exchanges reopen, the value of the Index will be fixed.

Sub-Indices

The following table sets forth the name of each Sub-Index, the number of stocks underlying each Sub-Index, the market capitalization in U.S. dollars of each Sub-Index, the weighting of each Sub-Index as of the Pricing Date and the Index Multiplier:

<TABLE>  
<CAPTION>

SUB-INDEX	NUMBER OF STOCKS	MARKET CAPITALIZATION (1)	CURRENT WEIGHTING (1)	INDEX MULTIPLIER
		(IN BILLIONS)		
<S>	<C>	<C>	<C>	<C>
Financial Times SE 100 Index.....	102	U.S.\$1,391.3	36.96%	0.0076009
Deutscher Aktienindex.....	30	599.1	15.91%	0.0036398
Compagnie des Agents de Change 40 Index....	40	398.2	10.58%	0.0035008
Swiss Market Index.....	23	399.2	10.60%	0.0018003
Amsterdam European Options Exchange Index..	25	398.0	10.57%	0.0106457
Milano Italia Borsa 30 Index.....	30	224.8	5.97%	0.0002623
Stockholm Options Market Index.....	30	185.1	4.92%	0.0018909
IBEX 35.....	35	169.2	4.49%	0.0006586
Total.....	315	U.S.\$3,764.9	100.00%	

</TABLE>

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(1) As of July 28, 1997.

The following is list of the Sub-Indices and certain information concerning each such Sub-Index. All disclosure contained in this Prospectus regarding the Sub-Indices is derived from publicly available information.

FINANCIAL TIMES SE 100 INDEX--"FTSE 100"

Description of FTSE 100: The FTSE 100 is intended to provide an indication of the pattern of common stock price movement of the 100 common stocks with the largest market capitalization on the London Stock Exchange.

Publisher: The Financial Times and London Stock Exchange

Required Disclosure: The FTSE 100 is calculated by FTSE International Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. Merrill Lynch & Co., Inc. has obtained full license from FTSE International

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Limited to use its trademark and copyright in the creation of this Security. FTSE International Limited does not sponsor, endorse or promote this Security.

DEUTSCHER AKTIENINDEX--"DAX(R)"

Description of DAX: The DAX is total rate of return index measuring the performance of 30 common stocks on the Frankfurt Stock Exchange selected based on their market capitalization and trading volume. A total rate of return index reflects both the price performance of the relevant common stocks as well as the dividends paid on such common stocks.

Publisher: Deutsche Borse AG

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"DAX" is a registered trademark of Deutsche Borse AG.

COMPAGNIE DES AGENTS DE CHANGE 40 INDEX--"CAC 40"

Description of CAC 40: The CAC 40 is intended to provide an indication of the pattern of common stock price movement of the 40 common stocks with the largest market capitalization on the Paris Bourse.

Publisher: SBF--Paris Bourse

Required Disclosure: "CAC-40" is a registered trademark of the Societe des Bourses Francaises-Paris Bourse, which designates the index that the SBF-Paris Bourse calculates and publishes. Authorization to use the index and the "CAC-40" trademark in connection with the Securities has been granted by license.

The SBF-Paris Bourse, owner of the trademark and of the CAC-40, does not sponsor, endorse or participate in the marketing of the Securities. The SBF-Paris Bourse makes no warranty or representation to any person, express or implied, as to the figure at which the CAC-40 stands at any particular time, nor as to the results or performance of the Securities. Neither shall the SBF-Paris Bourse be under any obligation to advise any person of any error in the published level of the CAC-40.

SWISS MARKET INDEX--"SMI(R)"

Description of SMI: The SMI is intended to provide an indication of the pattern of common stock price movement of common stocks with the largest market capitalization and greatest liquidity on the Geneva, Zurich and Basle Stock Exchanges.

Publisher: Swiss Exchange

Required Disclosure: The Securities are not in any way sponsored, endorsed, sold or promoted by the Swiss Exchange and the Swiss Exchange makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the SMI index and/or the figure at which the SMI index stands at any particular time on any particular day or otherwise. The SMI index is compiled and calculated solely by the Swiss Exchange. However, the Swiss Exchange shall not be liable (whether in negligence or otherwise) to any person for any error in the SMI index and the Swiss Exchange shall not be under any obligation to advise any person of any error therein.

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"SMI" is a registered trademark of the Swiss Exchange.

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AMSTERDAM EUROPEAN OPTIONS EXCHANGE INDEX--"AEX"

Description of AEX: The AEX is intended to provide an indication of the pattern of common stock price movement of the 25 common stocks with the largest market capitalization on the Amsterdam Stock Exchange.

Publisher: AEX--Optiebeurs nv

Required Disclosure: The AEX-Optiebeurs nv has all proprietary rights with

relation to the AEX index. The AEX-Optiebeurs nv in no way sponsors, endorses or is otherwise involved in the issue and offering of the Securities. The AEX-Optiebeurs nv disclaims any liability to any party for any inaccuracy in the data on which the AEX Index is based, for any mistakes, errors, or omissions in the calculation or dissemination of the AEX Index or for the manner in which the AEX Index is used in connection with the issue and offering of the Securities.

#### MILANO ITALIA BORSA 30 INDEX--"MIB 30"

Description of MIB 30: The MIB 30 is intended to provide an indication of the pattern of common stock price movement of common stocks with the largest market capitalization and greatest liquidity on the Italian Stock Exchange.

Publisher: Consiglio di Borsa

#### STOCKHOLM OPTIONS MARKET INDEX--"OMX INDEX"

Description of OMX index: The OMX index is intended to provide an indication of the pattern of common stock price movement of the 30 common stocks with the largest volume of trading on the Stockholm Stock Exchange.

Publisher: OM Gruppen AB

Required Disclosure: The Securities are not in any way sponsored, endorsed, sold or promoted by OM Gruppen AB ("OM") and OM makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the OMX index and/or the figure at which the said OMX index stands at any particular time on any particular day or otherwise. The OMX index is compiled and calculated solely by an indexer on behalf of OM. However, OM shall not be liable (whether in negligence or otherwise) to any person for any error in the OMX index and OM shall not be under any obligation to advise any person of any error therein.

All rights to the trademark OMX, OMX INDEX are vested in OM Gruppen AB ("OM") and are used under a license agreement with OM.

#### IBEX 35 INDEX

Description of IBEX 35: The IBEX 35 is intended to provide an indication of the pattern of common stock price movement of the 35 common stocks with the greatest liquidity continuously traded and quoted on the Joint Stock Exchange System made up of the Barcelona, Bilbao, Madrid and Valencia stock exchanges.

Publisher: Sociedad de Bolsas, S.A.

Required Disclosure: Sociedad de Bolsas, S.A. does not warrant in any case nor for any reason whatsoever: (a) The continuity of the composition of the IBEX 35 Index exactly as it is today; (b) the continuity of the method for calculating the IBEX 35 Index exactly as it is calculated today; (c) the continuity of the calculation, formula and publication of the IBEX 35 Index; (d) the precision, integrity or freedom from errors or mistakes in the composition and calculation of the IBEX 35 Index; (e) the adequacy of the IBEX 35 Index for the purposes expected in the issue of the Securities nor for dealing in the same.

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The publisher of each Sub-Index will add or delete stocks due to events such as the bankruptcy or merger of the issuer of a stock. The publisher of a Sub-Index may reevaluate the composition of the stocks underlying the Sub-Index at specified intervals to assure that they still meet the selection criteria or any ongoing eligibility criteria.

The publisher of a Sub-Index is under no obligation to continue the calculation and dissemination of such Sub-Index and such publisher may change the method by which such Sub-Index is calculated. The publishers of the Sub-Indices are under no obligation to take the needs of the Company or the holders of the MITTS into consideration in determining, composing or calculating the Sub-Indices.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

#### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 Company may not permit MLPF&S to (i) merge or consolidate, unless the surviving company is a Controlled

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Subsidiary or (ii) convey or transfer its properties and assets substantially as an entirety, except to one or more Controlled Subsidiaries.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of

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a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying the final Treasury Department Regulations (the "Final Regulations") concerning the United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of the principal amount thereof and a projected Supplemental Redemption Amount equal to \$3.7137 per Unit. This represents an estimated yield on the Securities equal to 6.32% per annum (compounded semiannually).

The projected payment schedule (including both the projected Supplemental Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e., for purposes of applying the Final Regulations to the Securities), and is neither a prediction nor a guarantee of what the actual Supplemental Redemption Amount will be, or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over an assumed term of five years and one month for the Securities based upon the projected payment schedule for the Securities (including both the projected Supplemental Redemption Amount and the estimated yield equal to 6.32% per annum (compounded semiannually)) as determined by the Company for purposes of application of the Final Regulations to the Securities:

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<TABLE>  
<CAPTION>

ACCURAL PERIOD	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
-----	-----	-----

<S>	<C>	<C>	
August 1, 1997 through August 30, 1997.....	\$0.0495		\$0.0495
August 31, 1997 through February 28, 1998..	\$0.3173		\$0.3668
March 1, 1998 through August 30, 1998.....	\$0.3274		\$0.6942
August 31, 1998 through February 28, 1999..	\$0.3376		\$1.0318
March 1, 1999 through August 30, 1999.....	\$0.3484		\$1.3802
August 31, 1999 through February 29, 2000..	\$0.3593		\$1.7395
March 1, 2000 through August 30, 2000.....	\$0.3707		\$2.1102
August 31, 2000 through February 28, 2001..	\$0.3823		\$2.4925
March 1, 2001 through August 30, 2001.....	\$0.3945		\$2.8870
August 31, 2001 through February 28, 2002..	\$0.4069		\$3.2939
March 1, 2002 through August 30, 2002.....	\$0.4198		\$3.7137

</TABLE>

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Projected Supplemental Redemption Amount = \$3.7137 per Unit.

All prospective investors in the Securities should consult their own tax advisors concerning the application of the Final Regulations to their investment in the Securities. Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Corporate Secretary's Office, 100 Church Street, 12th Floor, New York, New York 10080-6512.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

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MERRILL LYNCH & CO., INC.

S&P 500 MARKET INDEX TARGET-TERM SECURITIES/SM/ DUE SEPTEMBER 16, 2002  
("MITTS (R) ")

On March 14, 1997, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount of \$175,000,000 (17,500,000 Units) of S&P 500 Market Index Target-Term Securities due September 16, 2002 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

The Securities are debt securities of the Company, which were being issued in denominations of \$10 and integral multiples thereof, will bear no periodic payments of interest and will mature on September 16, 2002. 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, if any (the "Supplemental Redemption Amount"), based on the percentage increase, if any, in the S&P 500 Composite Stock Price Index (the "Index") over the Starting Index Value. The Supplemental Redemption Amount will in no event be less than zero. The Securities are not redeemable or callable by the Company prior to maturity. At maturity, a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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, (B) the percentage increase from the Starting Index Value to the Ending Index Value, and (C) the Participation Rate. The Starting Index Value equals 813.65 which was the closing value of the Index 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. The Participation Rate equals 101%.

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" AND "THE INDEX", RESPECTIVELY, IN THIS PROSPECTUS. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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 listed on the New York Stock Exchange under the symbol "MIM".

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_, 1998.

(R) "MITTS" is a registered service mark and /SM/"Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

STANDARD & POOR'S CORPORATION ("S&P") DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, HOLDERS OF THE SECURITIES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED UNDER THE LICENSE AGREEMENT DESCRIBED HEREIN OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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.

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THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, ON 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

#### MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

PAYMENT AT MATURITY

Supplemental Redemption Amount May be Zero. Investors should be aware that if the Ending Index Value does not exceed the Starting Index Value, beneficial owners of the Securities will receive only the principal amount thereof at maturity, even if the value of the Index at some point between the issue date and the maturity date of the Securities exceeded the Starting Index Value.

Yield may be Below Market Interest Rates on the Pricing Date. A beneficial owner of the Securities may receive no Supplemental Redemption Amount at maturity, or a Supplemental Redemption Amount that 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 Supplemental Redemption Amount, if any, 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 Dividends. The Index does not reflect the payment of dividends on the stocks underlying it and therefore 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.

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 listed on the New York Stock Exchange under the symbol "MIM". 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 trading value of the Securities in the secondary market 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. 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.

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, if any. 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, the Securities. Falling interest rates may increase the value of the Index and, thus, may increase the 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.

**Dividend Rates in the United States.** If dividend rates on the stocks comprising the Index increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the Index decrease, the value of the Securities is expected to increase. However, in general, rising U.S. corporate dividend rates may increase the value of the Index and, in turn, increase the value of the Securities. Conversely, falling U.S. dividend rates may decrease the value of the Index and, in turn, decrease the value of the Securities.

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

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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, Index volatility and/or dividend rates of stocks comprising the Index 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 stocks underlying the Index.

#### 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.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

MLPF&S or its affiliates may from time to time engage in transactions involving the 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. Accordingly, under certain circumstances, conflicts of interest may arise between MLPF&S's responsibilities as Calculation Agent, as defined below, 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.

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 September 16, 2002.

While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, 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.

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

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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, if any, all as provided below. If the Ending Index Value does not exceed the Starting Index Value, a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

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:

<TABLE>

<S>		<C>		<C>	
Principal Amount	X	Ending Index Value-Starting Index Value	-----	X	Participation Rate
		Starting Index Value			

</TABLE>

provided, however, that in no event will the Supplemental Redemption Amount be less than zero. The Starting Index Value equals 813.65, which was the closing value of the Index on the date the Securities were priced by the Company for initial sale to the public (i.e., the Pricing Date). The Participation Rate equals 101%. 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 occurrences 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 the American Stock Exchange are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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.

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 total rate of return to beneficial owners of the Securities, (iii) the pretax annualized rate of return to beneficial owners of Securities and (iv) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 1.80% per annum, as more fully described below).

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<TABLE>  
<CAPTION>

TOTAL AMOUNT

PRETAX  
ANNUALIZED  
RATE OF RETURN

HYPOTHETICAL ENDING INDEX VALUE	PERCENTAGE CHANGE OVER THE STARTING INDEX VALUE	PAYABLE AT MATURITY PER \$10 PRINCIPAL AMOUNT OF SECURITIES	TOTAL RATE OF RETURN ON THE SECURITIES	PRETAX ANNUALIZED RATE OF RETURN ON THE SECURITIES (1)	OF STOCKS UNDERLYING THE INDEX (1) (2)
<S>	<C>	<C>	<C>	<C>	<C>
406.83	-50%	\$10.00	0.00%	0.00%	-10.43%
488.19	-40%	\$10.00	0.00%	0.00%	-7.30%
569.56	-30%	\$10.00	0.00%	0.00%	-4.60%
650.92	-20%	\$10.00	0.00%	0.00%	-2.23%
732.29	-10%	\$10.00	0.00%	0.00%	-0.12%
813.65(3)	0%	\$10.00	0.00%	0.00%	1.80%
895.02	10%	\$11.01	10.10%	1.76%	3.56%
976.38	20%	\$12.02	20.20%	3.37%	5.18%
1,057.75	30%	\$13.03	30.30%	4.87%	6.69%
1,139.11	40%	\$14.04	40.40%	6.26%	8.10%
1,220.48	50%	\$15.05	50.50%	7.56%	9.41%
1,301.84	60%	\$16.06	60.60%	8.79%	10.66%
1,383.21	70%	\$17.07	70.70%	9.95%	11.83%
1,464.57	80%	\$18.08	80.80%	11.05%	12.95%
1,545.94	90%	\$19.09	90.90%	12.10%	14.01%
1,627.30	100%	\$20.10	101.00%	13.09%	15.02%
1,708.67	110%	\$21.11	111.10%	14.04%	16.00%
1,790.03	120%	\$22.12	121.20%	14.95%	16.83%

</TABLE>

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

(2) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Index with the allocation of such amount reflecting the current relative weights of such stocks in the Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 1.80% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Securities from March 14, 1997 to September 16, 2002; and (vi) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Index as of March 10, 1997 was approximately 1.80%.

(3) This is the Starting Index Value.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein.

#### 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

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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 each case, for more than two hours of trading in 100 or more of the securities included in the Index, or

(ii) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the Index which are traded on the Chicago Board Options Exchange, Inc.

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 S&P discontinues publication of the Index and S&P 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 notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by S&P 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 S&P 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 S&P 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 Wall Street Journal (or another newspaper of general

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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. See "Description of Securities-Payment at Maturity" in this Prospectus. 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 6.75% 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 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

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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 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

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funds so long as the Securities are maintained in book-entry form.

#### THE INDEX

All disclosure contained in this Prospectus regarding the Index, including, without limitation, its make-up, method of calculation and changes in its components, is derived from publicly available information prepared by S&P. Neither the Company nor the Underwriter takes any responsibility for the accuracy or completeness of such information.

#### GENERAL

The Index is published by S&P and is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time as compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of December 31, 1996, the 500 companies included in the Index represented approximately 88% of the aggregate Market Value of common stocks traded on The New York Stock Exchange; however, these 500 companies are not the 500 largest companies listed on The New York Stock Exchange and not all of these 500 companies are listed on such exchange. As of December 31, 1996, the aggregate market value of the 500 companies included in the Index represented approximately 71% of the aggregate market value of United States domestic, public companies. S&P chooses companies for inclusion in the Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of The New York Stock Exchange, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that Company's common stock is generally responsive to changes in the affairs of the respective industry and the Market Value and trading activity of the common stock of that company. As of December 31, 1996, the 500 companies included in the Index were divided into 105 individual groups. These individual groups comprised the following four main groups of companies (with the number of companies currently included in each group indicated in parentheses): Industrials (381), Utilities (40), Transportation (12) and Financial (67). S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the Index to achieve the objectives stated above.

#### COMPUTATION OF THE INDEX

S&P currently computes the Index as of a particular time as follows:

- (1) the product of the market price per share and the number of then outstanding shares of each component stock is determined as of such time (such product referred to as the "Market Value" of such stock);
- (2) the Market Value of all component stocks as of such time (as determined under clause (1) above) are aggregated;
- (3) the mean average of the Market Values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined;
- (4) the mean average Market Values of all such common stocks over such base period (as determined under clause (3) above) are aggregated (such aggregate amount being referred to as the "Base Value");
- (5) the aggregate Market Value of all component stocks as of such time (as determined under clause (2) above) is divided by the Base Value; and

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- (6) the resulting quotient (expressed in decimals) is multiplied by ten.

While S&P currently employs the above methodology to calculate the Index, no assurance can be given that S&P will not modify or change such methodology in a manner that may affect the Supplemental Redemption Amount, if any, payable to beneficial owners of Securities upon maturity or otherwise.

S&P adjusts the foregoing formula to negate the effect of changes in the Market Value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. Such changes may result from such causes as the issuance of stock dividends, the granting to shareholders of rights to purchase additional shares of such stock, the purchase thereof by employees pursuant to employee benefit plans, certain consolidations and acquisitions, the granting to shareholders of rights to purchase other securities of the company, the substitution by S&P of particular component stocks in the Index, and other reasons. In all such cases, S&P first recalculates the aggregate Market Value of all component stocks (after taking account of the new market price per share of the particular component stock or the new number of outstanding shares thereof or both, as the case may be) and then determines the New Base Value in accordance with the following formula:

$$\begin{array}{rcl} & \text{New Market Value} & \\ \text{Old Base Value X} & \text{-----} & = \text{New Base Value} \\ & \text{Old Market Value} & \end{array}$$

The result is that the Base Value is adjusted in proportion to any change in the aggregate Market Value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of such causes upon the Index.

#### LICENSE AGREEMENT

S&P and Merrill Lynch Capital Services, Inc. have entered into a non-exclusive license agreement providing for the license to Merrill Lynch Capital Services, Inc., in exchange for a fee, of the right to use indices owned and published by S&P in connection with certain securities, including the Securities, and the Company is an authorized sublicensee thereof.

The license agreement between S&P and Merrill Lynch Capital Services, Inc. provides that the following language must be stated in this Prospectus:

"The Securities are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the Holders of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly or the ability of the Index to track general stock market performance. S&P's only relationship to Merrill Lynch Capital Services, Inc. and the Company (other than transactions entered into in the ordinary course of business) is the licensing of certain servicemarks and trade names of S&P and of the Index which is determined, composed and calculated by S&P without regard to the Company or the Securities. S&P has no obligation to take the needs of the Company or the Holders of the Securities into consideration in determining, composing or calculating the Index. S&P is not responsible for and has not participated in the determination of the timing of the sale of the Securities, prices at which the Securities are to initially be sold, or quantities of the Securities to be issued or in the determination or calculation of the equation by which the Securities are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Securities."

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#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

LIMITATION 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 Senior 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 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.

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MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of

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acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying final Treasury regulations (the "Final Regulations") concerning the United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of the principal amount thereof and a Supplemental Redemption Amount equal to \$4.3254 per Unit. This represents an estimated yield on the Securities equal to 6.64% per annum (compounded semiannually).

The projected payment schedule (including both the projected Supplemental Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e., for purposes of applying the Final Regulations to the Securities), and is not a prediction of what the actual Supplemental Redemption Amount will be, or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over the term of the Securities based upon the projected payment schedule for the Securities (including both the projected Supplemental Redemption Amount and the estimated yield equal to 6.64% per annum (compounded semiannually)) as determined by the Company for purposes of the application of the Final Regulations to the Securities:

<TABLE>  
<CAPTION>

ACCRUAL PERIOD	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
<S>	<C>	<C>
March 14, 1997 through March 16, 1997.....	\$0.0018	\$0.0018
March 17, 1997 through September 16, 1997.....	\$0.3338	\$0.3356
September 17, 1997 through March 16, 1998.....	\$0.3413	\$0.6769

</TABLE>

<TABLE>  
<CAPTION>

ACCRUAL PERIOD	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
<S>	<C>	<C>
March 17, 1998 through September 16, 1998.....	\$0.3545	\$1.0314
September 17, 1998 through March 16, 1999.....	\$0.3662	\$1.3976
March 17, 1999 through September 16, 1999.....	\$0.3785	\$1.7761
September 17, 1999 through March 16, 2000.....	\$0.3909	\$2.1670
March 17, 2000 through September 16, 2000.....	\$0.4040	\$2.5710

September 17, 2000 through March 16, 2001.....	\$0.4173	\$2.9883
March 17, 2001 through September 16, 2001.....	\$0.4312	\$3.4195
September 17, 2001 through March 16, 2002.....	\$0.4456	\$3.8651
March 17, 2002 through September 16, 2002.....	\$0.4603	\$4.3254

Projected Supplemental Redemption Amount = \$4.3254 per Unit  
</TABLE>

Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Office of the Corporate Secretary, 100 Church Street, New York, New York 10080.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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

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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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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2,750,000 UNITS  
MERRILL LYNCH & CO., INC.  
MAJOR 11 INTERNATIONAL MARKET INDEX TARGET-TERM SECURITIES/SM/ DUE DECEMBER 6,  
2002  
"MITTS(R)"  
(\$10 PRINCIPAL AMOUNT PER UNIT)

On November 26, 1997, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount of \$27,250,000 (2,750,000 Units) of Major 11 International Market Index Target-Term Securities due December 6, 2002 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

#### GENERAL:

- . Senior unsecured debt securities . Not redeemable prior to maturity
- . No payments prior to maturity . Transferable only in whole Units

PAYMENT AT MATURITY:

Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage increase, if any, in the Major 11 International Index, which is a compilation of eleven equity indices reflecting select stocks listed on certain equity markets in Europe, Australia and Asia, multiplied by a Participation Rate of 115%. The Supplemental Redemption Amount may be zero, but will not be less than zero.

BEFORE YOU DECIDE TO INVEST IN THE SECURITIES, CAREFULLY READ THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS BEGINNING ON PAGE 3.

We expect that the Securities will be maintained in book-entry form only through the facilities of DTC.

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the American Stock Exchange (the "AMEX"), 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 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.

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MERRILL LYNCH & CO.

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The date of this Prospectus Supplement is July \_\_, 1998.

(R) "MITTS" is a registered service mark and /SM/"Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

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 New York Stock Exchange, the AMEX, the Chicago Stock Exchange and the Pacific 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.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS
	1993	1994	1995	1996	1997	ENDED MARCH 27, 1998
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

Your investment in the Securities will involve certain risks. For example, there is the risk that you might not earn a return on your investment, and the risk that you will be unable to sell your Securities prior to their maturity. You should carefully consider the following discussion of risks before deciding whether an investment in the Securities is suitable for you.

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#### THE SUPPLEMENTAL REDEMPTION AMOUNT.

You should be aware that if the Ending Index Value does not exceed the Starting Index Value at maturity, the Supplemental Redemption Amount will be zero. This will be true even if the value of the Index was higher than the Starting Index Value at some time during the life of the Securities but later falls below the Starting Index Value. If the Supplemental Redemption Amount is zero, we will pay you only the principal amount of your Securities.

The Participation Rate equals 115%. If the Ending Index Value exceeds the Starting Index Value, then the Participation Rate will enhance the amount of the interest payment received at maturity. However, if the Ending Index Value does not exceed the Starting Index Value, you will receive only the principal amount of your Securities.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY.

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same maturity date. Your investment may not reflect the full opportunity cost to you when you consider the effect of factors that affect the time value of money.

#### YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS.

The AMEX calculates the Index by reference to the Sub-Indices which reflect the prices of the common stocks comprising such Sub-Indices without taking into consideration the value of dividends paid on those stocks, except in the case of the Deutscher Aktienindex Sub-Index which reflects dividends paid on its underlying common stocks. Therefore, the return you earn on the Securities, if any, will not be the same as the return that you would earn if you actually owned each of the common stocks underlying each Sub-Index and received the dividends paid on those stocks.

#### CURRENCY EXCHANGE RATES.

Although the stocks comprising the Sub-Indices are traded in currencies other than U.S. dollars and the Securities are denominated in U.S. dollars, we will not adjust the Supplemental Redemption Amount for currency exchange rates in effect at the maturity of the Securities. The Supplemental Redemption Amount is based solely upon the percentage increase in the Index. Changes in exchange rates, however, may reflect changes in the relevant European, Australian and Asian economies which in turn may affect the value of the Sub-Indices, and the Securities.

#### UNCERTAIN TRADING MARKET.

The Securities are traded on the AMEX under the symbol "EEM". While there have been a number of issuances of Market Index Target-Term Securities, trading volumes have varied historically from one transaction to another and it is therefore impossible to predict how the Securities will trade. You cannot assume that a trading market will develop for the Securities. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the Securities will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the value of the Index.

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

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#### FACTORS AFFECTING TRADING VALUE OF THE SECURITIES.

We believe that the market value of the Securities will be affected by the value of the Index and by a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe the expected impact on the market value of the Securities given a change in a specific factor, assuming all other conditions remain constant.

- . INDEX VALUE. We expect that the market value of the Securities will depend substantially on the amount by which the Index exceeds the Starting Index Value. If you choose to sell your Securities when the value of the Index exceeds the Starting Index Value, you may receive substantially less than the amount that would be payable at maturity based on that Index value because of the expectation that the Index will continue to fluctuate until the Ending Index Value is determined. If you choose to sell your Securities when the value of the Index is below the Starting Index Value, you may receive less than the 0 principal amount per Unit of Securities. In general, rising dividend rates (i.e., dividends per share) in Australia and in the European and Asian countries related to the common stocks underlying the Sub-Indices (each, an "applicable home country") may increase the value of the Index while falling dividend rates in the applicable home countries may decrease the value of the Index. Political, economic and other



developments that affect the stocks underlying the Index may also affect the value of the Index and the value of the Securities.

- . that the trading value of the Securities will be affected by changes in interest rates. In general, if U.S. interest rates increase, we expect that the trading value of the Securities will decrease. If U.S. interest rates decrease, we expect the trading value of the Securities will increase. In general, if interest rates in the applicable home countries increase, we expect that the trading value of the Securities will increase. If interest rates in the applicable home countries decrease, we expect the trading value of the Securities will decrease. However, interest rates in the applicable home countries may also affect the relevant economies and, in turn, the value of the Sub-Indices. Rising interest rates in the applicable home countries may lower the value of the Sub-Indices and the Securities. Falling interest rates in the applicable home countries may increase the value of the Index and the value of the Securities.
- . VOLATILITY OF THE INDEX. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index increases, we expect that the trading value of the Securities will increase. If the volatility of the Index decreases, we expect that the trading value of the Securities will decrease.
- . TIME REMAINING TO MATURITY. The Securities may trade at a value above that which would be expected based on 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. However, as the time remaining to maturity of the Securities decreases, we expect that this time premium will decrease, lowering the trading value of the Securities.
- . DIVIDEND YIELDS. If dividend yields on the stocks comprising the Sub-Indices increase, we expect that the value of the Securities will decrease. Conversely, if dividend yields on the underlying stock comprising the Sub-Indices decrease, we expect that the value of the Securities will increase.
- . COMPANY CREDIT RATINGS. Real or anticipated changes in the Company's credit ratings may affect the market value of the Securities.

It is important for you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the Securities attributable to another factor, such as an increase in the Index value.

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

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Securities than if it occurs earlier in the term of the Securities except that we expect that the effect on the trading value of the Securities of a given increase in the value of the Index will be greater if it occurs later in the term of the Securities than if it occurs earlier in the term of the Securities.

#### STATE LAW LIMITS ON INTEREST PAID.

New York State laws govern the Senior Indenture, as hereinafter defined. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the Securities. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the Securities holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

#### THE INTERNATIONAL SECURITIES MARKETS.

The underlying stocks that constitute the Sub-Indices have been issued by companies listed on European, Australian and Asian exchanges. You should be aware that investments in securities indexed to the value of European, Australian and Asian securities involve certain risks. The European, Australian and Asian securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets. Direct or indirect government intervention to stabilize a particular non-U.S. securities market and cross-shareholdings in European, Australian and Asian companies on such markets may affect prices and volume of trading on those markets. Also, there is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the Commission and non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Securities prices in Europe, Australia and Asia may be affected by political, economic, financial and social factors in those regions. These factors

(including recent or future changes in a country's government, economic and fiscal policies; the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities; and possible fluctuations in the rate of exchange between currencies) could negatively affect the international securities markets. Moreover, the relevant European, Australian and Asian economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. Because some Sub-Indices have a greater weighting than others in calculating the value of the Index, fluctuations in the securities markets relating to those Sub-Indices will have a greater effect on the value of the Index than fluctuations in securities markets relating to Sub-Indices with a lesser weighting. See "The Index-Sub-Indices" in this Prospectus for the current weightings of the Sub-Indices.

PURCHASES AND SALES BY MERRILL LYNCH.

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the stocks underlying the Index for their own accounts for business reasons or in connection with hedging the Company's obligations under the Securities. These transactions could affect the price of such stocks and the value of the Index.

POTENTIAL CONFLICTS.

The Calculation Agent is a subsidiary of the Company, the issuer of the Securities. Under certain circumstances, MLPF&S's role as a subsidiary of the Company and its responsibilities as Calculation Agent for the Securities could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts of interest could arise.

OTHER CONSIDERATIONS.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

DESCRIPTION OF SECURITIES

GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on December 6, 2002.

While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, 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" and "Other Terms-Events of Default" in this Prospectus.

The Securities were issued in denominations of whole Units.

PAYMENT AT MATURITY

General

At maturity, a beneficial owner of a Security will be entitled to receive the principal amount thereof plus a Supplemental Redemption Amount, if any, all as provided below. If the Ending Index Value does not exceed the Starting Index Value, a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

Determination of the Supplemental Redemption Amount

The Supplemental Redemption Amount for a Security will be determined by the Calculation Agent and will equal:

$$\begin{array}{l} \text{Principal Amount of such Security (\$10 per Unit)} \times \frac{\text{Ending Index Value} - \text{Starting Index Value}}{\text{Starting Index Value}} \times \text{Participation Rate} \end{array}$$

</TABLE>

provided, however, that in no event will the Supplemental Redemption Amount be less than zero.

The Participation Rate equals 115%. The Starting Index Value equals 100. The Ending Index Value will be determined by the Calculation Agent and will equal the average (arithmetic mean) of the closing values of the Index

in New York 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 occurrences 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 the AMEX are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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.

#### HYPOTHETICAL RETURNS

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 total rate of return to beneficial owners of the Securities, (iii) the pretax annualized rate of return to beneficial owners of Securities, and (iv) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 2.36% per annum, as more fully described below).

<TABLE>  
<CAPTION>

HYPOTHETICAL ENDING INDEX VALUE	PERCENTAGE CHANGE OVER THE STARTING INDEX VALUE	TOTAL AMOUNT PAYABLE AT MATURITY PER \$10 PRINCIPAL AMOUNT OF SECURITIES	TOTAL RATE OF RETURN ON THE SECURITIES	PRETAX ANNUALIZED RATE OF RETURN ON THE SECURITIES (1)	PRETAX ANNUALIZED RATE OF RETURN OF STOCKS UNDERLYING THE INDEX (1) (2)
40	-60%	\$10.00	0.00%	0.00%	-15.48%
50	-50%	\$10.00	0.00%	0.00%	-11.24%
60	-40%	\$10.00	0.00%	0.00%	-7.73%
70	-30%	\$10.00	0.00%	0.00%	-4.72%
80	-20%	\$10.00	0.00%	0.00%	-2.09%
90	-10%	\$10.00	0.00%	0.00%	0.25%
100 (3)	0%	\$10.00	0.00%	0.00%	2.36%
110	10%	\$11.15	11.50%	2.18%	4.28%
120	20%	\$12.30	23.00%	4.16%	6.04%
130	30%	\$13.45	34.50%	5.98%	7.68%
140	40%	\$14.60	46.00%	7.67%	9.20%
150	50%	\$15.75	57.50%	9.24%	10.62%
160	60%	\$16.90	69.00%	10.71%	11.96%
170	70%	\$18.05	80.50%	12.09%	13.22%
180	80%	\$19.20	92.00%	13.40%	14.41%
190	90%	\$20.35	103.50%	14.64%	15.55%
200	100%	\$21.50	115.00%	15.81%	16.63%
210	110%	\$22.65	126.50%	16.93%	17.66%
220	120%	\$23.80	138.00%	18.00%	18.64%
230	130%	\$24.95	149.50%	19.03%	19.59%

</TABLE>

- (1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.
- (2) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Sub-Indices with the allocation of such amount reflecting the current relative weights of such stocks in the Sub-Indices; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 2.36% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Securities from November 26, 1997 to December 6, 2002; and

- (vi) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Sub-Indices as of the close of business on November 20, 1997 was approximately 2.36%.
- (3) The Starting Index Value equals 100.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax

annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein.

#### 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 the occurrence or existence on any Overseas Index Business Day with respect to a Sub-Index during the one-half hour period that ends at the regular official weekday time at which trading on the Index Exchange related to such Sub-Index occurs of any suspension of, or limitation imposed on, trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) on (i) the Index Exchange in securities that comprise 20% or more of the value of such Sub-Index or (ii) any exchanges on which futures or options on such Sub-Index are traded in such options or futures if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of the foregoing definition, (i) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular hours of the relevant exchange and (ii) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange will constitute a Market Disruption Event.

"Overseas Index Business Day" means, with respect to any Sub-Index, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the relevant Index Exchange or on any exchanges on which futures or options on such Sub-Index are traded, other than a day on which trading on any such exchange is scheduled to close prior to its regular weekday closing time.

"Index Exchange" means, with respect to any Sub-Index, the principal exchange on which the shares comprising such Sub-Index are traded.

#### 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 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

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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 (a) the determination of the Ending Index Value and (b) 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 Wall Street Journal (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 the Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the Securities. See "Description of Securities-Payment at Maturity" in this Prospectus. 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 6.25% 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 Cede & Co. (DTC's partnership nominee). 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 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.

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So long as DTC, or its nominee, is a 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 Senior Indenture. Except as provided below, the actual owner of the Securities represented by a Global Security (the "Beneficial Owner") 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, except in the event that use of the book-entry system for the Securities is discontinued, and will not be considered the owners or Holders thereof under the Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 of DTC (a "Participant"), on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder under the Senior 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 Senior 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, as defined below, 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.

If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that 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.

The following is based on information furnished by DTC:

DTC will act as securities depository for the Securities. The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered Global Security will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking

Law, a "banking organization" within the meaning of the New York Banking Law, 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. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct 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's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Securities under the DTC's system must be made by or through Direct Participants, which will receive a credit for the Securities on the DTC's records. The ownership interest of each Beneficial Owner is in turn

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to be recorded on the records of Direct Participants and Indirect Participants. 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the Securities will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of DTC, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the Company or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Company or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

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

The value of the Index on any Index Business Day is calculated and disseminated by the AMEX. The AMEX generally calculates and disseminates the value of the Index based on the most recently reported values of the Sub-Indices, 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. The Index will be reported on the AMEX under the symbol "EUX". The Starting Index Value was set to 100 on the date the Securities were priced for initial sale to the public (the "Pricing Date").

Determination of Index Multiplier for each Sub-Index

The weighting of each Sub-Index was determined at the close of business on the Pricing Date based on its relative market capitalization. The market capitalization of a stock equals the product of the total number of shares of such stock outstanding and the price of a share of such stock. The total market capitalization of the stocks comprising each Sub-Index was determined using the most recently available information concerning the number of shares outstanding for each stock contained in a Sub-Index and the most recently available price for each such share. Current exchange rates were used to translate such market capitalization information into U.S. dollars. The market capitalizations expressed in U.S. dollars of each Sub-Index were totaled (the "Total Market Capitalization"). The weighting of each Sub-Index was then determined and equals the percentage of the market capitalization for such Sub-Index relative to the Total Market Capitalization. The Index Multiplier for each Sub-Index was then calculated and equals (i) the weighting for such Sub-Index multiplied by 100, divided by (ii) the most recently available value of such Sub-Index. The Index Multipliers were calculated in this way so that the Index would equal 100.00 on the Pricing Date.

The Index Multiplier for each Sub-Index will remain fixed, except that the AMEX may adjust such Index Multiplier in the event of a significant change in how a Sub-Index is calculated. There will be no periodic rebalancing of the Index to reflect changes in the relative market capitalizations of the Sub-Indices.

Computation of the Index

The Index is calculated by totaling the products of the most recently available value of each Sub-Index and the Index Multiplier applicable to such Sub-Index. Since the Sub-Indices are based on stocks traded on stock exchanges in Europe, Asia and Australia, once such stock exchanges close and the values of the Sub-Indices become fixed until such stock exchanges reopen, the value of the Index will be fixed.

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Sub-Indices

The following table sets forth the name of each Sub-Index, the number of stocks underlying each Sub-Index, the market capitalization in U.S. dollars of each Sub-Index, the weighting of each Sub-Index as of the Pricing Date and the Index Multiplier:

<TABLE>  
<CAPTION>

SUB-INDEX	NUMBER OF STOCKS	MARKET CAPITALIZATION (1)	CURRENT WEIGHTING (1)	INDEX MULTIPLIER
(IN BILLIONS)				
<S>	<C>	<C>	<C>	<C>
Financial Times SE 100 Index.....	102	US\$1,534	25.18%	.0051303
Nikkei 225.....	225	1,366	22.43%	.0013754
Deutscher Aktienindex.....	30	586	9.62%	.0024576
Swiss Market Index.....	23	545	8.95%	.0015832
Amsterdam Exchanges-index.....	25	432	7.10%	.0080236
Compagnie des Agents de Change 40 Index..	40	399	6.54%	.0023191
Australia All Ordinaries Index.....	338	309	5.08%	.0020840
Stockholm Options Market Index.....	30	267	4.39%	.0018237
Milano Italia Borsa 30 Index.....	30	258	4.23%	.0001851
Hong Kong 30 Index.....	30	216	3.54%	.0070410
IBEX 35.....	35	179	2.94%	.0004344
Total.....	908	US\$6,091	100.00%	

</TABLE>

(1) As of November 20, 1997.

The following is a list of the Sub-Indices and certain information concerning each such Sub-Index. All disclosure contained in this Prospectus regarding the Sub-Indices is derived from publicly available information.

NIKKEI STOCK AVERAGE- "NIKKEI 225"

Description of Nikkei 225: The Nikkei 225 is intended to provide an indication of the pattern of common stock price movement of the 225 most actively traded common stocks on the Tokyo Stock Exchange. The Nikkei 225 is a modified price-weighted index which means that an underlying stock's weight in the Nikkei 225 is based on its price per share rather than the total market capitalization of the issuer.

Publisher: Nihon Keizai Shimbun, Inc. ("NKS")

Required Disclosure: NKS is under no obligation to continue the calculation and dissemination of the Nikkei 225. The Securities are not sponsored, endorsed, sold or promoted by NKS. No inference should be drawn from the information contained in this Prospectus Supplement that NKS makes any representation or warranty, implied or express, to the Company, the holders of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities in particular or the ability of the Nikkei 225 to track general stock market performance. NKS has no obligation to take the needs of the Company or the holders of the Securities into consideration in determining, composing or calculating the Nikkei 225. NKS is not responsible for, and has not participated in the determination of the timing of, prices for, or quantities of, the Securities to be issued or in the determination or calculation of the equation by which the Securities are to be settled in cash. NKS has no obligation or liability in connection with the administration, marketing or trading of the Securities.

The use of and reference to the Nikkei 225 in connection with the Securities have been consented to by NKS, the publisher of the Nikkei 225.

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FINANCIAL TIMES SE 100 INDEX-"FTSE 100"

Description of FTSE 100: The FTSE 100 is intended to provide an indication of the pattern of common stock price movement of the 100 common stocks with the largest market capitalization on the London Stock Exchange.

Publisher: The Financial Times and London Stock Exchange

Required Disclosure: The FTSE 100 is calculated by FTSE International Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. Merrill Lynch & Co., Inc. has obtained full license from FTSE International Limited to use its trademark and copyright in the creation of this Security. FTSE International Limited does not sponsor, endorse or promote this Security.

DEUTSCHER AKTIENINDEX-"DAX(R)"

Description of DAX: The DAX is a total rate of return index measuring the performance of 30 common stocks on the Frankfurt Stock Exchange selected on the basis of their market capitalization and trading volume. A total rate of return index reflects both the price performance of the relevant common stocks as well as the dividends paid on such common stocks.

Publisher: Deutsche Borse AG

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"DAX" is a registered trademark of Deutsche Borse AG.

COMPAGNIE DES AGENTS DE CHANGE 40 INDEX-"CAC 40"

Description of CAC 40: The CAC 40 is intended to provide an indication of the pattern of common stock price movement of the 40 common stocks with the largest market capitalization on the Paris Bourse.

Publisher: SBF-Paris Bourse

Required Disclosure: "CAC-40" is a registered trademark of the Societe des Bourses Francaises-Paris Bourse, which designates the index that the SBF-Paris Bourse calculates and publishes. Authorization to use the index and the "CAC-40" trademark in connection with the Securities has been granted by license.

The SBF-Paris Bourse, owner of the trademark and of the CAC-40, does not sponsor, endorse or participate in the marketing of the Securities. The SBF-Paris Bourse makes no warranty or representation to any person, express or implied, as to the figure at which the CAC-40 stands at any particular time, nor as to the results or performance of the Securities. Neither shall the SBF-Paris Bourse be under any obligation to advise any person of any error in the published level of the CAC-40.

SWISS MARKET INDEX-"SMI(R)"

Description of SMI: The SMI is intended to provide an indication of the pattern of common stock price movement of common stocks with the largest market capitalization and greatest liquidity on the Geneva, Zurich and Basle Stock Exchanges.

Publisher: Swiss Exchange



Required Disclosure: The Securities are not in any way sponsored, endorsed, sold or promoted by the Swiss Exchange and the Swiss Exchange makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the SMI and/or the figure at which the SMI stands at any particular time on any particular day or otherwise. The SMI is compiled and calculated solely by the Swiss Exchange. However, the Swiss Exchange shall not be liable (whether in negligence or otherwise) to any person for any error in the SMI and the Swiss Exchange shall not be under any obligation to advise any person of any error therein.

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 "SMI" is a registered trademark of the Swiss Exchange.

AMSTERDAM EXCHANGES-INDEX (R) -"AEX-INDEX (R) "

Description of AEX: The AEX is intended to provide an indication of the pattern of common stock price movement of the 25 common stocks with the largest market capitalization on the Amsterdam Stock Exchange.

Publisher: AEXOptiebeurs nv

Required Disclosure: The AEX-Optiebeurs nv has all proprietary rights with relation to the AEX. The AEX-Optiebeurs nv in no way sponsors, endorses or is otherwise involved in the issue and offering of the Securities. The AEX-Optiebeurs nv disclaims any liability to any party for any inaccuracy in the data on which the AEX is based, for any mistakes, errors, or omissions in the calculation or dissemination of the AEX or for the manner in which the AEX is used in connection with the issue and offering of the Securities.

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 "AEX-index" is a registered trademark of the AEX-Optiebeurs nv.

AMEX HONG KONG 30 INDEX-"HK30"

Description of HK30: The HK30 is intended to provide an indication of the pattern of common stock price movement of 30 common stocks listed on the Hong Kong Stock Exchange and selected on the basis of market weight, trading liquidity and representation of business industry.

Publisher: The American Stock Exchange

Required Disclosure: The AMEX in no way sponsors, endorses or is otherwise involved in the issuance of the Securities (other than the fact that the Securities will be listed and traded on the AMEX and the AMEX will calculate and disseminate the Major 11 Index) and the AMEX disclaims any liability to any party for any inaccuracy in the data on which the HK30 is based, for any mistakes, errors or omissions in the calculation, and/or dissemination of the HK30, or for the manner in which it is applied in connection with the issuance of the Securities.

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 The use and reference to the term "AMEX Hong Kong 30 Index" herein has been consented to by the AMEX. The "AMEX Hong Kong 30 Index" is a service mark of the AMEX.

AUSTRALIA ALL ORDINARIES INDEX-"XAO"

Description of XAO: The XAO is a capitalization-weighted index of 338 common stocks listed on the Australian Stock Exchange.

Publisher: ASX Operations Pty Limited

Required Disclosure: The XAO is a registered trade mark of ASX Operations Pty Limited ("ASXO"), a wholly-owned subsidiary of the Australian Stock Exchange Limited ("ASX"). ASXO has granted a license for the use of the XAO on the basis that ASXO does not expressly or impliedly approve, endorse, make any judgment or express any opinion in respect of the Company or the Securities. ASX and its related corporations, shall be under no liability for any claim whatsoever where the claim arises wholly or substantially out of accident or negligence of ASX, its related corporations and their servants and agents as the case may be or acts of third parties; and without in any way limiting the generality of the foregoing, arising out of unavailability of the All Ordinaries Index or non-supply of the All Ordinaries Index.

MILANO ITALIA BORSA 30 INDEX-"MIB 30"

Description of MIB 30: The MIB 30 is intended to provide an indication of the pattern of common stock price movement of common stocks with the largest market capitalization and greatest liquidity on the Italian Stock Exchange.

Publisher: Consiglio di Borsa

STOCKHOLM OPTIONS MARKET INDEX-"OMX INDEX"

Description of OMX index: The OMX index is intended to provide an indication of the pattern of common stock price movement of the 30 common stocks with the largest volume of trading on the Stockholm Stock Exchange.

Publisher: OM Gruppen AB

Required Disclosure: The Securities are not in any way sponsored, endorsed, sold or promoted by OM Gruppen AB ("OM") and OM makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the OMX index and/or the figure at which the said OMX index stands at any particular time on any particular day or otherwise. The OMX index is compiled and calculated solely by an indexer on behalf of OM. However, OM shall not be liable (whether in negligence or otherwise) to any person for any error in the OMX index and OM shall not be under any obligation to advise any person of any error therein.

All rights to the trademark OMX, OMX INDEX are vested in OM Gruppen AB and are used under a license agreement with OM.

IBEX 35 INDEX-"IBEX 35"

Description of IBEX 35: The IBEX 35 is intended to provide an indication of the pattern of common stock price movement of the 35 common stocks with the greatest liquidity continuously traded and quoted on the Joint Stock Exchange System made up of the Barcelona, Bilbao, Madrid and Valencia stock exchanges.

Publisher: Sociedad de Bolsas, S.A.

Required Disclosure: Sociedad de Bolsas, S.A. does not warrant in any case nor for any reason whatsoever: (a) the continuity of the composition of the IBEX 35 exactly as it is today; (b) the continuity of the method for calculating the IBEX 35 exactly as it is calculated today; (c) the continuity of the calculation, formula and

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publication of the IBEX 35; (d) the precision, integrity or freedom from errors or mistakes in the composition and calculation of the IBEX 35; and (e) the adequacy of the IBEX 35 for the purposes expected in the issue of the Securities nor for dealing in the same.

The publisher of each Sub-Index will add or delete stocks due to events such as the bankruptcy or merger of the issuer of a stock. The publisher of a Sub-Index may reevaluate the composition of the stocks underlying the Sub-Index at specified intervals to assure that they still meet the selection criteria or any ongoing eligibility criteria.

The publisher of a Sub-Index is under no obligation to continue the calculation and dissemination of such Sub-Index and such publisher may change the method by which such Sub-Index is calculated. The publishers of the Sub-Indices are under no obligation to take the needs of the Company or the holders of the MITTS into consideration in determining, composing or calculating the Sub-Indices.

#### OTHER TERMS

#### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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 MLFF&S, to

the Company are restricted by net capital requirements under the Exchange Act and under rules of certain exchanges and other regulatory bodies.

#### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth

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of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the

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Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy,

insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying the final Treasury Department Regulations (the "Final Regulations") concerning the United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of the principal amount thereof and a projected Supplemental Redemption Amount equal to \$3.6261 per Unit. This represents an estimated yield on the Securities equal to 6.25% per annum (compounded semiannually).

The projected payment schedule (including both projected Supplemental Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e., for purposes of applying the Final Regulations to the Securities), and is neither a prediction nor a guarantee of what the actual Supplemental Redemption Amount will be, or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over a term of five years and ten days for the Securities based upon the projected payment schedule for the Securities (including both the projected Supplemental Redemption Amount and the estimated yield equal to 6.25% per annum (compounded semiannually)) as determined by the Company for purposes of illustrating the application of the Final Regulations to the Securities:

<TABLE>  
<CAPTION>

ACCRUAL PERIOD	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
<S>	<C>	<C>
November 26, 1997 through December 6, 1997 .	\$0.0169	\$0.0169
December 7, 1997 through June 6, 1998 ....	\$0.3130	\$0.3299
June 7, 1998 through December 6, 1998 ....	\$0.3228	\$0.6527
December 7, 1998 through June 6, 1999 ....	\$0.3329	\$0.9856
June 7, 1999 through December 6, 1999 ....	\$0.3433	\$1.3289
December 7, 1999 through June 6, 2000 ....	\$0.3540	\$1.6829
June 7, 2000 through December 6, 2000 ....	\$0.3651	\$2.0480
December 7, 2000 through June 6, 2001 ....	\$0.3765	\$2.4245
June 7, 2001 through December 6, 2001 ....	\$0.3883	\$2.8128
December 7, 2001 through June 6, 2002 ....	\$0.4004	\$3.2132
June 7, 2002 through December 6, 2002 ....	\$0.4129	\$3.6261

</TABLE>

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Projected Supplemental Redemption Amount = \$3.6261 per Unit.

All prospective investors in the Securities should consult their own tax advisors concerning the application of the Final Regulations to their investment in the Securities. Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Corporate Secretary's Office, 100 Church Street, 12th Floor, New York, New York 10080-6512.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
- - - - -

9,000,000 UNITS  
MERRILL LYNCH & CO., INC.  
MARKET INDEX TARGET-TERM SECURITIES SM  
BASED UPON THE DOW JONES INDUSTRIAL AVERAGE SM  
DUE JANUARY 14, 2003  
"MITTS(R)"  
(\$10 PRINCIPAL AMOUNT PER UNIT)

ON DECEMBER 23, 1997, MERRILL LYNCH & CO., INC. (THE "COMPANY") ISSUED AN AGGREGATE PRINCIPAL AMOUNT OF \$90,000,000 (9,000,000 UNITS) OF MARKET INDEX TARGET-TERM SECURITIES BASED UPON THE DOW JONES INDUSTRIAL AVERAGE DUE JANUARY 14, 2003 (THE "SECURITIES" OR "MITTS"). EACH \$10 PRINCIPAL AMOUNT OF SECURITIES WILL BE DEEMED A "UNIT" FOR PURPOSES OF TRADING AND TRANSFER AT THE SECURITIES DEPOSITORY DESCRIBED BELOW. UNITS WILL BE TRANSFERABLE BY THE SECURITIES DEPOSITORY, AS MORE FULLY DESCRIBED BELOW, IN DENOMINATIONS OF WHOLE UNITS.

#### GENERAL:

- . Senior unsecured debt securities . Not redeemable prior to maturity
- . No payments prior to maturity . Transferable only in whole Units

#### PAYMENT AT MATURITY:

Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage increase, if any, in the Dow Jones Industrial Average (the "Index") above a benchmark value of 8,594, which exceeded the closing value of such Index on the date the Securities were priced for initial sale to the public by 8%. The Supplemental

Redemption Amount may be ZERO, but will not be less than zero.

BEFORE YOU DECIDE TO INVEST IN THE SECURITIES, CAREFULLY READ THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS BEGINNING ON PAGE 4.

We expect that the Securities will be maintained in book-entry form only through the facilities of DTC.

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange (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 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.

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MERRILL LYNCH & CO.

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The date of this Prospectus Supplement is July \_\_, 1998.

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

#### REQUIRED DISCLOSURES

##### DOW JONES

"Dow Jones", "Dow Jones Industrial Average (SM)", and "DJIA (SM)" are service marks of Dow Jones & Company, Inc. ("Dow Jones") and have been licensed for use for certain purposes by MLPF&S.

The Securities are not sponsored, endorsed, sold or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of investing in such product.

DOW JONES DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN AND DOW JONES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. DOW JONES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY MERRILL LYNCH & CO., INC., OWNERS OF THE SECURITIES OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES AND MLPF&S.

#### 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 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's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 filed pursuant to Section 13 of the Exchange Act, are hereby incorporated by reference into this Prospectus.

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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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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.

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#### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
1993	1994	1995	1996	1997	MARCH 27, 1998

Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2
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For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### RISK FACTORS

Your investment in the Securities will involve certain risks. For example, there is the risk that you might not earn a return on your investment, and the risk that you will be unable to sell your Securities prior to their maturity. You should carefully consider the following discussion of risks before deciding whether an investment in the Securities is suitable for you.

#### THE SUPPLEMENTAL REDEMPTION AMOUNT

The Benchmark Index Value exceeded the closing value of the Index (i.e., the Starting Index Value) on the date the Securities were priced for initial sale to the public (the "Pricing Date") by 8%. You should be aware that if the Ending Index Value does not exceed the Starting Index Value at maturity by more than 8%, the Supplemental Redemption Amount will be zero. This will be true even if the value of the Index was higher than the Benchmark Index Value at some time during the life of the Securities but later falls below the Benchmark Index Value. If the Supplemental Redemption Amount is zero, we will pay you only the principal amount of your Securities.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

#### YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS

Dow Jones calculates the Index by reference to the prices of the common stocks comprising the Index without taking into consideration the value of dividends paid on those stocks. Therefore, the return you earn on the Securities, if any, will not be the same as the return that you would earn if you actually owned each of the common stocks underlying the Index and received the dividends paid on those stocks.

#### UNCERTAIN TRADING MARKET

The Securities have been approved for listing on the NYSE under the symbol "DJM". While there have been a number of issuances of Market Index Target-Term Securities, trading volumes have varied historically from one transaction to another and it is therefore impossible to predict how the Securities will trade. You cannot assume that a trading market will develop for the Securities. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading

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market. The development of a trading market for the Securities will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the value of the Index.

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

#### FACTORS AFFECTING TRADING VALUE OF THE SECURITIES

We believe that the market value of the Securities will be affected by the value of the Index and by a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe the expected impact on the market value of the Securities given a change in a specific factor, assuming all other conditions remain constant.

- . INDEX VALUE We expect that the market value of the Securities will depend substantially on the value of the Index relative to the Benchmark Index Value. If you choose to sell your Securities when the value of the Index exceeds the Benchmark Index Value, you may receive substantially less than the amount that would be payable at maturity based on that Index value because of the expectation that the Index will continue to fluctuate until the Ending Index Value is determined. If you choose to sell your Securities when the value of the Index is below the Benchmark Index Value, you may receive less than the \$10 principal amount per Unit of Securities. In general, rising U.S. dividend rates (i.e., dividends per share) may increase the value of the Index while falling U.S. dividend rates may decrease the value of the Index. Political, economic and other developments that affect the stocks underlying the Index may also affect the value of the Index and the value of the Securities.



- . INTEREST RATES Because the Securities repay, at a minimum, the principal amount at maturity, we expect that the trading value of the Securities will be affected by changes in interest rates. In general, if U.S. interest rates increase, we expect that the trading value of the Securities will decrease. If U.S. interest rates decrease, we expect the trading value of the Securities will 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, the Securities. Falling interest rates may increase the value of the Index and, thus, may increase the value of the Securities.
- . VOLATILITY OF THE INDEX Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index increases, we expect that the trading value of the Securities will increase. If the volatility of the Index decreases, we expect that the trading value of the Securities will decrease.
- . TIME REMAINING TO MATURITY The Securities may trade at a value above that which would be expected based on 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. However, as the time remaining to maturity of the Securities decreases, we expect that this time premium will decrease, lowering the trading value of the Securities.
- . DIVIDEND YIELDS If dividend yields on the stocks comprising the Index increase, we expect that the value of the Securities will decrease. Conversely, if dividend yields on the stock comprising the Index decrease, we expect that the value of the Securities will increase.
- . COMPANY CREDIT RATINGS Real or anticipated changes in the Company's credit ratings may affect the market value of the Securities.

It is important for you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the Securities attributable to another factor, such as an increase in the Index value.

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

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earlier in the term of the Securities except that we expect that the effect on the trading value of the Securities of a given increase in the value of the Index will be greater if it occurs later in the term of the Securities than if it occurs earlier in the term of the Securities.

#### STATE LAW LIMITS ON INTEREST PAID

New York State laws govern the Senior Indenture, as defined below. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the Securities. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the holders of the Securities, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

#### PURCHASES AND SALES BY MERRILL LYNCH

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the stocks underlying the Index for their own accounts for business reasons or in connection with hedging the Company's obligations under the Securities. These transactions could affect the price of such stocks and the value of the Index.

#### POTENTIAL CONFLICTS

The Calculation Agent is a subsidiary of the Company, the issuer of the Securities. Under certain circumstances, MLPF&S's role as a subsidiary of the Company and its responsibilities as Calculation Agent for the Securities could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts of interest could arise.

#### OTHER CONSIDERATIONS

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

GENERAL

The Market Index Target-Term Securities based upon the Dow Jones Industrial Average SM due January 14, 2003, which are referred to herein as the "Securities" are to be issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on January 14, 2003.

While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, 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" and "Other Terms--Events of Default" in this Prospectus.

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

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PAYMENT AT MATURITY

At maturity, a beneficial owner of a Security will be entitled to receive the principal amount thereof plus the Supplemental Redemption Amount, if any, all as provided below. If the Ending Index Value does not exceed the Benchmark Index Value, a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

DETERMINATION OF THE SUPPLEMENTAL REDEMPTION AMOUNT

The Supplemental Redemption Amount for a Security will be determined by the Calculation Agent and will equal:

<TABLE>	
<S>	<C>
Principal Amount of such Security (\$10 per Unit) x	Ending Index Value--Benchmark Index Value ----- Benchmark Index Value
</TABLE>	

provided, however, that in no event will the Supplemental Redemption Amount be less than zero.

The Benchmark Index Value equals 8,594. The Benchmark Index Value was determined on the Pricing Date by multiplying the Starting Index Value by a factor equal to 108%. The Ending Index Value will be determined by 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, 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 NYSE and the American Stock Exchange are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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.

HYPOTHETICAL RETURNS

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 total rate of return to beneficial owners of the Securities, (iii) the pretax annualized rate of return to beneficial owners of Securities, and (iv) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 1.72% per annum, as more fully described below).

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<TABLE>					
<CAPTION>					
		TOTAL AMOUNT	PRETAX		
		PAYABLE AT MATURITY	ANNUALIZED		PRETAX ANNUALIZED
HYPOTHETICAL	PERCENTAGE CHANGE	PER \$10 PRINCIPAL	TOTAL RATE OF	RATE	RATE OF RETURN OF
ENDING	OVER THE STARTING	AMOUNT OF	RETURN ON	OF RETURN ON	STOCKS UNDERLYING THE

INDEX VALUE	INDEX VALUE	SECURITIES	THE SECURITIES	THE SECURITIES (1)	INDEX (1) (2)
<S>	<C>	<C>	<C>	<C>	<C>
3,182.96	-60.00%	\$10.00	0.00%	0.00%	-14.21%
3,978.71	-50.00%	\$10.00	0.00%	0.00%	-10.67%
4,774.45	-40.00%	\$10.00	0.00%	0.00%	-7.63%
5,570.19	-30.00%	\$10.00	0.00%	0.00%	-4.95%
6,365.93	-20.00%	\$10.00	0.00%	0.00%	-2.55%
7,161.67	-10.00%	\$10.00	0.00%	0.00%	-0.37%
7,957.41 (3)	0.00%	\$10.00	0.00%	0.00%	1.64%
8,753.15	10.00%	\$10.19	1.85%	0.36%	3.49%
9,548.89	20.00%	\$11.11	11.11%	2.09%	5.22%
10,344.63	30.00%	\$12.04	20.37%	3.70%	6.84%
11,140.37	40.00%	\$12.96	29.63%	5.19%	8.36%
11,936.12	50.00%	\$13.89	38.89%	6.59%	9.80%
12,731.86	60.00%	\$14.81	48.15%	7.92%	11.17%
13,527.60	70.00%	\$15.74	57.41%	9.16%	12.48%
14,323.34	80.00%	\$16.67	66.67%	10.35%	13.72%
15,119.08	90.00%	\$17.59	75.93%	11.47%	14.91%
15,914.82	100.00%	\$18.52	85.19%	12.55%	16.05%
16,710.56	110.00%	\$19.44	94.44%	13.57%	17.15%
17,506.30	120.00%	\$20.37	103.70%	14.56%	18.21%

</TABLE>

- (1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.
- (2) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Index with the allocation of such amount reflecting the current relative weights of such stocks in the Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 1.72% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Securities from December 23, 1997 to January 14, 2003; and (vi) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Index as of December 17, 1997 was approximately 1.72%.
- (3) This is the Starting Index Value.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein.

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:

- (a) 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 NYSE or any other self regulatory organization or the SEC 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 each case, for more than two hours of trading, or during the one-half hour period preceding the close of trading on the applicable exchange, in 20% or more of the stocks which then comprise the Index; or
- (b) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the Index, or options on such futures contracts, which are traded on any major U.S. exchange or (B) option contracts related to the Index which are traded on any major U.S. exchange.

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 Dow Jones discontinues publication of the Index and Dow Jones 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 herein as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by Dow Jones or such other entity for the Index. 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 Dow Jones 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 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 Calculation Agent calculates a value as a substitute for the Index, "Index Calculation Day" shall mean any day on which the Calculation Agent is able to calculate such value.

If Dow Jones 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 (a) the determination of the Ending Index Value and (b) a determination by 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 Wall Street Journal (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 the Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the Securities. See "Description of Securities--Payment at Maturity". 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

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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 6.18% 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, and registered in the name of Cede & Co. (DTC's partnership nominee). 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 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.

So long as DTC, or its nominee, is a 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 Senior Indenture. Except as provided below, the actual owner of the Securities represented by a Global Security (the "Beneficial Owner") 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 Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior

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 of DTC (a "Participant"), on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder under the Senior Indenture. The Company understands that under existing industry practices, in the event that the Company requests any action of Holders or than an owner of a beneficial interest which a Holder is entitled to give or take under the Senior 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, as defined below, 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.

If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that 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.

The following is based on information furnished by DTC:

DTC will act as securities depository for the Securities. The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered Global Security will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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

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17A of the Exchange Act. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct 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's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Securities under the DTC's system must be made by or through Direct Participants, which will receive a credit for the Securities on the DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the records of Direct Participants and Indirect Participants. 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except as provided above.

To facilitate subsequent transfers, all Securities deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the

Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the Securities will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of DTC, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the Ct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Company or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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#### SAME-DAY SETTLEMENT AND PAYMENT

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.

#### THE INDEX

##### GENERAL

Unless otherwise stated, all information herein on the Index is derived from Dow Jones or other publicly available sources. Such information reflects the policies of Dow Jones as stated in such sources and such policies are subject to change by Dow Jones. Dow Jones is under no obligation to continue to publish the Index and may discontinue publication of the Index at any time.

The Index is a price-weighted index (i.e., the weight of a component stock in the Index is based on its price per share rather than the total market capitalization of the issuer of such component stock) comprised of 30 common stocks chosen by the editors of the WSJ as representative of the broad market of U.S. industry. The corporations represented in the Index tend to be leaders within their respective industries and their stocks are typically widely held by individuals and institutional investors. Changes in the composition of the Index are made entirely by the editors of the WSJ without consultation with the corporations represented in the Index, any stock exchange, any official agency or the Company. Changes to the common stocks included in the Index tend to be made infrequently. Historically, most substitutions have been the result of mergers, but from time to time, changes may be made to achieve what the editors of the WSJ deem to be a more accurate representation of the broad market of U.S. industry. In choosing a new corporation for the Index, the editors of the WSJ look for leading industrial companies with a successful history of growth and wide interest among investors. The component stocks of the Index may be changed at any time for any reason. Dow Jones, publisher of the WSJ, is not affiliated with the Company and has not participated in any way in the creation of the Securities.

The Index initially consisted of 12 common stocks and was first published in the WSJ in 1896. The Index was increased to include 20 common stocks in 1916 and to 30 common stocks in 1928. The number of common stocks in the Index has remained at 30 since 1928, and, in an effort to maintain continuity, the constituent corporations represented in the Index have been changed on a relatively infrequent basis.

The value of the Index is the sum of the primary exchange prices of each of the 30 common stocks included in the Index, divided by a divisor that is designed to provide a meaningful continuity in the value of the Index. Because the Index is price-weighted, stock splits or changes in the component stocks could result in distortions in the Index value. In order to prevent such distortions related to extrinsic factors, the divisor is changed in accordance with a mathematical formula that reflects adjusted proportions within the Index. The current divisor of the Index is published daily in the WSJ and other publications. In addition, other statistics based on the Index may be found in a variety of publicly available sources.

The Company or its affiliates may presently or from time to time engage in business with one or more of the issuers of the component stocks of the Index, 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. 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 component stocks of the Index 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.

The following table presents the listing symbol, industry group, price per share, total number of shares outstanding and market capitalization for each of the component stocks in the Index based on publicly available information as of November 28, 1997/1/.

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<TABLE>  
<CAPTION>

ISSUER OF COMPONENT STOCK/1/ CAPITALIZATION/2/	SYMBOL	INDUSTRY	PRICE PER SHARE	TOTAL SHARES OUTSTANDING/2/	MARKET
-----					
<S>	<C>	<C>	<C>	<C>	<C>
General Electric Co. ....	GE	Electronics	\$ 73.75	3,274,120	\$ 241,466,350
Exxon Corp. ....	XON	Oil/Gas	61.00	2,474,360	150,935,960
Coca-Cola Co., The ....	KO	Beverages	62.50	2,480,340	155,021,250
Merck & Co. ....	MRK	Pharmaceuticals	94.56	1,207,870	114,219,207
International Business Machines Corp. ....	IBM	Computers	109.56	982,260	107,618,861
Morris (Philip) Cos. ....	MO	Tobacco	43.50	2,422,971	105,399,239
Procter & Gamble Co. ....	PG	Household Products	76.31	1,350,840	103,085,978
Wal-Mart Stores Inc. ....	WMT	Retail-Dept	39.94	2,253,460	89,997,559
Johnson & Johnson ....	JNJ	Pharmaceuticals	62.94	1,330,770	83,755,337
Hewlett-Packard Co. ....	HWP	Computers	61.06	1,040,180	63,515,391
AT&T Corp. ....	T	Util-Telecom	55.88	1,624,430	90,765,028
Du Pont (E.I.) De Nemours & Co. ..	DD	Chemicals	60.56	1,130,850	68,487,103
Disney (Walt) Co. ....	DIS	Entertainment	94.94	675,134	64,095,534
Chevron Corp. ....	CHV	Oil/Gas	80.19	654,690	52,497,954
Boeing Co., The ....	BA	Aerospace/Defense	53.13	1,001,258	53,191,831
General Motors Corp. ....	GM	Auto & Truck	61.00	720,200	43,932,200
Travelers Group Inc. ....	TRV	Insurance	50.50	1,143,852	57,764,526
American Express Co. ....	AXP	Financial Services	78.88	468,800	36,976,600
Minnesota Mining & Manufacturing Co. ....	MMM	Manufacturing	97.44	415,470	40,482,358
McDonald's Corp. ....	MCD	Restaurant/Food Service	48.50	688,017	33,368,825
Allied-Signal Inc. ....	ALD	Aerospace/Defense	37.13	565,970	21,011,636
Sears, Roebuck & Co. ....	S	Retail-Dept	45.81	391,608	17,940,542
Eastman Kodak Co. ....	EK	Manufacturing	60.63	325,800	19,751,625
Morgan (J.P.) & Co. ....	JPM	Financial/Banking	114.19	178,910	20,429,286
Caterpillar Inc. ....	CAT	Machine Construction	47.94	376,420	18,044,634
United Technologies Corp. ....	UTX	Aerospace/Defense	74.94	235,420	17,641,786
International Paper Co. ....	IP	Forest Products	47.44	302,410	14,345,574
Aluminum Co. of America ....	AA	Metals	67.25	173,920	11,696,120
Goodyear Tire & Rubber Co. ....	GT	Tire & Rubber	60.69	155,975	9,465,733
Union Carbide Corp. ....	UK	Chemicals	44.13	124,218	5,481,119
					-----
		TOTAL MARKET CAPITALIZATION			\$1,912,385,74
		AVERAGE MARKET CAPITALIZATION			63,746,191

</TABLE>

- The inclusion of a component stock in the portfolio should not be considered a recommendation to buy or sell such stock, and neither the Company nor any of its affiliates make any representation to any purchaser of securities as to the performance of the portfolio or any component stock. Beneficial owners of the Securities will not have any right to the component stocks or any dividends paid thereon.
- Shares and Market Capitalization in thousands.

LICENSE AGREEMENT

The Securities are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or

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warranty, express or implied, to the owners of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly. Dow Jones' only relationship to the Company is the licensing of certain trademarks and trade names of Dow Jones and of the DJIA SM which is determined, composed and calculated by Dow Jones without regard to the Company or the Securities. Dow Jones has no obligation to take the needs of the Company or the owners of the Securities into consideration in determining, composing or calculating Securities. Dow Jones is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Securities to be issued or in the determination or calculation of the

equation by which the DJIA SM are to be converted into cash. Dow Jones has no obligation or liability in connection with the administration, marketing or trading of the Securities.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 Senior 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

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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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

##### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and



the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay

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principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying the final Treasury Department Regulations (the "Final Regulations"), concerning the proper United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of the principal amount thereof and a projected Supplemental Redemption Amount equal to \$3.6070 per Unit (the "Projected Supplemental Redemption Amount"). This represents an estimated yield on the Securities equal to 6.18% per annum (compounded semiannually).

The projected payment schedule (including both the Projected Supplemental Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e., for purposes of applying the Final Regulations to the Securities), and is neither a prediction nor a guarantee of what the actual Supplemental Redemption Amount will be, or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over a term of five years and twenty-two days for the Securities based upon the projected payment schedule for the Securities (including both the Projected Supplemental Redemption Amount and the estimated yield equal to 6.18% per annum (compounded semiannually)) as determined by the Company for purposes of applying the Final Regulations to the Securities:

<TABLE>  
<CAPTION>

ACCURAL PERIOD	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
<S>	<C>	<C>
January 15, 1998 through July 14, 1998.	\$0.3101	\$0.3470
July 15, 1998 through January 14, 1999.	\$0.3197	\$0.6667
January 15, 1999 through July 14, 1999.	\$0.3296	\$0.9963
July 15, 1999 through January 14, 2000.	\$0.3398	\$1.3361
January 15, 2000 through July 14, 2000.	\$0.3503	\$1.6864
July 15, 2000 through January 14, 2001.	\$0.3611	\$2.0475
January 15, 2001 through July 14, 2001.	\$0.3723	\$2.4198
July 15, 2001 through January 14, 2002.	\$0.3837	\$2.8035
January 15, 2002 through July 14, 2002.	\$0.3957	\$3.1992
July 15, 2002 through January 14, 2003.	\$0.4078	\$3.6070

</TABLE>

Projected Supplemental Redemption Amount = \$3.6070 per Unit.

All prospective investors in the Securities should consult their own tax advisors concerning the application of the Final Regulations to their investment in the Securities. Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Corporate Secretary's Office, 100 Church Street, 12th Floor, New York, New York 10080-6512.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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16,750,000 UNITS  
MERRILL LYNCH & CO., INC.  
RUSSELL 2000(R) INDEX\* MARKET INDEX TARGET-TERM SECURITIES DUE SEPTEMBER 30,  
2004  
"MITTS(R)/1/"  
(\$10 PRINCIPAL AMOUNT PER UNIT)

On September 29, 1997, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount \$167,500,000 (16,750,000 Units) of Russell 2000(R) Index Market Index Target-Term Securities due September 30, 2004 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

GENERAL:

. Senior unsecured debt securities . Not redeemable prior to maturity  
. No payments prior to maturity . Transferable only in whole Units

PAYMENT AT MATURITY:

Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage increase, if any, in the Russell 2000 Index above a benchmark value of 494.36, which exceeded the closing value of such Index on the date the Securities were priced for initial sale to the public by 10%. The Supplemental Redemption Amount may be ZERO, but will not be less than zero.

BEFORE YOU DECIDE TO INVEST IN THE MITTS, CAREFULLY READ THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS BEGINNING ON PAGE 3.

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.

This Prospectus has been prepared in connection with the Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the American Stock Exchange (the "AMEX"), 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 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.

We expect that the MITTS will be maintained in book-entry form only through the facilities of DTC.

MERRILL LYNCH & CO.

The date of this Prospectus Supplement is July \_\_, 1998.

\*/ The use of, and reference to, the term "Russell 2000 Index" herein has been consented to by Frank Russell Company.

/1/ "MITTS" is a registered service mark and "Market Index Target-Term Securities" is a service mark owned by Merrill Lynch & Co., Inc.

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 New York Stock Exchange (the "NYSE"), the AMEX, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing

currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### RISK FACTORS

Your investment in MITTS will involve certain risks. For example, there is the risk that you might not earn a return on your investment, and the risk that you will be unable to sell your MITTS prior to their maturity. You should carefully consider the following discussion of risks before deciding whether an investment in the MITTS is suitable for you.

#### THE SUPPLEMENTAL REDEMPTION AMOUNT.

The Benchmark Index Value exceeded the closing value of the Russell 2000 Index (i.e., the Starting Index Value) on the date the MITTS are priced for initial sale to the public (the "Pricing Date") by 10%. You should be

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aware that if the Ending Index Value does not exceed the Starting Index Value at maturity by more than 10%, the Supplemental Redemption Amount will be zero. This will be true even if the value of the Russell 2000 Index was higher than the Benchmark Index Value at some time during the life of the MITTS but later falls below the Benchmark Index Value. If the Supplemental Redemption Amount is zero, we will pay you only the principal amount of your MITTS.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY.

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

#### YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS.

FRC calculates the Index by reference to the prices of the common stocks comprising the Index without taking into consideration the value of dividends paid on those stocks. Therefore, the return you earn on the MITTS, if any, will not be the same as the return that you would earn if you actually owned each of the common stocks underlying the Index and received the dividends paid on those stocks.

#### UNCERTAIN TRADING MARKET.

The MITTS are listed on the AMEX under the symbol "RUM". While there have been a number of issuances of Market Index Target-Term Securities, trading volumes have varied historically from one transaction to another and it is therefore impossible to predict how the MITTS will trade. You cannot assume that a trading market will develop for the MITTS. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the MITTS will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the value of the Index.

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

#### FACTORS AFFECTING TRADING VALUE OF THE MITTS.

We believe that the market value of the MITTS will be affected by the value of the Index and by a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe the expected impact on the market value of the MITTS given a change in a specific factor, assuming all other conditions remain constant.

- . INDEX VALUE. We expect that the market value of the MITTS will depend substantially on the value of the Index relative to the Benchmark Index Value. If you choose to sell your MITTS when the value of the Index exceeds the Benchmark Index Value, you may receive substantially less than the amount that would be payable at maturity based on that Index value because of the expectation that the Index will continue to fluctuate until the Ending Index Value is determined. If you choose to sell your MITTS when the value of the Index is below the Benchmark Index Value, you may receive less than the \$10 principal amount per Unit of MITTS. In general, rising U.S. dividend rates (i.e., dividends per share) may increase the value of the Index while falling U.S. dividend rates may decrease the value of the Index. Political, economic and other developments that affect the stocks underlying the Index may also affect the value of the Index and the value of the MITTS.
- . INTEREST RATES. Because the MITTS repay, at a minimum, the principal amount at maturity, we expect that the trading value of the MITTS will be affected by changes in interest rates. In general, if U.S. interest rates increase, we expect that the trading value of the MITTS will decrease. If U.S. interest rates decrease, we expect the trading value of the MITTS will increase. Interest rates may also affect the U.S. economy and, in turn, the value of the Index. Rising interest rates may lower

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the value of the Index and, thus, the MITTS. Falling interest rates may increase the value of the Index and, thus, may increase the value of the MITTS.

- . VOLATILITY OF THE INDEX. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index increases, we expect that the trading value of the MITTS will increase. If the volatility of the Index decreases, we expect that the trading value of the MITTS will decrease.
- . TIME REMAINING TO MATURITY. The MITTS may trade at a value above that which would be expected based on 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 MITTS. However, as the time remaining to maturity of the MITTS decreases, we expect that this time premium will decrease, lowering the trading value of the MITTS.
- . DIVIDEND YIELDS. If dividend yields on the stocks comprising the Index increase, we expect that the value of the MITTS will decrease. Conversely, if dividend yields on the stock comprising the Index decrease, we expect that the value of the MITTS will increase.
- . COMPANY CREDIT RATINGS. Real or anticipated changes in the Company's credit ratings may affect the market value of the MITTS.

We want you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the MITTS attributable to another factor, such as an increase in the Index value.

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

#### STATE LAW LIMITS ON INTEREST PAID.

New York State laws govern the Senior Indenture, as defined below. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the MITTS. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the MITTS holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

#### SMALL CAPITALIZATION STOCKS.

The underlying stocks that constitute the Index (the "Underlying Stocks") have been issued by corporations domiciled in the U.S. and its territories and traded on the NYSE, on the AMEX or in the over-the-counter market. If a Successor Index is substituted for the Index as described below, such Successor Index would also be based upon stocks issued by corporations domiciled in the U.S. and its territories and traded on the NYSE, on the AMEX or in the over-the-counter market. You should be aware that investments in securities indexed to the value of small capitalization companies involve certain risks. In general, the stocks comprising the Index have smaller market capitalizations, less trading liquidity and greater price volatility than stocks in other larger capitalization indexes which are designed to measure the broad movement of the U.S. stock markets. We want you to understand that these factors could adversely affect the value of the Index and the MITTS.

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PURCHASES AND SALES BY MERRILL LYNCH.

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the stocks underlying the Index for their own accounts for business reasons or in connection with hedging the Company's obligations under the MITTS. These transactions could affect the price of such stocks and the value of the Index.

POTENTIAL CONFLICTS.

Under certain circumstances, MLPF&S's roles as a subsidiary of the Company and its responsibilities as Calculation Agent for the MITTS could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts of interest could arise.

OTHER CONSIDERATIONS.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

DESCRIPTION OF SECURITIES

GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on September 30, 2004.

While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, 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" and "Other Terms--Events of Default" in this Prospectus.

The Securities were issued in denominations of whole Units.

PAYMENT AT MATURITY

General

At maturity, a beneficial owner of a Security will be entitled to receive the principal amount thereof plus the Supplemental Redemption Amount, if any, all as provided below. If the Ending Index Value does not exceed the Benchmark Index Value, a beneficial owner of a Security will be entitled to receive only the principal amount thereof.

Determination of the Supplemental Redemption Amount

The Supplemental Redemption Amount for a Security will be determined by the Calculation Agent and will equal:

<TABLE>	
<S>	<C>
Principal Amount of such Security (\$10 per Unit) x	Ending Index Value - Benchmark Index Value
	-----
	Benchmark Index Value

</TABLE>

provided, however, that in no event will the Supplemental Redemption Amount be less than zero.

The Benchmark Index Value equals 494.36. The Benchmark Index Value was determined on the Pricing Date by multiplying the Starting Index Value by a factor equal to 110%. The Ending Index Value will be determined by the Calculation Agent and will equal the average (arithmetic mean) of the closing values of the Index determined

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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 occurrences 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 NYSE and the AMEX are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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.

#### HYPOTHETICAL RETURNS

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 total rate of return to beneficial owners of the Securities, (iii) the pretax annualized rate of return to beneficial owners of Securities, and (iv) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 1.15% per annum, as more fully described below).

<TABLE> <CAPTION>		TOTAL AMOUNT PAYABLE AT MATURITY PER \$10 PRINCIPAL AMOUNT OF		TOTAL RATE OF RETURN ON	PRETAX ANNUALIZED RATE OF RETURN ON	PRETAX ANNUALIZED RATE OF RETURN OF STOCKS UNDERLYING
HYPOTHETICAL ENDING THE	PERCENTAGE CHANGE OVER THE STARTING	SECURITIES	THE SECURITIES	THE SECURITIES (1)	INDEX (1) (2)	
INDEX VALUE	INDEX VALUE					
<S>	<C>	<C>	<C>	<C>	<C>	
179.77	-60.00%	\$10.00	0.00%	0.00%	-11.69%	
224.71	-50.00%	\$10.00	0.00%	0.00%	-8.61%	
269.65	-40.00%	\$10.00	0.00%	0.00%	-6.08%	
314.59	-30.00%	\$10.00	0.00%	0.00%	-3.92%	
359.54	-20.00%	\$10.00	0.00%	0.00%	-2.03%	
404.48	-10.00%	\$10.00	0.00%	0.00%	-0.36%	
449.42 (3)	0.00%	\$10.00	0.00%	0.00%	1.15%	
494.36	10.00%	\$10.00	0.00%	0.00%	2.52%	
539.30	20.00%	\$10.91	9.09%	1.25%	3.77%	
584.25	30.00%	\$11.82	18.18%	2.40%	4.93%	
629.19	40.00%	\$12.73	27.27%	3.48%	6.01%	
674.13	50.00%	\$13.64	36.36%	4.48%	7.02%	
719.07	60.00%	\$14.55	45.45%	5.43%	7.96%	
764.01	70.00%	\$15.45	54.55%	6.32%	8.85%	
808.96	80.00%	\$16.36	63.64%	7.16%	9.69%	
853.90	90.00%	\$17.27	72.73%	7.96%	10.49%	
898.84	100.00%	\$18.18	81.82%	8.73%	11.25%	
943.78	110.00%	\$19.09	90.91%	9.45%	11.98%	
988.72	120.00%	\$20.00	100.00%	10.15%	12.67%	
1,033.67	130.00%	\$20.91	109.09%	10.82%	13.33%	
1,078.61	140.00%	\$21.82	118.18%	11.46%	13.97%	
1,123.55	150.00%	\$22.73	127.27%	12.08%	14.58%	

(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 (i) an investment of a fixed amount in the stocks underlying the Index with the allocation of such amount reflecting the current relative weights of such stocks in the Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 1.15% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Securities from September 29, 1997 to September 30, 2004; and (vi) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Index as of September 23, 1997 was approximately 1.15%.

(3) This is the Starting Index Value.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax



annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein.

#### 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:

(a) 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 NYSE or any other self regulatory organization or the SEC 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 each case, for more than two hours of trading, or during the one-half hour period preceding the close of trading on the applicable exchange, in 20% or more of the stocks which then comprise the Index; or

(b) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the Index which are traded on the Chicago Board Options Exchange, Inc.

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 FRC discontinues publication of the Index and FRC 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 herein as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by FRC or such other entity for the Index. 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.

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If FRC 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 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 Calculation Agent calculates a value as a substitute for the Index, "Index Calculation Day" shall mean any day on which the Calculation Agent is able to calculate such value.

If FRC 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 (a) the determination of the Ending Index Value and (b) 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 Wall Street Journal (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 the Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the Securities. See "Description of Securities--Payment at Maturity" in this Prospectus. 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 6.39% 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 Cede & Co. (DTC's partnership nominee). 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 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.

So long as DTC, or its nominee, is a 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 Senior Indenture. Except as provided below, the actual owner of the Securities represented by a Global Security (the "Beneficial Owner") 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, except in the event that use of the book-entry system for the Securities is discontinued, and will not be considered the owners or Holders thereof under the Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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

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of DTC (a "Participant"), on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder under the Senior Indenture. The Company understands that under existing industry practices, in the event that the Company requests any action of Holders or than 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 Senior 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, as defined below, 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.

If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that 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.

The following is based on information furnished by DTC:

DTC will act as securities depository for the Securities. The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered Global Security will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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. DTC

holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct 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's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Securities under the DTC's system must be made by or through Direct Participants, which will receive a credit for the Securities on the DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the records of Direct Participants and Indirect Participants. 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the Securities will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of DTC, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the Company or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Company or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

#### SAME-DAY SETTLEMENT AND PAYMENT

All payments of Adjusted Principal Amount 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.

THE INDEX

GENERAL

Unless otherwise stated, all information herein on the Index is derived from FRC or other publicly available sources. Such information reflects the policies of FRC as stated in such sources and such policies are subject to change by FRC. FRC is under no obligation to continue to publish the Index and may discontinue publication of the Index at any time.

The Index is an index calculated, published and disseminated by FRC, and measures the composite price performance of stocks of 2,000 companies domiciled in the U.S. and its territories. All 2,000 stocks are traded on either the NYSE or the AMEX or in the over-the-counter market and form a part of the Russell 3000(R) Index. The Russell 3000 Index is composed of the 3,000 largest U.S. companies as determined by market capitalization and represents approximately 98% of the investable U.S. equity market. As of August 31, 1997, the average market capitalization of companies included in the Russell 3000 Index was \$3.12 billion.

The Index consists of the smallest 2,000 companies included in the Russell 3000 Index and represents approximately 9.51% of the total market capitalization of the Russell 3000 Index. The Index is designed to track the performance of the small capitalization segment of the U.S. equity market. As of August 31, 1997, the market capitalization of the stocks in the Russell 2000 Index ranged from approximately \$90 million to \$2.36 billion, with the average market capitalization being \$540 million.

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Only common stocks belonging to corporations domiciled in the U.S. and its territories are eligible for inclusion in the Russell 3000 Index and the Index. Stocks traded on U.S. exchanges but domiciled in other countries are excluded. Preferred stock, convertible preferred stock, participating preferred stock, paired shares, warrants and rights are also excluded. Trust receipts, Royalty Trusts, limited liability companies, OTC Bulletin Board companies, pink sheets, closed-end mutual funds, and limited partnerships that are traded on U.S. exchanges, are also ineligible for inclusion. Real Estate Investment Trusts and Beneficial Trusts are eligible for inclusion, however. Generally, only one class of securities of a company is allowed in the Russell 3000 Index, although exceptions to this general rule have been made where FRC has determined that each class of securities acts independent of the other.

The primary criteria used to determine the initial list of securities eligible for the Russell 3000 Index is total market capitalization, which is defined as the price of the shares times the total number of shares outstanding. Based on closing values on May 31 of each year, FRC reconstitutes the composition of the Russell 3000 Index using the then existing market capitalizations of eligible companies. As of June 30 of each year, the Index is adjusted to reflect the reconstitution of the Russell 3000 Index for that year. Publication of the Index began on January 1, 1987.

As a capitalization-weighted index, the Russell 2000 Index reflects changes in the capitalization (market value) of the component stocks relative to the capitalization on a base date. The current Index value is calculated by adding the market values of the Index's component stocks, which are derived by multiplying the price of each stock by the number of shares outstanding, to arrive at the total market capitalization of the 2,000 stocks. The total market capitalization is then divided by a divisor, which represents the "adjusted" capitalization of the Index on the base date of December 31, 1986. To calculate the Index, last sale prices will be used for exchange-traded and NASDAQ stocks. If a component stock is not open for trading, the most recently traded price for that security will be used in calculating the Index. In order to provide continuity for the Index's value, the divisor is adjusted periodically to reflect such events as changes in the number of common shares outstanding for component stocks, company additions or deletions, corporate restructurings and other capitalization changes.

All disclosure contained in this Prospectus regarding the Index, or its publisher, is derived from publicly available information. All copyrights and other intellectual property rights relating to the Index are owned by FRC. FRC has no relationship with the Company or the Securities; it does not sponsor, endorse, authorize, sell or promote the Securities, and has no obligation or liability in connection with the administration, marketing or trading of the Securities.

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Below is a breakdown of the component stocks of the Index by industry group as of August 31, 1997:

INDUSTRY	NUMBER OF COMPANIES	PERCENTAGE OF INDEX MARKET CAPITALIZATION
Technology.....	258	13.4%
Health Care.....	214	9.9%
Consumer Discretionary and Services..	376	16.1%
Consumer Staples.....	57	2.8%
Integrated Oils.....	7	0.5%

Other Energy.....	65	3.9%
Materials and Processing.....	196	9.9%
Producer Durables.....	153	8.6%
Auto and Transportation.....	81	4.1%
Financial Services, including REITS..	424	23.3%
Utilities.....	108	6.4%
Other.....	25	1.3%
	-----	-----
Total.....	1,964	100% (1)

</TABLE>

(1) 100.2% was rounded down to 100%.

Source: FRC.

Note: The Index included fewer than 2,000 stocks (1,964) as of August 31, 1997 due to company attrition (e.g., mergers, bankruptcies, etc.).

As of August 31, 1997, the ten largest holdings in the Index represented 1.9% of the aggregate market capitalization of the Index. Twenty-three of the 1,964 stocks in the Index were also components of the S&P 500 Index. These 23 stocks represented 2.1% of the Russell 2000 Index market capitalization. The dividend yield on the Index as of September 23, 1997 was 1.15%.

#### HISTORICAL DATA ON THE INDEX

The following table sets forth the closing level of the Index at the end of each quarter, in the period from March 1979 through June 1997. All historical data presented in the following table relating to periods prior to January 1, 1987 (the date FRC commenced publication of the Index) are presented as if the Index had existed during such periods and such closing levels have been calculated hypothetically on the same basis that the Index is calculated. All historical data presented in the following table relating to periods after January 1, 1987 are based on actual data from the Index. 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 closing level of the Index during any period set forth below is not any indication that the Index is more or less likely to decline at any time during the term of the Securities.

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<TABLE>

<CAPTION>

	MARCH	JUNE	SEPTEMBER	DECEMBER
	----	----	-----	-----
	QUARTER-END CLOSING LEVEL			
	-----			
<S>	<C>	<C>	<C>	<C>
1979.....	46.94	49.62	54.68	55.91
1980.....	48.27	57.47	69.94	74.80
1981.....	80.25	82.56	67.55	73.67
1982.....	66.21	64.67	70.84	88.90
1983.....	103.77	124.17	117.43	112.27
1984.....	104.10	100.30	105.17	101.49
1985.....	114.92	118.38	112.65	129.87
1986.....	147.63	154.23	134.73	135.00
1987.....	166.79	164.75	170.81	120.42
1988.....	142.15	151.30	149.09	147.36
1989.....	157.90	167.43	178.21	168.31
1990.....	163.64	169.12	126.74	132.20
1991.....	171.01	167.61	180.16	189.94
1992.....	203.69	188.64	192.92	221.01
1993.....	229.21	233.35	252.95	258.59
1994.....	251.06	240.29	256.12	250.36
1995.....	260.77	283.63	310.38	315.97
1996.....	330.77	346.61	346.39	362.61
1997.....	342.56	396.37		

</TABLE>

The closing value of the Index on September 23, 1997 was 449.42.

#### LICENSE AGREEMENT

The Index is a trademark of FRC and has been licensed for use by the Company. The Securities are not sponsored, endorsed, sold or promoted by FRC. The Securities are not sponsored, endorsed, sold or promoted by FRC. FRC makes no representation or warranty, express or implied, to the owners of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly or the ability of the Index to track general stock market performance or a segment of the same. FRC's publication of the Index in no way suggests or implies an opinion by FRC as to the advisability of investment in any or all of the Securities upon which the Index is based. FRC's only relationship to the Company is the licensing of certain trademarks, and trade names of FRC and of the Index which is determined, composed and calculated by FRC without regard to the Company or the Securities. FRC is not responsible for and has not reviewed the Securities or any associated literature or publications and FRC makes no representation or warranty express or implied as to their accuracy or completeness, or otherwise. FRC reserves the right, at any time and without notice, to alter, amend, terminate or in any way

change the Index. FRC has no obligation or liability in connection with the administration, marketing or trading of the Securities.

FRC DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN AND FRC SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. FRC MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, INVESTORS, OWNERS OF THE SECURITIES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. FRC MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL FRC HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 Senior 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 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior

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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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

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The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying the Treasury Department Final Regulations (the "Final Regulations") concerning the United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of the principal amount thereof and a projected Supplemental Redemption Amount equal to \$5.5304 per Unit. This represents an estimated yield on the Securities equal to 6.39% per annum (compounded semiannually).

The projected payment schedule (including both the projected Supplemental Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e., for purposes of applying the Final Regulations to the Securities), and is neither a prediction nor a guarantee of what the actual Supplemental Redemption Amount will be, or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over a term of seven years and one day for the Securities based upon the projected payment schedule for the Securities (including both the projected Supplemental Redemption Amount and the estimated yield equal to 6.39% per annum (compounded semiannually)) as determined by the Company for purposes of application of the Final Regulations to the Securities:

<TABLE>  
<CAPTION>

ACCRUAL PERIOD -----	INTEREST DEEMED TO ACCRUAL PERIOD ACCRUAL PERIOD (PER UNIT) -----	TOTAL INTEREST DEEMED TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUE DURING (PER UNIT) -----
<S>	<C>	<C>
September 29, 1997 through March 30, 1998..	\$0.3186	\$0.3186
March 31, 1998 through September 30, 1998..	\$0.3315	\$0.6501
October 1, 1998 through March 30, 1999.....	\$0.3384	\$0.9885
March 31, 1999 through September 30, 1999..	\$0.3511	\$1.3396
October 1, 1999 through March 30, 2000.....	\$0.3623	\$1.7019
March 31, 2000 through September 30, 2000..	\$0.3739	\$2.0758
October 1, 2000 through March 30, 2001.....	\$0.3858	\$2.4616
March 31, 2001 through September 30, 2001..	\$0.3981	\$2.8597
October 1, 2001 through March 30, 2002.....	\$0.4109	\$3.2706
March 31, 2002 through September 30, 2002..	\$0.4240	\$3.6946
October 1, 2002 through March 30, 2003.....	\$0.4375	\$4.1321
March 31, 2003 through September 30, 2003..	\$0.4516	\$4.5837
October 1, 2003 through March 30, 2004.....	\$0.4659	\$5.0496
March 31, 2004 through September 30, 2004..	\$0.4808	\$5.5304

</TABLE>

Projected Supplemental Redemption Amount = \$5.5304 per Unit.

All prospective investors in the Securities should consult their own tax advisors concerning the application of the Final Regulations to their investment in the Securities. Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Corporate Secretary's Office, 100 Church Street, 12th Floor, New York, New York 10080-6512.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.

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

On August 12, 1996, Merrill Lynch & Co., Inc. (the "Company") issued \$35,000,000 aggregate principal amount (3,500,000 Units) of Top Ten Yield Market Index Target-Term Securities due August 15, 2006 (the "Securities" or the "MITTS"). Each \$10 principal amount of the Securities will be deemed a "Unit" for purposes of trading and transfer at the Depository described below. Units will be transferable by the Depository, as more fully described below, in denominations of whole Units.

The Securities are debt securities of the Company, which were 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, SEE "DESCRIPTION OF SECURITIES" AND "THE INDEX", RESPECTIVELY, IN THIS PROSPECTUS. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 3 OF THIS PROSPECTUS.

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 listed on the American Stock Exchange (the "AMEX") under the symbol "MTT".

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.

This Prospectus has been prepared in connection with the Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the AMEX, 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 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.

MERRILL LYNCH & CO.

THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

(R)"MITTS" is a registered service mark and (SM)"Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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 Senior Indenture (as defined below) provides that the Securities are 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 listed on the AMEX under the symbol "MTT". 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. 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.

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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.

#### 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.

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

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. Accordingly, under certain

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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.

#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on August 15, 2006.

At maturity, a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, if any, however, 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 and "Other Terms--Events of Default" in this Prospectus.

The Securities were 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:

	Ending Index Value-Starting Index Value
Principal Amount X	-----
	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 MLPF&S (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

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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 AMEX 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.

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.

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<TABLE>  
<CAPTION>

Hypothetical Ending Index Value	Percentage Change Over the Starting Index Value	Total Amount Payable at Maturity	Pretax Annualized Rate of Return on the Securities (1)	Pretax Annualized 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>

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

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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 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 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 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 notification of such determination to the Trustee (as defined below) 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

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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 Wall Street Journal (or another newspaper of general circulation) (the "WSJ"), 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. 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 (the "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 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 Exchange Act. 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.

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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 Senior 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 Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 Senior 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 Senior 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 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.

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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

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.

#### 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

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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 (as defined below) 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 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 Date 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 Date 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.

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.

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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.

#### 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.

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## 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.

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.

## HISTORICAL PERFORMANCE OF THE INDEX

A potential investor should review the historical performance of the Index. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the Index will

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increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount at the maturity of the Securities.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

##### LIMITATION 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 Senior 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 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.

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##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts

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payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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1,650,000 UNITS  
MERRILL LYNCH & CO., INC.  
S&P 500 INFLATION ADJUSTED MARKET INDEX TARGET-TERM SECURITIES DUE SEPTEMBER 24,  
2007  
"MITTS(R)"  
(\$10 PRINCIPAL AMOUNT PER UNIT)

On September 24, 1997, Merrill Lynch & Co., Inc. (the "Company") issued an aggregate principal amount \$16,500,000 (1,650,000 Units) of S&P 500 Inflation Adjusted Market Index Target-Term Securities due September 24, 2007 (the "Securities" or "MITTS"). Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

GENERAL:

- . Senior unsecured debt securities . Not redeemable prior to maturity
- . No payments prior to maturity . Transferable only in whole Units

PAYMENT AT MATURITY:

Adjusted Principal Amount + Supplemental Redemption Amount

The Adjusted Principal Amount will equal the principal amount of the MITTS you hold adjusted to reflect any increase in the Consumer Price Index over the term of the MITTS. The Supplemental Redemption Amount will be based on the percentage increase, if any, in the S&P 500 Composite Stock Price Index above a benchmark value of 1089.38 which exceeded the closing value of such Index on the date the Securities were priced for initial sale to the public by 15%.

The Supplemental Redemption Amount will not exceed \$10 per Unit regardless of the increase in the S&P 500 Index. The Supplemental Redemption Amount may be ZERO, but will not be less than zero.

Before you decide to invest in the MITTS, carefully read this prospectus, especially the risk factors beginning on page 4.

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange (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 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.

We expect that the MITTS will be maintained in book-entry form only through the facilities of DTC.

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MERRILL LYNCH & CO.

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The date of this Prospectus Supplement is July \_\_, 1998.

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

#### REQUIRED DISCLOSURES

##### Standard & Poor's

Standard & Poor's ("S&P") does not guarantee the accuracy and/or the completeness of the S&P 500 Index or any data included in the S&P 500 Index. S&P makes no warranty, express or implied, as to results to be obtained by the Company, MLPF&S, the holders of the MITTS, or any other person or entity from the use of the S&P 500 Index or any data included therein in connection with the rights licensed under the license agreement described herein or for any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the S&P 500 Index or any data included therein. Without limiting the generality of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

"Standard & Poor's(R)"; "S&P(R)"; "S&P 500"; and "Standard & Poor's 500" are trademarks of The McGraw-Hill Companies, Inc., which have been licensed for use by Merrill Lynch Capital Services, Inc. The Company is an authorized sublicensee.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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



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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE> <CAPTION>	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

Your investment in MITTS will involve certain risks. For example, there is the risk that you might not earn a return on your investment, and the risk that you will be unable to sell your MITTS prior to their maturity. You should carefully consider the following discussion of risks before deciding whether an investment in the MITTS is suitable for you.

#### THE SUPPLEMENTAL REDEMPTION AMOUNT

The Benchmark Index Value exceeded the closing value of the S&P 500 Index (i.e., the Starting Index Value) on the date the MITTS were priced for initial sale to the public (the "Pricing Date") by 15%. You should be aware that if the Ending Index value does not exceed the Starting Index Value at maturity by more than 15%, the Supplemental Redemption Amount will be zero. This will be true even if the value of the S&P 500 Index was higher than the Benchmark Index Value at some time during the life of the MITTS but later falls below the Benchmark Index Value. If the Supplemental Redemption Amount is zero, we will pay you only the Adjusted Principal Amount of your MITTS.

You will not receive a Supplemental Redemption Amount that exceeds \$10 per Unit regardless of how much the Index increases. If the S&P 500 Index reaches a value of two times the Benchmark Index Value, you will receive a Supplemental Redemption Amount of \$10. Since \$10 is the maximum Supplemental Redemption Amount we will pay, you will not receive any incremental benefit from increases beyond that value. If we pay you the maximum Supplemental Redemption Amount of \$10 per unit, this will represent a maximum annualized rate of return of 7.05% compounded semi-annually over a term of ten years. This limitation does not apply to the Adjusted Principal Amount which is dependent on changes in the CPI.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same maturity date. Your investment may not reflect the full opportunity cost to you when you consider the effect of factors that affect the time value of money.

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#### YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS

S&P calculates the Index by reference to the prices of the common stocks comprising the Index without taking into consideration the value of dividends paid on those stocks. Therefore, the return you earn on the MITTS, if any, will not be the same as the return that you would earn if you actually owned each of the common stocks in the Index and received the dividends paid on those stocks.

#### CONSUMER PRICE INDEX

The Adjusted Principal Amount will be affected by changes in the CPI. Such changes may be significant. Changes in the CPI are a function of the changes in specified consumer prices over time, which result from the interaction of many factors over which the Company has no control.

In the past, the CPI has experienced periods of volatility and such volatility may occur in the future. Fluctuations and trends in the CPI that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

In addition, the Congressionally-appointed Boskin Commission concluded in its report released in December 1996 that the CPI overstates increases in the cost of living and recommended significant adjustments to the calculation of the index. Chairman of the Federal Reserve Board, Alan Greenspan, also recently testified before Congress to similar effect. Recently Congressional leaders and the President proposed that a panel be formed to review the accuracy of the CPI as a measure of inflation. To date, neither the BLS nor Congress has adopted or mandated any change in the manner in which the CPI is calculated. However, there can be no assurance that such a change will not be adopted or mandated. As a result of any such change, the Adjusted Principal Amount payable on the MITTS, and therefore the value of the MITTS could be significantly reduced. If the CPI is substantially altered, a substitute index may be employed to calculate the Adjusted Principal Amount as described under "Description of Securities--Payment at Maturity".

#### UNCERTAIN TRADING MARKET

The MITTS are traded on the NYSE under the symbol "IEM". While there have been a number of issuances of Market Index Target-Term Securities, trading volumes have varied historically from one transaction to another and it is therefore impossible to predict how the MITTS will trade. You cannot assume that a trading market will develop for the MITTS. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the MITTS will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the value of the Index and changes in the value or the method of calculating the CPI.

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

#### FACTORS AFFECTING TRADING VALUE OF THE MITTS

We believe that the market value of the MITTS will be affected by the value of the Index and the CPI and by a number of other factors. Some of these factors

are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe the expected impact on the market value of the MITTS given a change in a specific factor, assuming all other conditions remain constant.

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- . INDEX VALUE We expect that the market value of the MITTS will depend substantially on the amount by which the Index exceeds the Benchmark Index Value. If you choose to sell your MITTS when the value of the Index exceeds the Benchmark Index Value, you may receive substantially less than the amount that would be payable at maturity based on that Index value because of the expectation that the Index will continue to fluctuate until the Ending Index Value is determined. If you choose to sell your MITTS when the value of the Index is below the Benchmark Index Value, you may receive less than the \$10 principal amount per Unit of MITTS. In general, rising U.S. dividend rates (i.e., dividends per share) may increase the value of the Index while falling U.S. dividend rates may decrease the value of the Index. Political, economic and other developments that affect the stocks underlying the Index may also affect the value of the Index and the value of the MITTS.
- . INTEREST RATES Because the MITTS repay, at a minimum, the principal amount at maturity, we expect that the trading value of the MITTS will be affected by changes in interest rates. In general, if U.S. interest rates increase, we expect that the trading value of the MITTS will decrease. If U.S. interest rates decrease, we expect the trading value of the MITTS will 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, the MITTS. Falling rates may increase the value of the Index and, thus, may increase the value of the MITTS.
- . CPI The Adjusted Principal Amount of the MITTS will generally be higher in direct proportion to the percentage increase, if any, in the CPI from when the Initial CPI is fixed to when the Final CPI is determined. However, interim increases in the CPI may or may not result in increases in the trading value of the MITTS because of other economic factors. For example, an increase in the CPI may be accompanied by higher interest rates. Such higher interest rates could offset any positive impact of increases in the CPI on the trading value of the MITTS.
- . VOLATILITY OF THE INDEX OR OF THE CPI Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index or of the CPI increases, we expect that the trading value of the MITTS will increase. If the volatility of the Index or of the CPI decreases, we expect that the trading value of the MITTS will decrease.
- . TIME REMAINING TO MATURITY The MITTS may trade at a value above that which would be expected based on 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 MITTS. However, as the time remaining to maturity of the MITTS decreases, we expect that this time premium will decrease, lowering the trading value of the MITTS.
- . DIVIDEND YIELDS If dividend yields on the stocks comprising the Index increase, we expect that the value of the MITTS will decrease. Conversely, if dividend yields on the stocks comprising the Index decrease, we expect that the value of the MITTS will increase.
- . COMPANY CREDIT RATINGS Real or anticipated changes in the Company's credit ratings may affect the market value of the MITTS.

We want you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the MITTS attributable to another factor, such as an increase in the Index value.

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

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#### STATE LAW LIMITS ON INTEREST PAID

New York State laws govern the SENIOR INDENTURE, as hereinafter defined. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the MITTS. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the MITTS holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious

rates of interest.

#### PURCHASES AND SALES BY MERRILL LYNCH

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the stocks underlying the Index for their own accounts for business reasons or in connection with hedging the Company's obligations under the MITTS. These transactions could affect the price of such stocks and the value of the Index .

#### POTENTIAL CONFLICTS

The Calculation Agent is a subsidiary of the Company, the issuer of the MITTS. Under certain circumstances, MLPF&S's roles as a subsidiary of the Company and its responsibilities as Calculation Agent for the MITTS could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts of interest could arise; however, the Calculation Agent is subject to limits and has certain duties. For example, in the case of the CPI, the Calculation Agent could only adjust a value of the CPI to undo a change to how the CPI is calculated or select a successor measure for inflation to maintain the intended economic benefits of the MITTS to you if the CPI is discontinued. The Calculation Agent could not otherwise adjust a value of the CPI or replace the CPI with another measure of inflation.

#### OTHER CONSIDERATIONS

Investors should also consider the tax consequences of investing in the Securities and should consult their tax advisors.

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#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Securities will mature on September 24, 2007.

While at maturity a beneficial owner of a Security will receive the Adjusted Principal Amount of such Security plus the Supplemental Redemption Amount, if any, 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" and "Other Terms--Events of Default" in this Prospectus.

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

##### PAYMENT AT MATURITY

###### General

At maturity, a beneficial owner of a Security will be entitled to receive the Adjusted Principal Amount thereof plus a Supplemental Redemption Amount, if any, all as provided below. If the Ending Index Value does not exceed the Benchmark Index Value, a beneficial owner of a Security will be entitled to receive only the Adjusted Principal Amount thereof.

###### Determination of the Adjusted Principal Amount

The Adjusted Principal Amount for a Security will be determined by MLPF&S, as calculation agent, and will equal the greater of:

(a) the principal amount of such Security (\$10 for each Unit); and

(b) the principal amount of such Security X  $\frac{\text{Final CPI}}{\text{Initial CPI}}$

Initial CPI equals 160.3, the value of the CPI for the third calendar month prior to the month containing the Pricing Date. Final CPI shall be determined by the Calculation Agent and will equal the value of the CPI for the third calendar month prior to September 24, 2007 as reported on the seventh calendar day prior to the maturity date. CPI means the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the Department of Labor (the "BLS").

If a previously reported CPI value is revised by the BLS after the Final CPI is determined, the Calculation Agent will continue to use the previously reported CPI value in calculating the Adjusted Principal Amount.

If the CPI is rebased to a different year, the Calculation Agent will continue to use the CPI based on the base reference period in effect on the Pricing Date for such purposes, as long as the CPI continues to be published.

Determination of the Supplemental Redemption Amount

The Supplemental Redemption Amount for a Security will be determined by the Calculation Agent and will equal:

$\langle$ TABLE $\rangle$		$\langle$ C $\rangle$
$\langle$ S $\rangle$		Ending Index Value-Benchmark Index Value
Principal Amount of such Security (\$10 per Unit) X		Benchmark Index Value
$\langle$ /TABLE $\rangle$		

provided, however, that in no event will the Supplemental Redemption Amount be less than zero or more than \$10 per Unit. As indicated in the formula above, the Supplemental Redemption Amount for the MITTS will be calculated using the principal amount of the MITTS, not the Adjusted Principal Amount which may be greater if the CPI has increased over the term of the MITTS.

The Benchmark Index Value equals 1089.38. The Benchmark Index Value was determined on the Pricing Date by multiplying the Starting Index Value by a factor equal to 115%. The Ending Index Value will be determined by 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 occurrences 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 NYSE and the American Stock Exchange are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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.

HYPOTHETICAL RETURNS

The following table provides the amount payable to beneficial owners of Securities related to the pretax annualized rates of return given in the table on the following page for a range of hypothetical annualized rates of change in the CPI and percentage changes in the Index from the Starting Index Value to the Ending Index Value.

$\langle$ TABLE $\rangle$	$\langle$ CAPTION $\rangle$							
	ANNUALIZED RATE OF CHANGE IN CPI							
PERCENTAGE CHANGE IN INDEX FROM STARTING INDEX VALUE	-3.00%	-1.00%	0.00%	1.00%	3.00%	5.00%	7.00%	9.00%
$\langle$ S $\rangle$	$\langle$ C $\rangle$	$\langle$ C $\rangle$	$\langle$ C $\rangle$	$\langle$ C $\rangle$	$\langle$ C $\rangle$	$\langle$ C $\rangle$	$\langle$ C $\rangle$	$\langle$ C $\rangle$
-50.00%.....	\$10.00	\$10.00	\$10.00	\$11.05	\$13.44	\$16.29	\$19.67	\$23.67
-30.00%.....	10.00	10.00	10.00	11.05	13.44	16.29	19.67	23.67
-10.00%.....	10.00	10.00	10.00	11.05	13.44	16.29	19.67	23.67
0.00%.....	10.00	10.00	10.00	11.05	13.44	16.29	19.67	23.67
10.00%.....	10.00	10.00	10.00	11.05	13.44	16.29	19.67	23.67
30.00%.....	11.30	11.30	11.30	12.35	14.74	17.59	20.98	24.98
50.00%.....	13.04	13.04	13.04	14.09	16.48	19.33	22.71	26.72
70.00%.....	14.78	14.78	14.78	15.83	18.22	21.07	24.45	28.46
90.00%.....	16.52	16.52	16.52	17.57	19.96	22.81	26.19	30.20
110.00%.....	18.26	18.26	18.26	19.31	21.70	24.55	27.93	31.93
130.00%.....	20.00	20.00	20.00	21.05	23.44	26.29	29.67	33.67
150.00%.....	20.00	20.00	20.00	21.05	23.44	26.29	29.67	33.67
170.00%.....	20.00	20.00	20.00	21.05	23.44	26.29	29.67	33.67
190.00%.....	20.00	20.00	20.00	21.05	23.44	26.29	29.67	33.67
$\langle$ /TABLE $\rangle$								

The following table provides the pretax annualized rate of return to beneficial owners of the Securities for a range of hypothetical annualized rates of change in the CPI and percentage changes in the Index from the Starting Index Value to the Ending Index Value. The far right column of the table provides the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 1.60% per annum, as more fully described below).

$\langle$ TABLE $\rangle$	$\langle$ CAPTION $\rangle$							
	ANNUALIZED RATE OF CHANGE IN CPI (1)							
PERCENTAGE CHANGE								PRETAX ANNUALIZED

IN INDEX FROM STARTING INDEX VALUE	RATE OF RETURN OF STOCKS UNDERLYING THE INDEX (2)								
	-3.00%	-1.00%	0.00%	1.00%	3.00%	5.00%	7.00%	9.00%	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
-50.00%.....	0.00%	0.00%	0.00%	1.00%	2.98%	4.94%	6.88%	8.81%	-5.24%
-30.00%.....	0.00%	0.00%	0.00%	1.00%	2.98%	4.94%	6.88%	8.81%	-1.95%
-10.00%.....	0.00%	0.00%	0.00%	1.00%	2.98%	4.94%	6.88%	8.81%	0.55%
0.00%.....	0.00%	0.00%	0.00%	1.00%	2.98%	4.94%	6.88%	8.81%	1.60%
10.00%.....	0.00%	0.00%	0.00%	1.00%	2.98%	4.94%	6.88%	8.81%	2.56%
30.00%.....	1.23%	1.23%	1.23%	2.12%	3.92%	5.73%	7.55%	9.37%	4.25%
50.00%.....	2.67%	2.67%	2.67%	3.46%	5.06%	6.70%	8.38%	10.07%	5.71%
70.00%.....	3.95%	3.95%	3.95%	4.65%	6.09%	7.59%	9.15%	10.74%	7.00%
90.00%.....	5.08%	5.08%	5.08%	5.72%	7.03%	8.42%	9.86%	11.36%	8.15%
110.00%.....	6.11%	6.11%	6.11%	6.69%	7.90%	9.19%	10.54%	11.95%	9.20%
130.00%.....	7.05%	7.05%	7.05%	7.58%	8.70%	9.90%	11.18%	12.52%	10.15%
150.00%.....	7.05%	7.05%	7.05%	7.58%	8.70%	9.90%	11.18%	12.52%	11.02%
170.00%.....	7.05%	7.05%	7.05%	7.58%	8.70%	9.90%	11.18%	12.52%	11.84%
190.00%.....	7.05%	7.05%	7.05%	7.58%	8.70%	9.90%	11.18%	12.52%	12.60%

</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 (a) an investment of a fixed amount in the stocks underlying the Index with the allocation of such amount reflecting the current relative weights of such stocks in the Index; (b) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (c) a constant dividend yield of 1.60% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (d) no transaction fees or expenses; (e) a term for the Securities from September 24, 1997 to September 24, 2007; and (f) a final Index value equal to the Ending Index Value. The aggregate dividend yield of the stocks underlying the Index as of September 18, 1997 was approximately 1.60%.

As you can see from the foregoing tables, if you assume a 3% per annum change in the CPI during the term of the Securities and a 70% increase in the Index from the Starting Index Value to the Ending Index Value, \$18.22 would be payable at the maturity of the Securities and the pretax annualized rate of return to beneficial owners of the Securities calculated on a semi-annual bond equivalent basis would be 6.09%. Given a fixed annual percentage change in the CPI, any increase in the value of the Index above 230% of the Starting Index Value (i.e., a percentage increase in the Index from the Starting Index Value of 130%) will not increase the pretax annualized rate of return on the Securities.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Index Value determined by the Calculation Agent as provided herein.

#### ADJUSTMENTS TO THE CPI

If at any time the method of calculating the CPI, or the value thereof, is changed in any material respect, or if the CPI is in any other way modified so that such CPI does not, in the opinion of the Calculation Agent, fairly represent the value of the CPI had such changes or modifications not been made, then, from and after such time, the Calculation Agent shall make such adjustments for purposes of determining the Final CPI as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a calculation of a value of an inflation index comparable to the CPI as if such changes or modifications had not been made.

If the CPI is discontinued while the Securities are outstanding, the Calculation Agent shall determine an alternative index that in the Calculation Agent's sole discretion is comparable to the CPI (the "Successor CPI"). Upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor CPI for the CPI. The Calculation Agent may make such adjustments to the values of the Successor CPI in order to maintain the intended economic benefits to the Company and the Holders of the Securities. Upon any selection by the Calculation Agent of a Successor CPI, the Company shall cause notice thereof to be given to the Holders of the Securities.

#### 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:

(a) 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 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 each case, for more than two hours of trading in 100 or more of the securities included in the Index, or

(b) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the Index which are traded on the Chicago Board Options Exchange, Inc.

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 S&P discontinues publication of the Index and S&P 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 notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by S&P 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 S&P 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 S&P 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 (a) the determination of the Ending Index Value and (b) 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 Wall Street Journal (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 the Adjusted Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the Securities. See "Description of Securities--Payment at Maturity" in this Prospectus. 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 6.58% 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 Cede & Co. (DTC's partnership nominee). 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 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.

So long as DTC, or its nominee, is a 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 Senior Indenture. Except as provided below, the actual owner of the Securities represented by a Global Security (the "Beneficial Owner") 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, except in the event that use of the book-entry system for the Securities is discontinued, and will not be considered the owners or Holders thereof under the Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 of DTC (a "Participant"), on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder under the Senior 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 Senior 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, as defined below, 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.

If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that the Global Securities shall be exchangeable or (z) an Event of Default has occurred and is

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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.

The following is based on information furnished by DTC:

DTC will act as securities depository for the Securities. The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered Global Security will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct 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's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its



Participants are on file with the Securities and Exchange Commission.

Purchases of Securities under the DTC's system must be made by or through Direct Participants, which will receive a credit for the Securities on the DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the records of Direct Participants and Indirect Participants. 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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Principal, premium, if any, and/or interest, if any, payments on the Securities will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of DTC, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the Company or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Company or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

#### SAME-DAY SETTLEMENT AND PAYMENT

All payments of Adjusted Principal Amount 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.

#### THE INDEX

All disclosure contained in this Prospectus regarding the Index, including, without limitation, its make-up, method of calculation and changes in its components, is derived from publicly available information prepared by S&P.

#### GENERAL

The Index is published by S&P and is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time as compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of August 31, 1997, the 500 companies included in the Index

represented approximately 79% of the aggregate Market Value of common stocks traded on the NYSE; however, these 500 companies are not the 500 largest companies listed on the NYSE and not all of these 500 companies are listed on such exchange. As of August 31, 1997, the aggregate market value of the 500 companies included in the Index represented approximately 71% of the aggregate market value of United States domestic, public companies. S&P chooses companies for inclusion in the Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the NYSE, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that Company's common stock is generally responsive to changes in the affairs of the respective industry and the Market Value and trading activity of the common stock of that company. As of August 31, 1997, the 500 companies included in the Index were divided into 103 individual groups. These

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individual groups comprised the following four main groups of companies (with the number of companies currently included in each group indicated in parentheses): Industrials (383), Utilities (37), Transportation (11) and Financial (69). S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the Index to achieve the objectives stated above.

#### COMPUTATION OF THE INDEX

S&P currently computes the Index as of a particular time as follows:

- (1) the product of the market price per share and the number of then outstanding shares of each component stock is determined as of such time (such product referred to as the "Market Value" of such stock);
- (2) the Market Value of all component stocks as of such time (as determined under clause (1) above) are aggregated;
- (3) the mean average of the Market Values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined;
- (4) the mean average Market Values of all such common stocks over such base period (as determined under clause (3) above) are aggregated (such aggregate amount being referred to as the "Base Value");
- (5) the aggregate Market Value of all component stocks as of such time (as determined under clause (2) above) is divided by the Base Value; and
- (6) the resulting quotient (expressed in decimals) is multiplied by ten.

While S&P currently employs the above methodology to calculate the Index, no assurance can be given that S&P will not modify or change such methodology in a manner that may affect the Supplemental Redemption Amount, if any, payable to beneficial owners of Securities upon maturity or otherwise.

S&P adjusts the foregoing formula to negate the effect of changes in the Market Value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. Such changes may result from such causes as the issuance of stock dividends, the granting to shareholders of rights to purchase additional shares of such stock, the purchase thereof by employees pursuant to employee benefit plans, certain consolidations and acquisitions, the granting to shareholders of rights to purchase other securities of the company, the substitution by S&P of particular component stocks in the Index, and other reasons. In all such cases, S&P first recalculates the aggregate Market Value of all component stocks (after taking account of the new market price per share of the particular component stock or the new number of outstanding shares thereof or both, as the case may be) and then determines the New Base Value in accordance with the following formula:

$$\begin{array}{r} \text{Old Base Value} \quad \times \quad \text{New Market Value} = \quad \text{New Base Value} \\ \text{-----} \\ \text{Old Market Value} \end{array}$$

The result is that the Base Value is adjusted in proportion to any change in the aggregate Market Value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of such causes upon the Index.

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#### LICENSE AGREEMENT

S&P and Merrill Lynch Capital Services, Inc. have entered into a non-exclusive license agreement providing for the license to Merrill Lynch Capital Services, Inc., in exchange for a fee, of the right to use indices owned and published by S&P in connection with certain securities, including the Securities, and the Company is an authorized sublicensee thereof.

The license agreement between S&P and Merrill Lynch Capital Services, Inc. provides that the following language must be stated in this Prospectus:

"The Securities are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the Holders of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly or the ability of the Index to track general stock market performance. S&P's only relationship to Merrill Lynch Capital Services, Inc. and the Company (other than transactions entered into in the ordinary course of business) is the licensing of certain servicemarks and trade names of S&P and of the Index which is determined, composed and calculated by S&P without regard to the Company or the Securities. S&P has no obligation to take the needs of the Company or the Holders of the Securities into consideration in determining, composing or calculating the Index. S&P is not responsible for and has not participated in the determination of the timing of the sale of the Securities, prices at which the Securities are to initially be sold, or quantities of the Securities to be issued or in the determination or calculation of the equation by which the Securities are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Securities."

#### CPI

##### GENERAL

The CPI is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors and dentists services, and drugs. In calculating the index, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the BLS to take into account changes in consumer expenditure patterns.

All disclosure contained in this Prospectus regarding the CPI, including, without limitation, its composition, method of calculation and changes in its components, is derived from publicly available information prepared by the United States Government. Neither the Company nor the underwriter takes any responsibility for the accuracy or completeness of such information.

The CPI is expressed in relative terms in relation to a time base reference period for which the level is set at 100. For example, if the CPI for the 1982-1984 reference period is 100, an increase of 16.5 percent from that period would result in a CPI value equal to 116.5. The CPI for a particular month is released and published during the following month. From time to time, the CPI is rebased to a more recent base reference period. The base reference period for these Notes is the 1982-1984 average which is equal to 100.

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#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company or any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 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.

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#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by

the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of

any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Solely for purposes of applying the final Treasury Department Regulations (the "Final Regulations") concerning the United States Federal income tax treatment of contingent payment debt instruments to the Securities, the Company has determined that the projected payment schedule for the Securities will consist of payment on the maturity date of a projected amount equal to \$19.0973 per Unit. This represents an estimated yield on the Securities equal to 6.58% per annum (compounded semiannually).

The projected payment schedule (including both the projected Redemption Amount and the estimated yield on the Securities) has been determined solely for United States Federal income tax purposes (i.e., for purposes of applying the Final Regulations to the Securities), and is neither a prediction nor a guarantee of what either the actual Adjusted Principal Amount or the actual Supplemental Redemption Amount will be, or that either the actual Adjusted Principal Amount will exceed \$10 or that the actual Supplemental Redemption Amount will even exceed zero.

The following table sets forth the amount of interest that will be deemed to have accrued with respect to each Unit of the Securities during each accrual period over a term of ten years for the Securities based upon a projected payment schedule for the Securities (including both the projected Supplemental Redemption Amount and the estimated yield equal to 6.58% per annum (compounded semiannually)) as determined by the Company for purposes of application of the Final Regulations to the Securities:

<TABLE>  
<CAPTION>

ACCRUAL PERIOD	TOTAL INTEREST DEEMED	
	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
<S>	<C>	<C>
September 24, 1997 through March 23, 1998..	\$0.3244	\$0.3244
March 24, 1998 through September 23, 1998..	\$0.3415	\$0.6659
September 24, 1998 through March 23, 1999..	\$0.3490	\$1.0149
March 24, 1999 through September 23, 1999..	\$0.3624	\$1.3773
September 24, 1999 through March 23, 2000..	\$0.3743	\$1.7516
March 24, 2000 through September 23, 2000..	\$0.3867	\$2.1383

<TABLE>  
<CAPTION>

ACCRUAL PERIOD	TOTAL INTEREST DEEMED	
	INTEREST DEEMED TO ACCRUE DURING ACCRUAL PERIOD (PER UNIT)	TO HAVE ACCRUED ON SECURITIES AS OF END OF ACCRUAL PERIOD (PER UNIT)
<S>	<C>	<C>
September 24, 2002 through March 23, 2001..	\$0.3993	\$2.5376
March 24, 2001 through September 23, 2001..	\$0.4125	\$2.9501
September 24, 2001 through March 23, 2002..	\$0.4261	\$3.3762

March 24, 2002 through September 23, 2002..	\$0.4401	\$3.8163
September 24, 2002 through March 23, 2003..	\$0.4545	\$4.2708
March 24, 2003 through September 23, 2003..	\$0.4695	\$4.7403
September 24, 2003 through March 23, 2004..	\$0.4850	\$5.2253
March 24, 2004 through September 23, 2004..	\$0.5009	\$5.7262
September 24, 2004 through March 23, 2005..	\$0.5174	\$6.2436
March 24, 2005 through September 23, 2005..	\$0.5344	\$6.7780
September 24, 2005 through March 23, 2006..	\$0.5520	\$7.3300
March 24, 2006 through September 23, 2006..	\$0.5701	\$7.9001
September 24, 2006 through March 23, 2007..	\$0.5890	\$8.4891
March 24, 2007 through September 24, 2007..	\$0.6082	\$9.0973

</TABLE>

Projected Redemption Amount = \$19.0973 per Unit.

All prospective investors in the Securities should consult their own tax advisors concerning the application of the Final Regulations to their investment in the Securities. Investors in the Securities may also obtain the projected payment schedule, as determined by the Company for purposes of the application of the Final Regulations to the Securities, by submitting a written request for such information to Merrill Lynch & Co., Inc., Attn: Darryl W. Colletti, Corporate Secretary's Office, 100 Church Street, 12th Floor, New York, New York 10080-6512.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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

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included in such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLEMENT OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
7 1/4% STRYPES(SM) DUE JUNE 15, 1999  
PAYABLE WITH SHARES OF COMMON STOCK OF SUNAMERICA INC.  
(OR IN CASH)  
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On June 6, 1996, Merrill Lynch & Co., Inc. (the "Company") issued 3,000,000 of its Structured Yield Product Exchangeable for Stock(SM), 7 1/4% STRYPES(SM) Due June 15, 1999 (each, a "STRYPES"). The issue price of each STRYPES was

\$56.375, which amount was equal to the last sale price of the common stock, par value \$1.00 per share (the "SunAmerica Common Stock"), of SunAmerica Inc., a Maryland corporation ("SunAmerica"), on June 6, 1996, as reported on the New York Stock Exchange (the "Initial Price"). The STRYPES will mature on June 15, 1999 (the "Maturity Date"). Interest on the STRYPES, at the rate of 7 1/4% of the issue price per annum, is payable in cash quarterly in arrears on March 15, June 15, September 15 and December 15, beginning September 15, 1996. 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, unless redeemed on or prior to such date, the Company will pay and discharge each STRYPES by delivering to the holder thereof one share of SunAmerica Common Stock, subject to adjustment in certain events (subject to the Company's right to deliver, with respect to all, but not less than all, of the STRYPES then outstanding, cash in an amount equal to the Current Market Price (as defined herein), determined as of the second Trading Day (as defined herein) prior to the applicable Notice Date (as defined herein), of SunAmerica Common Stock which otherwise would have been delivered). BECAUSE THE PRICE OF THE SUNAMERICA COMMON STOCK IS SUBJECT TO MARKET FLUCTUATIONS, THE VALUE OF THE SUNAMERICA COMMON STOCK (OR, AT THE OPTION OF THE COMPANY, THE AMOUNT OF CASH) RECEIVED BY A HOLDER OF STRYPES AT MATURITY MAY BE LESS THAN THE AMOUNT PAID FOR THE STRYPES UPON ISSUANCE, IN WHICH CASE AN INVESTMENT IN THE STRYPES WILL RESULT IN LOSS.

At any time or from time to time on or prior to the Maturity Date, the Company may, at its option, redeem the outstanding STRYPES, in whole or in part, at a redemption price per STRYPES initially equal to \$86.568, declining by \$.00966 on each day following the Issue Date to \$76.686 on April 15, 1999, and equal to \$76.106 thereafter, payable in either (i) shares of SunAmerica Common Stock having an aggregate Current Market Price, determined as of the second Trading Day prior to the applicable Notice Date, equal to the applicable redemption price or (ii) at the Company's option (which may be exercised with respect to all, but not less than all, of the STRYPES to be redeemed on any redemption date) cash, plus in either case an amount in cash equal to accrued and unpaid interest on the STRYPES to but excluding the redemption date. The STRYPES are not subject to any sinking fund.

The opportunity for capital appreciation afforded by an investment in the STRYPES is limited because the Company may, at its option, redeem the STRYPES at any time on or prior to the Maturity Date at the redemption prices described above. Although not obligated to do so, the Company may be expected to redeem the STRYPES on or prior to the Maturity Date if the market price of the SunAmerica Common Stock exceeds the applicable redemption price, in which event holders of STRYPES will receive less than one share of SunAmerica Common Stock for each STRYPES (or, at the option of the Company, cash in an amount equal to the Current Market Price of less than one share of such SunAmerica Common Stock).

The Notice Date applicable to the Maturity Date or a redemption date will be at least 30 days and could be up to 60 days prior to such Maturity Date or redemption date, as the case may be. If, as described above, the Company (i) elects to pay the STRYPES in cash at maturity or (ii) elects to redeem the STRYPES, in whole or in part, and to pay the redemption price by delivering shares of SunAmerica Common Stock, the amount of cash payable on the Maturity Date or the number of shares to be delivered on the redemption date, as the case may be, will be determined on the basis of the Current Market Price as of the second Trading Day prior to the applicable Notice Date. The price of the SunAmerica Common Stock is subject to market fluctuations and, as a result, (a) the amount of cash delivered on the Maturity Date in respect of each STRYPES may be more or less than the market value on the Maturity Date of the SunAmerica Common Stock which a holder would otherwise have been entitled to receive and (b) the market value on a redemption date of shares of SunAmerica Common Stock delivered in respect of each STRYPES may be more or less than the applicable redemption price.

SunAmerica Inc. 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 "SAI."

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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

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MERRILL LYNCH & CO.

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The date of this Prospectus is July \_\_, 1998

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

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO, OR A SOLICITATION OF AN OFFER TO

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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

RISK OF FLUCTUATIONS IN PRICE OF SUNAMERICA COMMON STOCK; CALCULATION OF CURRENT MARKET PRICE



Because the price of the SunAmerica Common Stock is subject to market fluctuations, the value of the SunAmerica Common Stock (or, pursuant to the option of the Company exercisable at maturity, the amount of cash) received by a holder of STRYPES upon maturity may be less than the amount paid for the STRYPES upon issuance, in which case an investment in the STRYPES will result in a loss. ACCORDINGLY, A HOLDER OF STRYPES ASSUMES THE RISK THAT THE MARKET VALUE OF THE SUNAMERICA COMMON STOCK MAY DECLINE, AND THAT SUCH DECLINE COULD BE SUBSTANTIAL. THE SUNAMERICA PROSPECTUS COVERS THE SHARES OF SUNAMERICA COMMON STOCK WHICH MAY BE RECEIVED BY A HOLDER OF THE STRYPES ON THE MATURITY DATE OR UPON REDEMPTION.

The Notice Date applicable to the Maturity Date or a redemption date will be at least 30 days and could be up to 60 days prior to such Maturity Date or redemption date, as the case may be. If the Company (i) elects to pay the STRYPES in cash at maturity or (ii) elects to redeem the STRYPES, in whole or in part, and to pay the redemption price by delivering shares of SunAmerica Common Stock, the amount of cash payable on the Maturity Date or the number of shares to be delivered on the redemption date, as the case may be, will be determined on the basis of the Current Market Price as of the second Trading Day prior to the applicable Notice Date. The price of the SunAmerica Common Stock is subject to market fluctuations and, as a result, (a) the amount of cash delivered on the Maturity Date in respect of each STRYPES may be more or less than the market value on the Maturity Date of the SunAmerica Common Stock which a holder would otherwise have been entitled to receive and (b) the market value on a redemption date of shares of SunAmerica Common Stock delivered in respect of each STRYPES may be more or less than the applicable redemption price.

As described under "Description of the STRYPES--Certain Definitions," the Current Market Price used to determine the amount of cash which may, at the option of the Company, be paid at maturity or the number of shares of SunAmerica Common Stock which may, at the option of the Company, be delivered upon any redemption of the STRYPES will generally be equal to the average of the daily Closing Prices (as defined) of the SunAmerica Common Stock for the five consecutive Trading Days ending on and including the date of determination. However, if the Closing Price on the Trading Day next following such five-day period (the "Next-Day Closing Price") is less than 95% of such five-day average Closing Price, then the Current Market Price on such date of determination will be the Next-Day Closing Price. Because the price of the SunAmerica Common Stock is subject to market fluctuations, it is possible that the Next-Day Closing Price could be significantly less than such five-day average.

#### LIMITATION ON OPPORTUNITY FOR CAPITAL APPRECIATION

The opportunity for capital appreciation afforded by an investment in the STRYPES is less than the opportunity for capital appreciation afforded by a direct investment in the SunAmerica Common Stock. The opportunity for capital appreciation afforded by an investment in the STRYPES is limited because the Company may, at its option, redeem the STRYPES at any time on or prior to the Maturity Date at the redemption prices described herein. Although not obligated to do so, the Company may be expected to redeem the STRYPES on or prior to the Maturity Date if the market price of the SunAmerica Common Stock exceeds the applicable redemption price, in which event holders of STRYPES will receive less than one share of SunAmerica Common Stock for each STRYPES (or, at the option of the Company, cash in an amount equal to the Current Market Price of less than one share of such SunAmerica Common Stock). See "Description of the STRYPES--Optional Redemption." If the Company elects to redeem the STRYPES, in whole or in part, the capital appreciation, exclusive of accrued interest, realized on an investment in the STRYPES will, for any owner of STRYPES called for redemption, be limited to the excess, if any, of (i) the value of the SunAmerica Common Stock or the amount of cash, as the case may be, received in

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payment of such redemption price (such redemption price being initially \$86.568 and declining thereafter to \$76.106), over (ii) the price paid by such owner for such STRYPES (the initial price being the price to public for each STRYPES shown on the cover page of this Prospectus and the price thereafter being subject to market fluctuations).

#### FACTORS AFFECTING TRADING PRICES

The trading prices of the STRYPES in the secondary market will be directly affected by the trading prices of the SunAmerica Common Stock in the secondary market. It is impossible to predict whether the price of SunAmerica Common Stock will rise or fall. Trading prices of SunAmerica Common Stock will be influenced by SunAmerica's operating results and prospects, by complex and interrelated political, economic, financial and other factors and market conditions that can affect the capital markets generally, the market segment of which SunAmerica is a part, the NYSE (on which the SunAmerica Common Stock is traded), including the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of SunAmerica Common Stock in the market subsequent to the offering of the STRYPES or the perception that such sales could occur, and by other events that are difficult to predict and beyond the Company's control.

#### IMPACT OF STRYPES ON THE MARKET FOR SUNAMERICA COMMON STOCK

It is not possible to predict accurately how the STRYPES will trade in the secondary market or whether such market will be liquid. Any market that develops for the STRYPES is likely to influence and be influenced by the market for SunAmerica Common Stock. For example, the price of SunAmerica Common Stock could be depressed by investors' anticipation of the potential distribution into the market of substantial additional amounts of SunAmerica Common Stock on the Maturity Date or upon redemption of the STRYPES, by possible sales of SunAmerica

Common Stock by investors who view the STRYPES as a more attractive means of equity participation in SunAmerica and by hedging or arbitrage trading activity that may develop involving the STRYPES and the SunAmerica Common Stock. In addition Mr. Eli Broad (the "Selling Stockholder" is not precluded from selling SunAmerica Common Stock. Any such sales could have an adverse effect on the market price of SunAmerica Common Stock and/or 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 under the symbol "SAI". 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.

#### NO STOCKHOLDER RIGHTS

Holders of the STRYPES will not be entitled to any rights with respect to the SunAmerica 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 SunAmerica Common Stock for STRYPES on the Maturity Date or upon redemption 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 certificate of incorporation of SunAmerica and the record date for determining the stockholders of record entitled

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to vote on such amendment occurs prior to such delivery, holders of the STRYPES will not be entitled to vote on such amendment.

#### NO AFFILIATION BETWEEN THE COMPANY AND THE SELLING STOCKHOLDER

The Company has no affiliation with the Selling Stockholder, and the Selling Stockholder has no obligation with respect to the STRYPES or amounts to be paid to the holders thereof, including any obligation to take the needs of the Company or of the holders of STRYPES into consideration in determining whether or when to cause redemption of the STRYPES or whether to deliver shares or cash at maturity or upon redemption, or for any other reason.

#### NO AFFILIATION BETWEEN THE COMPANY AND SUNAMERICA

The Company has no affiliation with SunAmerica, and SunAmerica 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. SunAmerica will not receive any of the proceeds of the offering of the STRYPES made hereby and is not responsible for, and has not participated in, the determination or calculation of the amount receivable by holders of the STRYPES on the Maturity Date or upon redemption. SunAmerica 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 on the Maturity Date or upon redemption.

#### DILUTION OF SUNAMERICA COMMON STOCK

The number of shares of SunAmerica Common Stock (or, pursuant to the option of the Company, the amount of cash) that holders of the STRYPES are entitled to receive on the Maturity Date or upon redemption is subject to adjustment for certain events arising from, among other things, a merger or consolidation in which SunAmerica is not the surviving or resulting corporation, or a sale or transfer of all or substantially all of the assets of SunAmerica on the liquidation, dissolution, winding up or bankruptcy of SunAmerica, as well as stock splits and combinations, stock dividends and certain other actions of SunAmerica that modify its capital structure. See "Description of the STRYPES-- Dilution Adjustments." Such number of shares of SunAmerica Common Stock (or, pursuant to the option of the Company, the amount of cash) to be received by such holders on the Maturity Date or upon redemption will not be adjusted for other events, such as offerings of SunAmerica Common Stock for cash or in connection with acquisitions. SunAmerica is not restricted from issuing additional shares of SunAmerica 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 market price of the SunAmerica Common Stock and of the STRYPES.

#### 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. However, it is the opinion of Brown & Wood LLP, counsel to the Company, that the characterization and tax treatment of the STRYPES described herein, while not

the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the IRS, will not result in the imposition of penalties. The Indenture (as defined below) will require that any holder subject to United States Federal income tax include currently in income, for United States 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

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which the holder agrees to use the principal payment due on the Debt Instrument (or, in the event of redemption on or prior to the Maturity Date, the redemption price) to purchase on the Maturity Date or upon redemption on or prior to the Maturity Date the SunAmerica Common Stock which the Company is obligated under the STRYPES to deliver at that time (subject to the Company's right to deliver cash in lieu of the SunAmerica 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 or redemption of the STRYPES, the amount 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). For these purposes, with respect to acquisitions of STRYPES in connection with the original issuance thereof, the Company and each holder agrees, pursuant to the terms of the Indenture, to assign \$57.277 (i.e., 101.6%) of the initial purchase price of a STRYPES (i.e., the Issue Price of a STRYPES) to the Debt Instrument component and to assign \$.902 (i.e., 1.6%) of the initial purchase price of a STRYPES to the Forward Contract component. 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.

#### 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 the rules of certain securities exchanges and other regulatory bodies.

#### OTHER CONSIDERATIONS

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

#### MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist

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of the underwriting and sale 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 and purchasing secured loans, providing currency exchange

facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS
	1993	1994	1995	1996	1997	ENDED MARCH 27, 1998
	----	----	----	----	----	-----
	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### SUNAMERICA INC.

SunAmerica Inc. is a diversified financial services company specializing in retirement savings products and services.

SunAmerica is subject to the informational requirements of the Exchange Act. Accordingly, SunAmerica 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 SunAmerica may also be inspected at the offices of the NYSE.

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

#### DESCRIPTION OF THE STRYPES

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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 STRYPE, which was issued at the Issue Price of \$56.375, bears interest at the rate of 7 1/4% of the Issue Price per annum (or \$4.0872 per annum) from June 12, 1996, 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 such STRYPE is redeemed or the Issue Price of such STRYPE is repaid pursuant to the terms thereof. Interest on the STRYPE will be payable in cash quarterly in arrears on March 15, June 15, September 15 and December 15, beginning September 15, 1996, 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, Maturity Date or redemption date falls on a day that is not a Business Day, the payments to be made (including any shares of

SunAmerica Common Stock to be delivered) on such date will be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, Maturity Date or redemption date, and no additional interest will accrue as a result of such delayed payment.

#### PAYMENTS AT MATURITY

The STRYPES will mature on June 15, 1999. On the Maturity Date, unless redeemed on or prior to such date, the Company will pay and discharge each STRYPES by delivering to the holder thereof a number of shares of SunAmerica Common Stock equal to the Common Equivalent Rate (as described below) in effect on the Maturity Date (subject to the Company's right to deliver, with respect to all, but not less than all, of the STRYPES then outstanding, cash in an amount equal to the Current Market Price, determined as of the second Trading Day prior to the applicable Notice Date, of the SunAmerica Common Stock which otherwise would have been delivered). The Common Equivalent Rate will initially be one share of Common Stock per STRYPES. The Common Equivalent Rate is subject to adjustment as described below under "--Dilution Adjustments." Because the price of the SunAmerica Common Stock is subject to market fluctuations, the value of the SunAmerica Common Stock (or, at the option of the Company, the amount of cash) received by a holder of STRYPES on the Maturity Date may be less than the amount paid for the STRYPES upon issuance, in which case an investment in the STRYPES will result in a loss. In addition, because of such market fluctuations and because the Current Market Price of the SunAmerica Common Stock will be determined as of the second Trading Date prior to the applicable Notice Date (which will be at least 30 and could be up to 60 days prior to the Maturity Date), it is likely that, if the Company elects to pay the STRYPES in cash on the Maturity Date, the amount of cash payable per STRYPES will differ from the market value on the Maturity Date of the shares of SunAmerica Common Stock which a holder would otherwise have received. See "Risk Factors--Risk of Fluctuations in Price of SunAmerica Common Stock; Calculation of Current Market Price."

In the Indenture, the Company will agree to deliver on the Maturity Date the form of consideration that the ML&Co. Subsidiary receives from the Selling Stockholder. The Company will be required to mail a notice, at least 30 but not more than 60 days prior to the Maturity Date, to each holder of STRYPES at its registered address, which

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notice shall state whether the STRYPES will be paid and discharged with shares of SunAmerica Common Stock or in cash and, if payable in cash, specifying the amount of cash payable for each STRYPES and the Current Market Price used to calculate such amount. If the Company elects to deliver shares of SunAmerica Common Stock, holders of the STRYPES will be responsible for the payment of any and all brokerage costs upon the subsequent sale of such stock.

#### OPTIONAL REDEMPTION

At any time or from time to time on or prior to the Maturity Date, the Company may, at its option, redeem the outstanding STRYPES, in whole or in part, at a redemption price per STRYPES initially equal to \$86.568, declining by \$.00966 on each day following the Issue Date (computed on the basis of a 360-day year of twelve 30-day months) to \$76.686 on April 15, 1999, and equal to \$76.106 thereafter, payable in either (i) a number of shares of SunAmerica Common Stock equal to the redemption price on the applicable redemption date divided by the Current Market Price of the SunAmerica Common Stock determined as of the second Trading Day preceding the applicable Notice Date or (ii) at the Company's option (which may be exercised with respect to all, but not less than all, of the STRYPES to be redeemed on any redemption date) cash, plus in either case an amount in cash equal to accrued and unpaid interest on the STRYPES to but excluding the redemption date; provided that installments of interest which are due and payable on or prior to the redemption date shall be payable to the holders of STRYPES registered as such at the close of business on the relevant record dates. On and after the redemption date, interest will cease to accrue on the STRYPES called for redemption, unless the Company defaults in the payment of the redemption price therefor. If the Company elects to deliver shares of SunAmerica Common Stock, holders of the STRYPES will be responsible for the payment of any and all brokerage costs upon the subsequent sale of such stock.

Notice of redemption shall be mailed at least 30 days but not more than 60 days before the redemption date to each holder of STRYPES to be redeemed at its registered address. Such notice shall specify whether the Company will pay the redemption price by delivery of SunAmerica Common Stock or in cash and, if payable in SunAmerica Common Stock, will also specify the number of shares of SunAmerica Common Stock to be delivered for each STRYPES and the Current Market Price used to calculate such number of shares. If only a portion of the STRYPES held by any registered holder are to be redeemed, the notice of redemption shall specify the number of STRYPES to be redeemed from such holder and, upon redemption, a new STRYPES certificate evidencing the unredeemed STRYPES will be issued in the name of the holder upon surrender for cancellation of the original certificate.

In the event that less than all of the STRYPES are to be redeemed at any time, selection of STRYPES for redemption will be made by the Trustee by such method as the Trustee shall deem fair and appropriate (subject to compliance with the requirements of the principal national securities exchange on which the STRYPES may be listed); provided, however, that the STRYPES shall not be redeemed except in units of one or more whole STRYPES.

The opportunity for capital appreciation afforded by an investment in the STRYPES is limited because the Company may, at its option, redeem the STRYPES at

any time on or prior to the Maturity Date at the redemption prices described above. Although not obligated to do so, the Company may be expected to redeem the STRYPES on or prior to the Maturity Date if the market price of the SunAmerica Common Stock exceeds the applicable redemption price, in which event holders of STRYPES will receive less than one share of SunAmerica Common Stock for each STRYPES (or, at the option of the Company, cash in an amount equal to the Current Market Price of less than one share of such SunAmerica Common Stock). See "Risk Factors--Limitation on Opportunity for Capital Appreciation."

If the Company exercises its option to redeem the STRYPES, in whole or in part, the Notice Date for such redemption will be at least 30 days and could be up to 60 days prior to the redemption date. If, as described above, the Company elects to pay the redemption price by delivering shares of SunAmerica Common Stock, the number of shares to be so delivered will be determined on the basis of the Current Market Price as of the second Trading Date prior to the Notice Date. The price of the SunAmerica Common Stock is subject to market fluctuations and,

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as a result, the market value on such redemption date of the shares of SunAmerica Common Stock delivered in respect of each STRYPES may be more or less than the applicable redemption price. See "Risk Factors--Risk of Fluctuations in Price of SunAmerica Common Stock; Calculation of Current Market Price."

#### CERTAIN DEFINITIONS

The "Closing Price" of any security on any day shall mean the closing sales price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices regular way on such day, in each case on the NYSE, or, if such security is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted to trading, or, if not listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similarly generally accepted reporting service, or if not so available in such manner, as furnished by any NYSE member firm selected from time to time by the Board of Directors of the Company for that purpose.

The "Current Market Price" per share of the SunAmerica Common Stock on any date of determination means the average of the daily Closing Prices for the five consecutive Trading Days ending on and including such date of determination (appropriately adjusted to take into account the occurrence during such five-day period of any event that results in an adjustment of the Common Equivalent Rate); provided, however, that if the Closing Price of the SunAmerica Common Stock on the Trading Day next following such five-day period (the "Next-Day Closing Price") is less than 95% of such five-day average, then the Current Market Price per share of SunAmerica Common Stock on such date of determination will be the Next-Day Closing Price; and provided, further, that, for the purposes of calculating the Current Market Price in connection with the Maturity Date or any redemption of STRYPES or any determination of an amount in cash payable in lieu of a fractional share of SunAmerica Common Stock, if any adjustment of the Common Equivalent Rate becomes effective as of any date during the period beginning on the first day of such five-day period and ending on the Maturity Date or the relevant redemption date, as the case may be, then the Current Market Price as determined pursuant to the foregoing will be appropriately adjusted to reflect such adjustment. Because the price of SunAmerica Common Stock is subject to market fluctuations, it is possible that the Next-Day Closing Price could be significantly less than such five-day average. See "Risk Factors--Risk of Fluctuations in Price of SunAmerica Common Stock; Calculation of Current Market Price."

A "Notice Date" with respect to any notice given by the Company in connection with the Maturity Date or any redemption of STRYPES means the commencement of the mailing of such notice to the holders of STRYPES in accordance with "--Payments at Maturity" or "--Optional Redemption," as the case may be, above.

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; provided that, if the Closing Price of such security is to be determined by a NYSE member firm, then the term Trading Day shall mean, for purposes of determining such Closing Price, a day on which the NYSE is open for trading.

#### DILUTION ADJUSTMENTS

The Common Equivalent Rate will initially be one share of SunAmerica Common Stock for each STRYPES. The Common Equivalent Rate is subject to adjustment if SunAmerica shall: (i) pay a dividend or make a distribution with respect to SunAmerica Common Stock in shares of SunAmerica Common Stock; (ii) subdivide or split the outstanding shares of SunAmerica Common Stock into a greater number of shares; (iii) combine the outstanding shares of SunAmerica Common Stock into a smaller number of shares; (iv) issue by reclassification of shares of SunAmerica Common Stock any shares of common stock of SunAmerica; (v) issue certain rights or warrants to all holders of SunAmerica Common Stock; or (vi) pay a dividend or make a distribution to all holders of SunAmerica

Common Stock of evidences of its indebtedness or other assets (including shares of capital stock of SunAmerica but excluding any cash dividends and any stock dividends or distributions referred to in clause (i) above).

All adjustments to the Common Equivalent Rate will be calculated to the nearest 1/100th of a share of SunAmerica Common Stock (or if there is not a nearest 1/100th of a share to the next lower 1/100th of a share). No adjustment in the Common Equivalent Rate 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. Each such adjustment to the Common Equivalent Rate shall be made successively.

In the event of (A) any consolidation or merger of SunAmerica, or any surviving entity or subsequent surviving entity of SunAmerica (a "SunAmerica Successor"), with or into another entity (other than a merger or consolidation in which SunAmerica is the continuing corporation and in which the SunAmerica Common Stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of SunAmerica or another corporation), (B) any sale, transfer, lease or conveyance to another corporation of the property of SunAmerica or any SunAmerica Successor as an entirety or substantially as an entirety, (C) any statutory exchange of securities of SunAmerica or any SunAmerica Successor with another corporation (other than in connection with a merger or acquisition) or (D) any liquidation, dissolution, winding up or bankruptcy of SunAmerica or any SunAmerica Successor (any such event described in clause (A), (B), (C) or (D), a "Reorganization Event"), the Common Equivalent Rate will be adjusted to provide that each holder of STRYPES will receive on the Maturity Date or any redemption date for each STRYPES cash in an amount equal to the Transaction Value. "Transaction Value" means (i) for any cash received in any such Reorganization Event, the amount of cash received per share of SunAmerica 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 or any redemption date of such property received per share of SunAmerica 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 five Trading Days immediately prior to the second Trading Day preceding the Maturity Date or any redemption date multiplied by the number of such securities received for each share of SunAmerica 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 SunAmerica 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 discharged after consummation of such transaction shall be subject to adjustment as described above following the date of consummation of such transaction.

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

The Company is required, within ten Business Days following the occurrence of an event that requires an adjustment to the Common Equivalent Rate (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 Common Equivalent Rate and the method by which the adjustment to the Common Equivalent Rate was determined.

#### CERTAIN PROCEDURES IN CONNECTION WITH MATURITY AND REDEMPTION

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Each holder of STRYPES on the Maturity Date, and each holder of STRYPES called for redemption on any redemption date, must surrender the certificates evidencing such STRYPES at the office or agency of the Company maintained for such purpose in order to receive the consideration payable on such date. If, on the Maturity Date or any redemption date, the Company shall have deposited with the Trustee or other agent under the Indenture the consideration payable on such date in respect of all of the STRYPES then outstanding (in the case of the Maturity Date) or the STRYPES called for redemption (in the case of any redemption date), then, on the Maturity Date or redemption date, as the case may be, all of the outstanding STRYPES or the STRYPES called for redemption, as the case may be, shall cease to bear interest and all rights of the holders thereof shall terminate (except for the right to receive the consideration payable in respect of such STRYPES on such date), notwithstanding that the certificates evidencing any of the STRYPES which are payable or subject to redemption on such date shall not have been surrendered to the Company.

#### FRACTIONAL SHARES

No fractional shares of SunAmerica Common Stock will be delivered if the

Company pays and discharges the STRYPES by delivering shares of SunAmerica Common Stock on the Maturity Date or any redemption date. In lieu of any fractional share otherwise deliverable in respect of all STRYPES of any holder on the Maturity Date or any redemption date, such holder shall be entitled to receive an amount in cash equal to the value of such fractional share at the Current Market Price of the SunAmerica Common Stock determined as of the second Trading Day immediately preceding the relevant Notice Date.

#### NO SINKING FUND

The STRYPES 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 will be unsecured obligations and will 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.

#### SECURITIES DEPOSITORY

Upon issuance, each series of STRYPES will be represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note will be 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

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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's 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 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.

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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, with respect to a series of STRYPES, (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 any STRYPES of that series, the Company will issue STRYPES in definitive form in exchange for all of the Global Notes representing the STRYPES of that series. 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 Underlying Securities (or cash with an equal value) in respect of, any interest and Additional Amounts on, and any other amounts payable with respect to, the STRYPES of each series 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.

#### 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 50% of the shares of Voting Stock of such corporation) 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 each series of STRYPES: (a) failure to pay and discharge the STRYPES of that series with the Underlying Securities or, if the Company so elects, to pay an equivalent amount in cash in lieu thereof when due; (b) failure to pay the Redemption Price or any redemption premium with respect to any STRYPES of that series when due; (c) failure to deposit any

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sinking fund payment, when and as due by the terms of any STRYPES of that series; (d) failure to pay any interest on or any Additional Amounts in respect of any STRYPES of that series when due, continued for 30 days; (e) failure to perform any other covenant of the Company contained in the Indenture for the benefit of that series or in the STRYPES of that series, 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 of that series, as provided in the Indenture; (f) certain events in bankruptcy, insolvency or reorganization of the Company; and (g) any other Event of Default provided with respect to STRYPES of that series.

If an Event of Default (other than an Event of Default described in clause (f) of the immediately preceding paragraph) with respect to the STRYPES of any series shall occur and be continuing, either the Trustee or the holders of at least 25% of the aggregate issue price of the Outstanding STRYPES of that series by notice as provided in the Indenture may declare an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be immediately due and payable in cash. If an Event of Default described in said clause (f) shall occur, an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, 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 of that series 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 aggregate issue price of all the STRYPES of that series 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 of any series, unless such holders of that series 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 of any series 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 of that series.

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 will 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 a series of 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 of such series; provided, however, that no such modification or amendment may, without the consent of the holder of each Outstanding STRYPES of such series affected thereby, (a) change the Maturity Date or the Stated Maturity of any installment of interest or Additional Amounts on any STRYPES or any premium payable on the redemption thereof, or change the Redemption Price, (b) reduce the amount of Underlying Securities payable with respect to any STRYPES (or reduce the amount of cash payable in lieu thereof), (c) reduce the amount of interest or Additional Amounts payable on any STRYPES or reduce the amount of cash payable with respect to any STRYPES upon acceleration of the maturity thereof, (d) change the place or currency of payment of interest or Additional Amounts on, or any amount of cash payable with respect to any STRYPES, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any STRYPES, including the payment of

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Underlying Securities with respect to any STRYPES, (f) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series, the consent of whose holders is required to modify or amend the Indenture, (g) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series necessary for waiver of compliance with certain provisions of the Indenture or

for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver. Except as provided in the Indenture, no modification of or amendment to the Indenture may adversely affect the rights of a holder of any other Senior Debt Security without the consent of such holder.

The holders of a majority of the aggregate issue price of each series of 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 each series of STRYPES may waive any past default under the Indenture, except a default in the payment of the Underlying Securities with respect to any STRYPES of that series, or of cash payable in lieu thereof, or in the payment of any premium, interest or Additional Amounts on any STRYPES of that series for which payment had not been subsequently made or in respect of a covenant and provision of the Indenture which cannot be modified or amended without the consent of the holder of each Outstanding STRYPES of such series affected.

#### GOVERNING LAW

The Indenture and the STRYPES are 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 this symbol "SAI."

#### CERTAIN ARRANGEMENTS WITH THE SELLING STOCKHOLDER

Pursuant to an agreement (the "Stock Agreement"), the Selling Stockholder is obligated to deliver to Merrill Lynch Capital Services, Inc., a wholly owned subsidiary of the Company (the "ML&Co. Subsidiary"), on June 14, 1999, a specified number of shares of SunAmerica Class B Stock (subject to the Selling Stockholder's right to deliver cash in an amount equal to the Current Market Price, determined as of the second Trading Day prior to the applicable Notice Date, of the SunAmerica Common Stock underlying the SunAmerica Class B Stock that otherwise would have been delivered). At any time and from time to time through June 15, 1999, the Selling Stockholder may, at his option, redeem his obligations under the Stock Agreement in whole or in part, at declining redemption prices, payable in either (i) shares of SunAmerica Class B Stock representing SunAmerica Common Stock having an aggregate Current Market Price, determined as of the second Trading Day prior to the date of the applicable notice of redemption, equal to the applicable redemption price or (ii) at the Selling Stockholder's option (which may be exercised with respect to all, but not less than all, of the obligations to be redeemed), cash, plus in either case an amount in cash equal to accrued and unpaid interest on the Stock Agreement to but excluding the redemption date. The consideration paid by the ML&Co. Subsidiary to the Selling Stockholder under the Stock Agreement is approximately \$131 million, and was paid on June 12, 1996. In the Indenture, the Company has agreed to pay and discharge the STRYPES by delivering to the holders thereof on the Maturity Date or any redemption date the form of consideration that the ML&Co. Subsidiary receives from the Selling Stockholder and to redeem the STRYPES if and when the Selling Stockholder redeems his obligations under the Stock Agreement.

Shares of SunAmerica Class B Stock delivered by the Selling Stockholder will convert automatically into shares of SunAmerica Common Stock upon transfer to the ML&Co. Subsidiary. The Selling Stockholder has the right at any time to modify the Stock Agreement so that he may deliver shares of SunAmerica Common Stock (or cash) instead of shares of SunAmerica Class B Stock (or cash). Until such time, if any, as the Selling Stockholder shall have delivered shares to the ML&Co. Subsidiary at maturity or upon redemption pursuant to the terms of the Stock Agreement, the Selling Stockholder will retain all ownership rights with respect to the shares held by him (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof).

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The Selling Stockholder 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 holders of the STRYPES into consideration in determining whether or when to cause the redemption of the STRYPES or whether to deliver shares or cash at maturity or upon redemption, or for any other reason. The Stock Agreement is a commercial transaction among the parties thereto and does not create any rights in or for the benefit of, any third party, including any holder of STRYPES.

In the event the Selling Stockholder does not perform under the Stock Agreement, the Company will be required to otherwise acquire shares of SunAmerica Common Stock for delivery to holders of the STRYPES on the Maturity Date or upon redemption, unless it elects to exercise its option to deliver cash with an equal value.

Merrill Lynch Capital Corporation, a wholly owned subsidiary of the Company, entered into a secured loan agreement with the Selling Stockholder pursuant to which the Selling Stockholder borrowed approximately \$33 million for a term of three years.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.  
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SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
6% STRYPES(SM) DUE JUNE 1, 1999  
PAYABLE WITH SHARES OF COMMON STOCK OF COX COMMUNICATIONS, INC.  
(OR CASH WITH AN EQUAL VALUE)  
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On May 29, 1996, Merrill Lynch & Co., Inc. (the "Company") issued 9,775,000 of its Structured Yield Product Exchangeable for Stock(SM), 6% STRYPES(SM) Due June 1, 1999 (each, a "STRYPES"). The issue price of each STRYPES was \$22.875, which amount was equal to the last sale price of the Class A Common Stock, par value \$1.00 per share (the "Cox Common Stock"), of Cox Communications, Inc., a Delaware corporation ("Cox"), on May 22, 1996, as reported on the New York Stock Exchange (the "Initial Price"). The STRYPES will mature on June 1, 1999 (the "Maturity Date"). Interest on the STRYPES, at the rate of 6% of the issue price per annum, is payable in cash quarterly in arrears on March 1, June 1, September 1 and December 1, beginning September 1, 1996. 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, unless previously redeemed, the Company will pay and discharge each STRYPES by delivering to the holder thereof a number of shares of Cox Common Stock (subject to the Company's right to deliver, with respect to all, but not less than all, shares of Cox 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 \$27.91 per share of Cox Common Stock (the "Threshold Appreciation Price"), .8196 shares of Cox Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a fractional share of Cox 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 Cox Common Stock per STRYPES. The "Maturity Price" means the average Closing Price (as defined herein) per share of Cox 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 COX 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 THE STRYPES WILL RESULT IN A LOSS. See "Description of the STRYPES."

From and after a tax event date (as defined herein), the STRYPES will be redeemed at the option of the Company, in whole but not in part, at the Tax Event Redemption Price (as defined herein). See "Description of the STRYPES--Special Redemption Upon Tax Event." The STRYPES are not subject to any sinking

fund.

Cox 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 "CML."

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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 Conduct Rules 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 July \_\_, 1998  
(SM)Service Mark of Merrill Lynch & Co., Inc.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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 COX COMMON STOCK

The terms of the STRYPES differ from those of ordinary debt securities in that the value of the Cox 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 Cox 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 COX 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 COX COMMON STOCK MAY DECLINE, AND THAT SUCH DECLINE COULD BE SUBSTANTIAL.

##### LIMITATION 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 Cox 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 Cox Common Stock exceeds the Threshold Appreciation Price (which represents an appreciation of 22% over the Initial Price). Moreover, holders of the STRYPES will only be entitled to receive on the Maturity Date 81.96% (the percentage equal to the Initial Price divided by the Threshold Appreciation Price) of any appreciation of the value of Cox Common Stock in excess of the Threshold Appreciation Price. See "Description of the STRYPES." Because the price of the Cox Common Stock is subject to market fluctuations, the value of the Cox 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 Cox Common Stock in the secondary market. It is impossible to predict whether the price of Cox Common Stock will rise or fall. Trading prices of Cox Common Stock will be influenced by Cox's operating results and prospects, by complex and interrelated political, economic, financial and other factors and market conditions that can affect the capital markets generally, the market segment of which Cox is a part, the NYSE (on which the Cox Common Stock is traded), including the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of Cox Common Stock in the market subsequent to the offering of the STRYPES or the perception that such sales could occur, and by other events that are difficult to predict and beyond the Company's control.

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##### IMPACT OF STRYPES ON THE MARKET FOR COX COMMON STOCK

It is not possible to predict accurately how or whether the STRYPES will trade in the secondary market or whether such market will be liquid. Any market that develops for the STRYPES is likely to influence and be influenced by the market for Cox Common Stock. For example, the price of Cox Common Stock could be depressed by investors' anticipation of the potential distribution into the market of substantial amounts of Cox Common Stock on the Maturity Date or upon redemption of the STRYPES, by possible sales of Cox Common Stock by investors who view the STRYPES as a more attractive means of equity participation in Cox and by hedging or arbitrage trading activity that may develop involving the STRYPES and the Cox Common Stock. In addition, Cox Enterprises, Inc. ("CEI") is not precluded from selling shares of Cox Common Stock, either pursuant to Rule 144 or by causing Cox to register such shares. Any such sales could have an adverse effect on the market price of Cox Common Stock and/or the STRYPES and could affect the Payment Rate Formula.

##### 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.

#### NO STOCKHOLDER'S RIGHTS

Holders of the STRYPES will not be entitled to any rights with respect to the Cox 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 Cox Common Stock for STRYPES on the Maturity Date or upon redemption, 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 Certificate of Incorporation of Cox 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.

#### NO AFFILIATION BETWEEN THE COMPANY AND COX

The Company has no affiliation with Cox, and Cox 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. Cox will not receive any of the proceeds of the offering of the STRYPES made hereby and is not responsible for, and has not participated in, the determination or calculation of the amount receivable by holders of the STRYPES on the Maturity Date or upon redemption. Cox 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 on the Maturity Date or upon redemption.

#### DILUTION OF COX COMMON STOCK

The number of shares of Cox Common Stock (or the amount of cash) that holders of the STRYPES are entitled to receive on the Maturity Date or upon redemption is subject to adjustment for certain events arising from, among others, a merger or consolidation in which Cox is not the surviving or resulting corporation, or a sale or transfer of all or substantially all of the assets of Cox and the liquidation, dissolution, winding up or bankruptcy of Cox as

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well as stock splits and combinations, stock dividends and certain other actions of Cox that modify its capital structure. See "Description of the STRYPES--Dilution Adjustments" and "--Special Redemption Upon Tax Event." Such number of shares of Cox Common Stock (or cash amount) to be received by such holders on the Maturity Date or upon redemption will not be adjusted for other events, such as offerings of Cox Common Stock for cash or in connection with acquisitions. Cox is not restricted from issuing additional shares of Cox 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 Cox Common Stock and, because of the relationship of the number of shares (or cash amount) to be received on the Maturity Date or upon redemption to the price of the Cox Common Stock, such other events may adversely affect the trading price of the STRYPES.

#### 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. However, it is the opinion of Brown & Wood LLP, counsel to the Company, that the characterization and tax treatment of the STRYPES described herein, while not the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the IRS, will not result in the imposition of penalties. The Indenture (as defined below) will require 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 or upon redemption the Cox Common Stock which the Company is obligated under the STRYPES to deliver at that time (subject to the Company's right to deliver cash in lieu of the Cox 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 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).

For these purposes, with respect to acquisitions of STRYPES in connection with the original issuance thereof, the Company and each holder agrees, pursuant to the terms of the Indenture, to allocate \$22.555 of the entire initial purchase price of a STRYPES (i.e., the issue price of a STRYPES) to the Debt Instrument and to allocate the remaining \$.32 of the entire initial purchase price of a STRYPES to the Forward Contract. As a result of this allocation, the Debt Instrument will be treated as having been issued with original issue discount for United States Federal income tax purposes. 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.

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.

OTHER CONSIDERATIONS

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

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes



and fixed charges. "Fixed charges" consist 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.

COX COMMUNICATIONS, INC.

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Cox Communications, Inc. is the fifth largest operator of cable television systems in the United States and is a fully integrated, diversified media and broadband communications company with operations and investments in three related areas: (i) U.S. broadband networks; (ii) United Kingdom broadband networks; and (iii) cable television programming.

Cox is subject to the informational requirements of the Exchange Act. Accordingly, Cox 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 Cox may also be inspected at the offices of the NYSE.

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

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 STRYPE, which was issued at a price of \$22.875, bears interest at the rate of 6% of the issue price per annum (or \$1.37 per annum) from May 29, 1996, 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 such STRYPE is redeemed or the issue price of such STRYPE is repaid pursuant to the terms thereof. Interest on the STRYPES will be payable in cash quarterly in arrears on March 1, June 1, September 1 and December 1, beginning September 1, 1996, 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.

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The STRYPES will mature on June 1, 1999. On the Maturity Date, unless previously redeemed, the Company will pay and discharge each STRYPE by delivering to the holder thereof a number of shares (such number of shares being hereinafter referred to as the "Payment Rate") of Cox Common Stock (subject to the Company's right to deliver, with respect to all, but not less than all, shares of Cox Common Stock deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following "Payment Rate Formula," subject to adjustment as a result of certain dilution events: (a) if the Maturity Price (as defined below) per share of Cox Common Stock is greater than or equal to the Threshold Appreciation Price, .8196 shares of Cox Common Stock per STRYPE, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a fractional share of Cox Common Stock per STRYPE 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 Cox Common Stock per STRYPE. 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 COX 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 Cox 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, in lieu of delivering shares of Cox Common Stock, deliver cash in an amount equal to the value of such number of shares of Cox Common Stock at the Maturity Price, subject to the Company's agreement contained in the STRYPES Agreement to deliver on the Maturity Date the form of consideration that the ML&Co. Subsidiary (as defined below) receives from CEI. Such right, if exercised by the Company, must be exercised with respect to all shares of Cox 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 Depository Trust Company and 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 Cox 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 Cox Common Stock, holders of the STRYPES will be responsible for the payment of any and all brokerage costs upon the subsequent sale of such stock.

The "Maturity Price" is defined as the sum of (A) the average Closing Price per share of Cox Common Stock on the 20 Trading Days immediately prior to, but not including, the second Trading Day preceding the Maturity Date and (B) 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 the third Trading Day preceding the Maturity Date of the Distributed Assets (as defined below) applicable to one share of Cox Common Stock. 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 Formula is adjusted as described under "-- Dilution Adjustments" below, each of the Closing Prices used in determining the Maturity Price will be similarly adjusted to derive, for purposes of determining which of clauses (a), (b) or (c) of the Payment Rate Formula will apply on the Maturity Date, a Maturity Price stated on a basis comparable to the Initial Price and the Threshold Appreciation Price. 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.

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For illustrative purposes only, the following table shows the number of shares of Cox 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 \$22.875 and the Threshold Appreciation Price of \$27.91, a STRYPES holder would receive on the Maturity Date the following number of shares of Cox Common Stock or amount of cash (if the Company elects to pay and discharge the STRYPES with cash) per STRYPES:

<TABLE>  
<CAPTION>

Maturity Price of Cox Common Stock	Number of Shares of Cox Common Stock	Amount of Cash
<S>	<C>	<C>
\$20.000	1.0000	\$20.000
22.875	1.0000	22.875
25.000	0.9150	22.875
27.910	0.8196	22.875
30.000	0.8196	24.588

</TABLE>

#### DILUTION ADJUSTMENTS

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

purchase Cox 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 Cox 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 Dividend (as defined below)) or issue to all holders of Cox Common Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (v) above) (any of the foregoing are referred to as the "Distributed Assets"). The effect of the foregoing is that there will not be any adjustments to the Payment Rate Formula for the issuance by Cox of options, warrants, stock purchase rights or securities in connection with Cox's employee benefit plans.

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 or redemption of such STRYPES, the number of shares of Cox Common Stock which such holder would have owned or been entitled to receive immediately following any such event had such STRYPES been paid and discharged or redeemed immediately prior to such event or any record date with respect thereto.

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, the numerator of which shall be the number of shares of Cox 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 Cox Common Stock offered for subscription or purchase pursuant to such rights or warrants, and the denominator of which shall be the number of shares of Cox 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 Cox Common Stock which the aggregate offering price of the total number of shares of Cox Common Stock so offered for subscription or purchase pursuant to such rights or warrants would

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purchase at the current market price (determined as the average Closing Price per share of Cox Common Stock on the 20 Trading Days immediately prior to the date such rights or warrants are issued, subject to certain adjustments), 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 current market price. To the extent that shares of Cox Common Stock are not delivered after the expiration of such rights or warrants, or if such rights or warrants are not issued, 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 Cox 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, the numerator of which shall be the market price per share of the Cox Common Stock on the record date for the determination of stockholders entitled to receive the dividend or distribution referred to in clause (vi) above (such market price being determined as the average Closing Price per share of Cox Common Stock on the 20 Trading Days immediately prior to such record date, subject to certain adjustments), and the denominator of which shall be such market price per share of Cox 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 Distributed Assets so distributed applicable to one share of Cox Common Stock; provided, however, that in the event that the then fair market value (as so determined) of the portion of the Distributed Assets so distributed applicable to one share of Cox Common Stock is equal to or greater than the market price per share of Cox Common Stock as of such record date, in lieu of the foregoing adjustment, the Company shall reserve such Distributed Assets (or, in the case of Distributed Assets of a kind described in (z) below, an amount in cash equal to the fair market value thereof, determined in the manner and as of the date described in clause (z) below) for delivery to the holders of the STRYPES on the Maturity Date and, on the Maturity Date, shall deliver to each such holder, in addition to the shares of Cox Common Stock (or cash in lieu thereof) to which such holder is otherwise entitled, (x) in respect of that portion, if any, of the Distributed Assets consisting of cash, the amount of such Distributed Assets consisting of cash which such holder would have received had each STRYPES held by such holder been paid and discharged immediately prior to the record date for the determination of stockholders entitled to receive such dividend or distribution or such rights or warrants, without interest, plus (y) in respect of that portion, if any, of the Distributed Assets consisting of securities for which there is an actual or when issued trading market ("marketable securities"), the amount of such Distributed Assets consisting of marketable securities which such holder would have received had each STRYPES held by such holder been paid and discharged immediately prior to the record date for the determination of stockholders entitled to receive such dividend or distribution or such rights or warrants, plus (z) in respect of that portion, if any, of the Distributed Assets which are of a kind other than that described in clause (x) or (y) above, an amount in cash equal to 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 the record date for determination of stockholders entitled to receive such dividend or distribution or such rights or warrants, of the Distributed Assets consisting of other assets which such holder would have received had each

STRYPES held by such holder been paid and discharged immediately prior to such record date, without interest thereon.

An "Extraordinary Cash Dividend" means, with respect to any consecutive 12-month period, all cash dividends on the Cox Common Stock during such period to the extent such dividends exceed on a per share basis 10% of the average Closing Price of the Cox 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 Cox 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)

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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, the numerator of which shall be the Share Component in clause (c) of the Payment Rate Formula immediately after such adjustment described above, and the denominator of which 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 Cox, or any surviving entity or subsequent surviving entity of Cox (a "Cox Successor"), with or into another entity (other than a merger or consolidation in which Cox is the continuing corporation and in which the Cox Common Stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of Cox or another corporation), (B) any sale, transfer, lease or conveyance to another corporation of the property of Cox or any Cox Successor as an entirety or substantially as an entirety, (C) any statutory exchange of securities of Cox or any Cox Successor with another corporation (other than in connection with a merger or acquisition) or (D) any liquidation, dissolution, winding up or bankruptcy of Cox or any Cox 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, .8196 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 Cox 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 Cox 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 Cox 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, in lieu of delivering cash as described above, deliver the amount of cash, securities and other property received per share of Cox 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 discharged after consummation of such transaction shall be subject to adjustment as described above following the date of consummation of such transaction.

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

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 Cox Common Stock will be delivered if the Company pays and discharges the STRYPES by delivering shares of Cox 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.

#### SPECIAL REDEMPTION UPON TAX EVENT

The STRYPES will be redeemable at the option of the Company, in whole but not in part, at any time from and after the date (the "Tax Event Date") on which a Tax Event (as defined below) shall occur at a price per STRYPES (the "Tax Event Redemption Price") equal to (a) an amount of cash equal to the sum of (i) all accrued and unpaid interest on such STRYPES to the date fixed for redemption (the "Redemption Date"), (ii) the sum of all interest payments on such STRYPES due after the Redemption Date and on or prior to the Maturity Date and (iii) \$1.37 (equal to the interest payable on such STRYPES for one year), plus (b) a number of shares of Cox Common Stock determined in accordance with the Payment Rate Formula, with the Redemption Date being deemed to be the Maturity Date for purposes of calculating the Maturity Price.

A "Tax Event" means that CEI shall have delivered to the Company an opinion (the "Tax Event Opinion") from independent tax counsel experienced in such matters to the effect that, as a result of (a) any amendment or proposed amendment to, or change (including any announced prospective change) or proposed change in, the laws (or any regulations thereunder) of the United States or any taxing authority thereof or therein or (b) any amendment to, or change in, an interpretation or application of such laws or regulations by any legislative body, court, governmental agency or regulatory authority, enacted, promulgated, introduced, issued or announced or which interpretation is issued or announced or which action is taken, on or after the date of this Prospectus Supplement, there is more than an insubstantial risk that a corporation that sells or otherwise disposes of stock in another corporation on a date that is after the date of this Prospectus Supplement and that is on or prior to the Maturity Date would not be permitted to specifically identify the stock sold or disposed of for purposes of determining the amount of such corporation's gain or loss on the stock sold or disposed of for United States Federal income tax purposes.

On March 19, 1996, the U.S. Treasury Department proposed a series of tax law changes as part of President Clinton's 1997 Budget proposal. These proposed tax law changes would, among other things, require taxpayers (including corporations) that sell or otherwise dispose of securities (which term includes stock in a corporation) that are substantially identical to securities which they continue to hold to determine their tax basis in such substantially identical securities using the average basis of all of their holdings in the securities, and would prevent such taxpayers from specifically identifying the securities sold or disposed of for purposes of determining the amount of their gain or loss on the securities sold or disposed of for United States Federal income tax purposes. As originally proposed, this "average cost basis" rule would apply to determinations (i.e., tax basis determinations made at the time of sale or disposition) made more than 30 days after the date on which the proposal is enacted. Thus, if this "average cost basis" rule is ultimately adopted in its current form on a date that is 31 or more days prior to the Maturity Date, such enactment could result in a Tax Event. Furthermore, if there are future legislative developments such that as a result thereof there is more than an insubstantial risk that this "average cost basis" rule or a provision with similar effect will be adopted and effective for determinations made on or prior to the Maturity Date, such legislative developments could result in a Tax Event. The Company cannot predict whether or not these proposed tax law changes will ultimately become law. Moreover, the Company cannot predict whether or not any other future change or proposed change in the tax law will occur which could give rise to a Tax Event, nor can it predict whether CEI will elect to cause a Tax Event by delivering the Tax Event Opinion to the Company in the event that a change or proposed change in the tax law occurs which could give rise to a Tax Event.

The Company will provide notice of any call for redemption of STRYPES to holders of record of the STRYPES not less than 10 nor more than 30 calendar days prior to the related Redemption Date. Such notice will state the following and may contain such other information as the Company deems advisable: (a) the Redemption Date; (b) the place or places where certificates for the STRYPES are to be surrendered for redemption and (c) that

interest will cease to accrue on the STRYPES on the Redemption Date (except as otherwise provided in the Indenture). Any such notice will be provided by mail, sent to each holder of record of STRYPES at such holder's address as it appears on the security register for the STRYPES, first class postage prepaid; provided, however, that failure to give such notice or any defect therein shall not affect the validity of the proceeding for redemption of any STRYPES except as to the holder to whom the Company has failed to give said notice or whose notice was defective. At or prior to the mailing of such notice of redemption, the Company will publish a public announcement of redemption in The Wall Street Journal or another daily newspaper of national circulation.

The Company will not be required to deliver any fractional share of Cox Common Stock on the Redemption Date and, in lieu thereof, will pay an amount in cash equal to the value of such fractional share of Cox Common Stock based on the average Closing Price per share of Cox Common Stock on the 20 Trading Days

immediately prior to, but not including, the second Trading Day preceding the Redemption Date.

On and after the Redemption Date, all rights of a holder of STRYPES will terminate except the right to receive for each STRYPES so redeemed the Tax Event Redemption Price (unless there is a default on the payment of such Tax Event Redemption Price).

#### NO SINKING FUND

The STRYPES 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 will be unsecured obligations and will 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.

#### SECURITIES DEPOSITORY

Upon issuance, each series of STRYPES will be represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note will be 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.

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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's 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 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, with respect to a series of STRYPES, (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)

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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 any STRYPES of that series, the Company will issue STRYPES in definitive form in exchange for all of the Global Notes representing the STRYPES of that series. 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 Underlying Securities (or cash with an equal value) in respect of, any interest and Additional Amounts on, and any other amounts payable with respect to, the STRYPES of each series 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.

#### 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 50% of the shares of Voting Stock of such corporation) 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 each series of STRYPES: (a) failure to pay and discharge the STRYPES of that series with the Underlying Securities or, if the Company so elects, to pay an equivalent amount in cash in lieu thereof when due; (b) failure to pay the Redemption Price or any redemption premium with respect to any STRYPES of that series when due; (c) failure to deposit any sinking fund payment, when and as due by the terms of any STRYPES of that series; (d) failure to pay any interest on or any Additional Amounts in respect of any STRYPES of that series when due, continued for 30 days; (e) failure to perform any other covenant of the Company contained in the Indenture for the benefit of that series or in the STRYPES of that series, 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 of that series, as provided in the Indenture; (f) certain events in bankruptcy, insolvency or

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reorganization of the Company; and (g) any other Event of Default provided with respect to STRYPES of that series.

If an Event of Default (other than an Event of Default described in clause (f) of the immediately preceding paragraph) with respect to the STRYPES of any series shall occur and be continuing, either the Trustee or the holders of at least 25% of the aggregate issue price of the Outstanding STRYPES of that series by notice as provided in the Indenture may declare an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be immediately due and payable in cash. If an Event of Default described in said clause (f) shall occur, an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, 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 of that series 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 aggregate issue price of all the STRYPES of that series 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 of any series, unless such holders of that series 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 of any series 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 of that series.

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 will 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 a series of 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 of such series; provided, however, that no such modification or amendment may, without the consent of the holder of each Outstanding STRYPES of such series affected thereby, (a) change the Maturity Date or the Stated Maturity of any installment of interest or Additional Amounts on any STRYPES or any premium payable on the redemption thereof, or change the Redemption Price, (b) reduce the amount of Underlying Securities payable with respect to any STRYPES (or reduce the amount of cash payable in lieu thereof), (c) reduce the amount of interest or Additional Amounts payable on any STRYPES or reduce the amount of cash payable with respect to any STRYPES upon acceleration of the maturity thereof, (d) change the place or currency of payment of interest or Additional Amounts on, or any amount of cash payable with respect to, any STRYPES, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any STRYPES, including the payment of Underlying Securities with respect to any STRYPES, (f) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series, the consent of whose holders is required to modify or amend the Indenture, (g) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver. Except as provided in the Indenture, no modification of or amendment to

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the Indenture may adversely affect the rights of a holder of any other Senior Debt Security without the consent of such holder.

The holders of a majority of the aggregate issue price of each series of 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 each series of STRYPES may waive any past default under the Indenture, except a default in the payment of the Underlying Securities with respect to any STRYPES of that series, or of cash payable in lieu thereof, or in the payment of any premium, interest or Additional Amounts on any STRYPES of that series for which payment had not been subsequently made or in respect of a covenant and provision of the Indenture which cannot be modified or amended without the consent of the holder of each Outstanding STRYPES of such series 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 CML.

#### CERTAIN ARRANGEMENTS WITH CEI

Pursuant to an agreement (the "STRYPES Agreement"), CEI is obligated to deliver to Merrill Lynch Capital Services, Inc., a wholly-owned subsidiary of the Company (the "ML&Co. Subsidiary"), immediately prior to the Maturity Date a number of shares of Cox Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES. In lieu of delivering shares of Cox Common Stock immediately prior to the Maturity Date, CEI has the right to satisfy its obligation under the STRYPES Agreement by delivering at such time cash in an amount equal to the value of such number of shares of Cox Common Stock at the Maturity Price. Such right, if exercised by CEI, must be exercised with respect to all shares of Cox Common Stock then deliverable pursuant to the STRYPES Agreement. Under the STRYPES Agreement, 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 the ML&Co. Subsidiary receives from CEI. CEI also has the option, exercisable on or after a Tax Event Date, to satisfy and discharge its obligations under the STRYPES Agreement by delivering to the ML&Co. Subsidiary, on a date fixed by CEI for early settlement, cash and shares of Cox Common Stock in an amount and number, respectively, equal to the amount and number required by the Company to redeem all of the STRYPES. Under the STRYPES Agreement, the Company has agreed to redeem all of the STRYPES in the event that CEI exercises such option. The consideration paid by the ML&Co. Subsidiary under the STRYPES Agreement is \$188,572,500 in the aggregate, and was paid to CEI on May 29, 1996. No other consideration is payable by the ML&Co. Subsidiary to CEI in connection with its acquisition of the Cox Common Stock or the performance of the STRYPES Agreement by CEI. The Company has agreed with CEI that, without the prior consent of CEI, it will not amend the Indenture to increase the consideration that CEI is obligated to deliver pursuant to the STRYPES Agreement.

Until such time, if any, as CEI shall have delivered shares of Cox Common Stock to the ML&Co. Subsidiary pursuant to the terms of the STRYPES Agreement, CEI will retain all ownership rights with respect to the Cox Common Stock held by it (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof).

CEI 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 holders of the STRYPES into consideration in determining whether to deliver shares of Cox Common Stock or cash or for any other reason. The STRYPES Agreement between the ML&Co. Subsidiary and CEI is a commercial transaction and does not create any rights in, or for the benefit of, any third party, including any holder of STRYPES.

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In the event CEI does not perform under the STRYPES Agreement, the Company will be required to otherwise acquire shares of Cox Common Stock for delivery to holders of the STRYPES on the Maturity Date or upon redemption, unless, in the case of shares deliverable on the Maturity Date, 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 in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S

MERRILL LYNCH & CO., INC.  
6 1/4% STRYPES(TS) DUE JULY 1, 2001  
PAYABLE WITH SHARES OF COMMON STOCK OF IMC GLOBAL INC.  
(OR CASH WITH AN EQUAL VALUE)

On July 9, 1996, Merrill Lynch & Co., Inc. (the "Company") issued 6,510,286 of its Structured Yield Product Exchangeable for Stock(TM), 6 1/4% STRYPES(TM) Due July 1, 2001 (each, a "STRYPES"). The issue price of each STRYPES was \$38.25, which amount was equal to the last sale price of the common stock, par value \$1.00 per share (the "IMC Common Stock"), of IMC Global Inc., a Delaware corporation ("IMC"), on July 2, 1996, as reported on the New York Stock Exchange (the "Initial Price"). The STRYPES will mature on July 1, 2001 (the "Maturity Date"). Interest on the STRYPES, at the rate of 6 1/4% of the issue price per annum, is payable in cash quarterly in arrears on January 1, April 1, July 1 and October 1, beginning October 1, 1996. 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 percentage of each type of Reference Property (subject to the Company's right to deliver, with respect to all, but not less than all, Reference Property deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following formula: (a) if the Reference Property Value (as defined herein) is greater than or equal to \$46.28 (the "Threshold Appreciation Price"), 82.65% of each type of Reference Property, (b) if the Reference Property Value is less than the Threshold Appreciation Price but is greater than the Initial Price, a percentage of each type of Reference Property, allocated as proportionately as practicable, so that the aggregate value thereof is equal to the Initial Price and (c) if the Reference Property Value is less than or equal to the Initial Price, 100% of each type of Reference Property. The term "Reference Property" shall mean initially one share of IMC Common Stock and shall be subject to adjustment from time to time prior to the Maturity Date to reflect the addition or substitution of any cash, securities and/or other property resulting from the application of the adjustment provisions described herein. AS DESCRIBED HEREIN, THE REFERENCE PROPERTY VALUE WILL REPRESENT A DETERMINATION OF THE VALUE OF THE REFERENCE PROPERTY IMMEDIATELY PRIOR TO 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 REFERENCE PROPERTY VALUE 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 THE STRYPES WILL RESULT IN A LOSS. See "Description of the STRYPES."

IMC 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 "IGL."

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.

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 Conduct Rules of the National Association of Securities Dealers, Inc.

MERRILL LYNCH & CO.

The date of this Prospectus is July \_\_, 1998  
(TM) Service Mark of Merrill Lynch & Co., Inc.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO, OR A SOLICITATION OF AN OFFER TO

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 IMC COMMON STOCK

The terms of the STRYPES differ from those of ordinary debt securities in that the value of the Reference Property (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 Reference Property Value (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 REFERENCE PROPERTY VALUE 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 REFERENCE PROPERTY MAY DECLINE, AND THAT SUCH DECLINE COULD BE SUBSTANTIAL. THE IMC PROSPECTUS COVERS THE SHARES OF IMC COMMON STOCK (INCLUDING THE PREFERRED STOCK PURCHASE RIGHTS ASSOCIATED THEREWITH) WHICH MAY BE RECEIVED BY A HOLDER OF THE STRYPES ON THE MATURITY DATE.

##### LIMITATION 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 IMC 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 Reference Property Value exceeds the Threshold Appreciation Price (which represents an appreciation of 21% over the Initial Price). Moreover, holders of the STRYPES will only be entitled to receive on the Maturity Date 82.65% (the percentage equal to the Initial Price divided by the Threshold Appreciation Price) of any appreciation of the value of the Reference Property in excess of the Threshold Appreciation Price. See "Description of the STRYPES." Because the price of the Reference Property is subject to market fluctuations, the value of the Reference Property (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 IMC Common Stock in the secondary market. It is impossible to predict whether the price of IMC Common Stock will rise or fall. Trading prices of IMC Common Stock will be influenced by IMC's operating results and prospects, by complex and interrelated political, economic, financial and other factors and market conditions that can affect the capital markets generally, the market segment of which IMC is a part, the NYSE (on which the IMC Common Stock is traded), including the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of IMC Common Stock in the market subsequent to the offering of the STRYPES or the perception that such sales could occur, and by other events that are difficult to predict and are beyond the Company's control.

##### IMPACT OF STRYPES ON THE MARKET FOR IMC COMMON STOCK

It is not possible to predict accurately how the STRYPES will trade in the secondary market or whether such market will be liquid. Any market that develops for the STRYPES is likely to influence and be influenced by the market for IMC Common Stock. For example, the price of IMC Common Stock could become more volatile and could be depressed by investors' anticipation of the potential distribution into the market of substantial amounts of

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IMC Common Stock on the Maturity Date, by possible sales of IMC Common Stock by investors who view the STRYPES as a more attractive means of equity participation in IMC, and by hedging or arbitrage trading activity that may develop involving the STRYPES and the IMC Common Stock.

##### 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 approved for listing on the NYSE, subject to official notice of issuance. 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.

##### NO STOCKHOLDER'S RIGHTS

Holders of the STRYPES will not be entitled to any rights with respect to the

Reference Property (including, without limitation, voting rights and rights to receive any dividends, interest or other distributions in respect thereof) unless and until such time, if any, as the Company shall have delivered the Reference Property for STRYPES on the Maturity Date, and unless the applicable record date, if any, for the exercise of such rights occurs after such delivery. For example, in the event that an amendment is proposed to the Restated Certificate of Incorporation of IMC 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.

#### NO AFFILIATION BETWEEN THE COMPANY AND IMC

The Company has no affiliation with IMC, and IMC 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. IMC will not receive any of the proceeds of the offering of the STRYPES made hereby and is not responsible for, and has not participated in, the determination of the timing of, prices for or quantities of the STRYPES to be issued, or the determination or calculation of the amount receivable by holders of the STRYPES on the Maturity Date. IMC 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 on the Maturity Date.

#### DILUTION OF IMC COMMON STOCK

The Reference Property (or, pursuant to the option of the Company, the amount of cash) that holders of the STRYPES are entitled to receive on the Maturity Date is subject to adjustment for certain events arising from, among others, a merger or consolidation in which IMC is not the surviving or resulting corporation and the liquidation, dissolution, winding up or bankruptcy of IMC, as well as stock splits and combinations, stock dividends and certain other actions of IMC that modify its capital structure. See "Description of the STRYPES--Reference Property Adjustments." Such Reference Property (or cash amount) to be received by such holders on the Maturity Date will not be adjusted for other events, such as offerings of IMC Common Stock for cash or in connection with acquisitions. IMC is not restricted from issuing additional shares of IMC 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 IMC Common Stock and, because of the relationship of the percentage of the Reference Property (or cash amount) to be received on the Maturity Date to the price of the IMC Common Stock, such other events may adversely affect the trading price of the STRYPES.

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#### 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. However, it is the opinion of Brown & Wood LLP, counsel to the Company, that the characterization and tax treatment of the STRYPES described herein, while not the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the IRS, will not result in the imposition of penalties. The Indenture (as defined below) will require 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 Reference Property which the Company is obligated under the STRYPES to deliver at that time (subject to the Company's right to deliver cash in lieu of the Reference Property). 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 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). For these purposes, with respect to acquisitions of STRYPES in connection with the original issuance thereof, the Company and each holder agrees, pursuant to the terms of the Indenture, to allocate \$37.045 of the entire initial purchase price of a STRYPES (i.e., the issue price of a STRYPES) to the Debt Instrument and to allocate the remaining \$1.205 of the entire initial purchase price of a STRYPES to the Forward Contract. As a result of this allocation, the Debt Instrument will be treated as having been issued with original issue discount for United States Federal income tax purposes. 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.

#### 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.

OTHER CONSIDERATIONS

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

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

<TABLE> <CAPTION>	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS
	1993	1994	1995	1996	1997	ENDED MARCH 27, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges . . . . .	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

IMC GLOBAL INC.

IMC is one of the world's leading producers of crop nutrients for the international agricultural community and is one of the largest distributors in the United States of crop nutrients and related products through its retail and wholesale distribution networks. IMC mines, processes and distributes potash in the United States and Canada, and is a joint venture partner in IMC-Agrico Company, a leading producer, marketer and distributor of phosphate crop

nutrients and a leading producer and marketer of animal feed ingredients. IMC's retail distribution network, which extends principally to corn and soybean

farmers in the Midwestern and Southeastern United States, is one of the largest distributors of crop nutrients and related products in the United States. IMC also manufactures nitrogen-based and other high-value crop nutrients which are marketed on a wholesale basis principally in the Midwestern and Southeastern United States. In addition, IMC sells specialty lawn and garden, turf, and nursery products on a national basis and ice-melter products in the Midwest and Eastern snow-belt states.

IMC is subject to the informational requirements of the Exchange Act. Accordingly, IMC 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 IMC may also be inspected at the offices of the NYSE.

THE COMPANY IS NOT AFFILIATED WITH IMC, AND IMC HAS NO OBLIGATIONS WITH RESPECT TO THE STRYPES. THIS PROSPECTUS RELATES ONLY TO THE STRYPES OFFERED HEREBY AND DOES NOT RELATE TO IMC OR THE IMC COMMON STOCK. IMC HAS FILED A REGISTRATION STATEMENT ON FORM S-3 WITH THE COMMISSION COVERING THE SHARES OF IMC COMMON STOCK THAT MAY BE RECEIVED BY A HOLDER OF STRYPES ON THE MATURITY DATE. THE PROSPECTUS OF IMC (THE "IMC PROSPECTUS") CONSTITUTING A PART OF SUCH REGISTRATION STATEMENT INCLUDES INFORMATION RELATING TO IMC AND THE IMC COMMON STOCK, INCLUDING CERTAIN RISK FACTORS RELEVANT TO AN INVESTMENT IN IMC COMMON STOCK. THE IMC 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 STRYPE, was issued at a price of \$38.25, bears interest at the rate of  $6\frac{1}{4}\%$  of the issue price per annum (or \$2.3908 per annum) from July 9, 1996, 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 such STRYPES is repaid pursuant to the terms thereof. Interest on the STRYPES is payable in cash quarterly in arrears on January 1, April 1, July 1 and October 1, beginning October 1, 1996, 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 fifteenth calendar day (whether or not a Business Day) 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.

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The STRYPES will mature on July 1, 2001. On the Maturity Date, the Company will pay and discharge each STRYPE by delivering to the holder thereof a percentage of each type of Reference Property (subject to the Company's right to deliver, with respect to all, but not less than all, Reference Property deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following formula: (a) if the Reference Property Value (as defined below) is greater than or equal to the Threshold Appreciation Price, 82.65% of each type of Reference Property, (b) if the Reference Property Value is less than the Threshold Appreciation Price but is greater than the Initial Price, a percentage of each type of Reference Property, allocated as proportionately as practicable, so that the aggregate value thereof is equal to the Initial Price and (c) if the Reference Property Value is less than or equal to the Initial Price, 100% of each type of Reference Property. 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 REFERENCE PROPERTY VALUE 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.

Notwithstanding the foregoing, the Company may, in lieu of delivering the applicable percentage of each type of Reference Property, deliver cash in an amount equal to the sum of (a) for any portion of the Reference Property consisting of cash that is otherwise deliverable on the Maturity Date, the amount of such cash, without interest thereon, (b) for any portion of the Reference Property consisting of property other than cash or Reference Securities that is otherwise deliverable on the Maturity Date, the fair market value (as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company) as of the third Trading Day preceding the Maturity Date of such property, and (c) for any portion of the

Reference Property consisting of a Reference Security (as defined below) that is otherwise deliverable on the Maturity Date (except as described under "Reference Property Adjustments" below), an amount equal to the average Closing Price (as defined below) per unit of such Reference Security on the 20 Trading Days immediately prior to, but not including, the second Trading Day preceding the Maturity Date multiplied by the number of units of such Reference Security constituting part of the Reference Property, subject to the Company's agreement contained in the Purchase Agreement to deliver on the Maturity Date the form of consideration that the ML&Co. Subsidiary (as defined below) receives from GVI. Such right, if exercised by the Company, must be exercised with respect to all Reference Property 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 Depository Trust Company and 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 by delivery of the applicable percentage of each type of Reference Property or cash. At the time such notice is published, the Reference Property Value will not have been determined. If the Company elects to deliver Reference Property, holders of the STRYPES will be responsible for the payment of any and all brokerage costs upon the subsequent sale thereof.

The term "Reference Property" initially means one share of IMC Common Stock and shall be subject to adjustment from time to time prior to the Maturity Date to reflect the addition or substitution of any cash, securities and/or other property resulting from the application of the adjustment provisions described herein. See "--Reference Property Adjustments" below. The term "Reference Security" means, at any time, any security (as defined in Section 2(1) of the Securities Act) then constituting part of the Reference Property. The term "Reference Property Value" means, subject to the adjustment provisions described below, the sum of (a) for any portion of the Reference Property consisting of cash, the amount of such cash, (b) for any portion of the Reference Property consisting of property other than cash or Reference Securities, the fair market value (as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company) as of the third Trading Day preceding the Maturity Date of such property, and (c) for any portion of the Reference Property consisting of a Reference Security, an amount equal to the average Closing Price per unit of such Reference Security on the 20 Trading Days immediately prior to, but not including, the second Trading Day preceding the Maturity Date multiplied by the number of units of such Reference Security constituting part of the Reference Property. The "Closing Price" of any Reference 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 Reference Security on the NYSE on such date or, if such Reference 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 Reference Security is so listed, or if such Reference 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 Reference Security is not so reported, the last quoted bid price for such Reference 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 Reference Security on such date as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company. A "Trading Day" is defined as a day on which the Reference 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 Reference Security.

For illustrative purposes only, the following table shows the number of shares of IMC Common Stock or the amount of cash that a holder of STRYPES would receive for each STRYPES at various Reference Property Values. The table assumes that there will be no Reference Property adjustments as described below and, accordingly, that on the Maturity Date the Reference Property will consist of one share of IMC Common Stock. There can be no assurance that the Reference Property Value will be within the range set forth below. Given the Initial Price of \$38.25 and the Threshold Appreciation Price of \$46.28, a STRYPES holder would receive on the Maturity Date the following number of shares of IMC Common Stock or amount of cash (if the Company elects to pay and discharge the STRYPES with cash) per STRYPES:

<TABLE>  
<CAPTION>

Reference Property Value	Number of Shares of IMC Common Stock	Amount of Cash
<S>	<C>	<C>
\$35.00	1.0000	\$35.00
38.25	1.0000	38.25
42.00	0.9107	38.25
46.28	0.8265	38.25
50.00	0.8265	41.33

</TABLE>



The Reference Property is subject to adjustment if an issuer of a Reference Security shall: (i) subdivide or split the outstanding units of such Reference Security into a greater number of units; (ii) combine the outstanding units of such Reference Security into a smaller number of units; (iii) issue by reclassification of units of such Reference Security any units of another security of such issuer; (iv) issue rights or warrants to all holders of such Reference Security entitling them, for a period expiring prior to the fifteenth calendar day following the Maturity Date, to subscribe for or purchase any of its securities or other property (other than rights to purchase units of such Reference Security pursuant to a plan for the reinvestment of dividends or interest); or (v) pay a dividend or make a distribution to all holders of such Reference Security of cash, securities or other property (excluding any cash dividend on any Reference Security consisting of capital stock that does not constitute an Extraordinary Cash Dividend (as defined below), excluding any payment of interest on any Reference Security consisting of an evidence of indebtedness and excluding any dividend or distribution referred to in clause (i), (ii), (iii) or (iv) above) or issue to all holders of such Reference Security rights or warrants to subscribe for or purchase any of its securities or other property (other than those referred to in clause (iv) above) (any of the foregoing cash, securities or other property or rights or warrants are referred to as the "Distributed Assets").

In the case of the events referred to in clauses (i), (ii) and (iii) above, the Reference Property shall be adjusted to include the number of units of such Reference Security and/or other security of such issuer which a holder of units

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of such Reference Security would have owned or been entitled to receive immediately following any such event had such holder held, immediately prior to such event, the number of units of such Reference Security constituting part of the Reference Property immediately prior to such event. Each such adjustment shall become effective immediately after the effective date for such subdivision, split, combination or reclassification, as the case may be. Each such adjustment shall be made successively.

In the case of the event referred to in clause (iv) above, the Reference Property shall be adjusted to include an amount in cash equal to the fair market value (determined as described below), as of the fifth Business Day (except as provided below) following the date on which such rights or warrants are received by securityholders entitled thereto (the "Receipt Date"), of each such right or warrant multiplied by the product of (A) the number of such rights or warrants issued for each unit of such Reference Security and (B) the number of units of such Reference Security constituting part of the Reference Property on the date of issuance of such rights or warrants, immediately prior to such issuance, without interest thereon. For purposes of the foregoing, the fair market value of each such right or warrant shall be the quotient of (x) the highest net bid, as of approximately 10:00 A.M., New York City time, on the fifth Business Day following the Receipt Date for settlement three Business Days later, by a recognized securities dealer in The City of New York selected by or on behalf of the Company (from three (or such fewer number of dealers as may be providing such bids) such recognized dealers selected by or on behalf of the Company), for the purchase by such quoting dealer of the number of rights or warrants (the "Aggregate Number") that a holder of such Reference Security would receive if such holder held, as of the record date for determination of stockholders entitled to receive such rights or warrants, a number of units of such Reference Security equal to the product of (1) the aggregate number of Outstanding STRYPES as of such record date and (2) the number of units of such Reference Security constituting part of the Reference Property, divided by (y) the Aggregate Number. Each such adjustment shall become effective on the fifth Business Day following the Receipt Date of such rights or warrants. If for any reason the Company is unable to obtain the required bid on the fifth Business Day following the Receipt Date, it shall attempt to obtain such bid at successive intervals of three months thereafter and on the third Trading Day prior to the Maturity Date until it is able to obtain the required bid. From the date of issuance of such rights or warrants until the required bid is obtained, the Reference Property shall include the number of such rights or warrants issued for each unit of such Reference Security multiplied by the number of units of such Reference Security constituting part of the Reference Property on the date of issuance of such rights or warrants, immediately prior to such issuance, and such rights or warrants constituting part of the Reference Property shall be deemed for all purposes hereof to have a fair market value of zero.

In the case of the event referred to in clause (v) above, the Reference Property shall be adjusted to include, from and after such dividend, distribution or issuance, (x) in respect of that portion, if any, of the Distributed Assets consisting of cash, the amount of such Distributed Assets consisting of cash received for each unit of such Reference Security multiplied by the number of units of such Reference Security constituting part of the Reference Property on the date of such dividend, distribution or issuance, immediately prior to such dividend, distribution or issuance, without interest thereon, plus (y) in respect of that portion, if any, of the Distributed Assets which are other than cash, the number or amount of each type of Distributed Assets other than cash received with respect to each unit of such Reference Security multiplied by the number of units of such Reference Security constituting part of the Reference Property on the date of such dividend, distribution or issuance, immediately prior to such dividend, distribution or issuance.

An "Extraordinary Cash Dividend" means, with respect to any consecutive 12-month period, the amount, if any, by which the aggregate amount of all cash

dividends on any Reference Security consisting of capital stock occurring in such 12-month period (or, if such Reference Security was not outstanding at the commencement of such 12-month period, occurring in such shorter period during which such Reference Security was outstanding) exceeds on a per share basis 12% of the average of the Closing Prices per share of such Reference Security over such 12-month period (or such shorter period during which such Reference Security was outstanding); provided that, for purposes of the foregoing definition, the amount of cash dividends paid on a per share basis will be appropriately adjusted to reflect the occurrence during such period of any stock dividend or distribution of shares of capital stock of the issuer of such Reference Security or any subdivision, split, combination or reclassification of shares of such Reference Security.

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In the event of (A) any consolidation or merger of an issuer of a Reference Security with or into another entity (other than a merger or consolidation in which such issuer is the continuing corporation and in which the Reference Security outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of such issuer or another entity), (B) any statutory exchange of securities of an issuer of a Reference Security with another entity (other than in connection with a merger or acquisition) or (C) any liquidation, dissolution, winding up or bankruptcy of an issuer of a Reference Security (excluding any distribution in such event referred to in clause (v) above) (any such event described in clause (A), (B) or (C), a "Reorganization Event"), the Reference Property shall be adjusted to include, from and after the effective date for such Reorganization Event, in lieu of the number of units of such Reference Security constituting part of the Reference Property immediately prior to the effective date for such Reorganization Event, the amount or number of any cash, securities and/or other property owned or received in such Reorganization Event with respect to each unit of such Reference Security multiplied by the number of units of such Reference Security constituting part of the Reference Property immediately prior to the effective date for such Reorganization Event.

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

The Company is required, within ten Business Days following the occurrence of an event that requires an adjustment to the Reference Property (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 amount or number of each type of Reference Security and other property then constituting part of the Reference Property.

#### FRACTIONAL INTERESTS

No fractional units of any Reference Security will be delivered if the Company pays and discharges the STRYPES by delivering Reference Property. In lieu of any fractional unit 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 unit based on the average Closing Price per unit of such Reference Security on the 20 Trading Days immediately prior to, but not including, the second Trading Day preceding the Maturity Date.

To the extent practicable, the Company will deliver fractional interests of any Reference Property other than cash or a Reference Security if the Company pays and discharges the STRYPES by delivering Reference Property. If such delivery is not practicable, in lieu of delivering any such fractional interest 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 interest based on the fair market value (as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company) as of the third Trading Day preceding the Maturity Date of such Reference Property other than cash or a Reference Security.

#### 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.

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#### RANKING

The STRYPES are unsecured obligations and will 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.

#### PURCHASE AGREEMENT

Pursuant to the Purchase Agreement described under "Certain Arrangements with

GVI," GVI is obligated to deliver to the ML&Co. Subsidiary (as defined below) immediately prior to the Maturity Date the Reference Property required by the Company to pay and discharge all of the STRYPES (including any STRYPES issued pursuant to the over-allotment option granted by the Company to MLPF&S). In lieu of delivering the Reference Property immediately prior to the Maturity Date, GVI has the right to satisfy its obligation under the Purchase Agreement by delivering at such time cash in an amount equal to the value of such Reference Property immediately prior to the Maturity Date. Such right, if exercised by GVI, must be exercised with respect to all of the Reference Property deliverable pursuant to the Purchase Agreement.

#### 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's 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

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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 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, with respect to a series of STRYPES, (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 any STRYPES of that series, the Company will issue STRYPES in definitive form in exchange for all of the Global Notes representing the STRYPES of that series. 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.

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#### 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 Underlying Securities (or cash with an equal value) in respect of, any interest and Additional Amounts on, and any other amounts payable with respect to, the STRYPES of each series 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.

#### 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 50% of the shares of Voting Stock of such corporation) 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 each series of STRYPES: (a) failure to pay and discharge the STRYPES of that series with the Underlying Securities or, if the Company so elects, to pay an equivalent amount in cash in lieu thereof when due; (b) failure to pay the Redemption Price or any redemption premium with respect to any STRYPES of that series when due; (c) failure to deposit any sinking fund payment, when and as due by the terms of any STRYPES of that series; (d) failure to pay any interest on or any Additional Amounts in respect of any STRYPES of that series when due, continued for 30 days; (e) failure to perform any other covenant of the Company contained in the Indenture for the benefit of that series or in the STRYPES of that series, 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 of that series, as provided in the Indenture; (f) certain

events in bankruptcy, insolvency or reorganization of the Company; and (g) any other Event of Default provided with respect to STRYPES of that series.

If an Event of Default (other than an Event of Default described in clause (f) of the immediately preceding paragraph) with respect to the STRYPES of any series shall occur and be continuing, either the Trustee or the holders of at least 25% of the aggregate issue price of the Outstanding STRYPES of that series by notice as provided in the Indenture may declare an amount equal to the aggregate issue price of all the STRYPES of that series and the interest

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accrued thereon and Additional Amounts payable in respect thereof, if any, to be immediately due and payable in cash. If an Event of Default described in said clause (f) shall occur, an amount equal to the aggregate issue price of all the STRYPES of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, 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 of that series 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 aggregate issue price of all the STRYPES of that series 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 of any series, unless such holders of that series 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 of any series 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 of that series.

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 will not have the benefit of any cross-default provisions with other indebtedness of the Company.

#### MODIFICATION AND WAIVER

Unless otherwise specified in a Prospectus Supplement, modifications of and amendments to the Indenture affecting a series of 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 of such series; provided, however, that no such modification or amendment may, without the consent of the holder of each Outstanding STRYPES of such series affected thereby, (a) change the Maturity Date or the Stated Maturity of any installment of interest or Additional Amounts on any STRYPES or any premium payable on the redemption thereof, or change the Redemption Price, (b) reduce the amount of Underlying Securities payable with respect to any STRYPES (or reduce the amount of cash payable in lieu thereof), (c) reduce the amount of interest or Additional Amounts payable on any STRYPES or reduce the amount of cash payable with respect to any STRYPES upon acceleration of the maturity thereof, (d) change the place or currency of payment of interest or Additional Amounts on, or any amount of cash payable with respect to, any STRYPES, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any STRYPES, including the payment of Underlying Securities with respect to any STRYPES, (f) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series, the consent of whose holders is required to modify or amend the Indenture, (g) reduce the percentage of the aggregate issue price of Outstanding STRYPES of such series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver. Except as provided in the Indenture, no modification of or amendment to the Indenture may adversely affect the rights of a holder of any other Senior Debt Security without the consent of such holder.

The holders of a majority of the aggregate issue price of each series of 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 each series of STRYPES may waive any past default under the Indenture, except a default in the payment of the Underlying Securities with respect to any STRYPES of that series, or of cash payable in lieu thereof, or in the payment of any premium, interest or Additional Amounts on any STRYPES of that series for which payment

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had not been subsequently made or in respect of a covenant and provision of the Indenture which cannot be modified or amended without the consent of the holder of each Outstanding STRYPES of such series 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 listed on the NYSE under the symbol "IGL."

## CERTAIN ARRANGEMENTS WITH GVI

Pursuant to an agreement (the "Purchase Agreement") among the Company, Merrill Lynch Mortgage Capital Inc., a wholly-owned subsidiary of the Company (the "ML&Co. Subsidiary"), and GVI, GVI is obligated to deliver to the ML&Co. Subsidiary immediately prior to the Maturity Date the Reference Property required by the Company to pay and discharge all of the STRYPES. In lieu of delivering the Reference Property immediately prior to the Maturity Date, GVI has the right to satisfy its obligation under the Purchase Agreement by delivering at such time cash in an amount equal to the value of such Reference Property immediately prior to the Maturity Date. Such right, if exercised by GVI, must be exercised with respect to all of the Reference Property deliverable pursuant to the Purchase Agreement. Under the Purchase Agreement, 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 the ML&Co. Subsidiary receives from GVI. The consideration to be paid by the ML&Co. Subsidiary under the Purchase Agreement is \$153,382,017 in the aggregate, which was paid to GVI on July 9, 1996. No other consideration is payable by the ML&Co. Subsidiary to GVI in connection with its acquisition of the Reference Property pursuant to the Purchase Agreement or the performance of the Purchase Agreement by GVI. The Company has agreed with GVI that, without the prior consent of GVI, it will not amend the Indenture in any respect that would adversely affect any obligation of GVI under the Purchase Agreement, including, without limitation, increasing the consideration that GVI is obligated to deliver pursuant to the Purchase Agreement.

Until such time, if any, as GVI shall have delivered the Reference Property to the ML&Co. Subsidiary pursuant to the terms of the Purchase Agreement, GVI will retain all ownership rights with respect to the Reference Property held by it (including, without limitation, voting rights and rights to receive any dividends, interest or other distributions in respect thereof).

GVI 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 the Reference Property or cash or for any other reason. The Purchase Agreement among the Company, the ML&Co. Subsidiary and GVI is a commercial transaction and does not create any rights in, or for the benefit of, any holder of STRYPES.

In the event GVI does not perform under the Purchase Agreement, the Company will be required to otherwise acquire the Reference Property for delivery to the holders of the STRYPES on the Maturity Date, 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 in the Company's 1997 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

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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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
TELEBRAS INDEXED CALLABLE  
PROTECTED GROWTH(SM) SECURITIES  
("PROGROS(SM) SECURITIES")  
DUE MAY 19, 2005  
(\$10 PRINCIPAL AMOUNT PER UNIT)

On May 19, 1998, Merrill Lynch & Co., Inc. (the "Company") issued \$14,500,000 aggregate principal amount (1,450,000 Units) of Telebras Indexed Callable Protected Growth Securities due May 19, 2005 (the "ProGroS Securities"). Each \$10 principal amount of the ProGroS Securities will be deemed a "unit" for purposes of trading and transfer at DTC described below. Units will be transferable by DTC, as more fully described below, in denominations of whole Units.

GENERAL: . 100% principal protected if held to maturity  
. Callable prior to the stated maturity date by Merrill Lynch & Co., Inc., the issuer, as provided herein  
. No payments prior to the stated maturity date unless called  
. Senior unsecured debt securities of Merrill Lynch & Co., Inc.

PAYMENT AT MATURITY: Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage increase, if any, in the price of an American Depositary Receipt (the "ADR") which trades on the New York Stock Exchange ("NYSE") representing the common stock of Telecomunicacoes Brasileiras S.A.-Telebras ("Telebras") and the value of securities, cash or property received by holders of such ADR in certain corporate reorganizations of Telebras over the term of the ProGroS Securities. The Supplemental Redemption Amount may be ZERO, but will not be less than zero.

CALL FEATURE: Merrill Lynch & Co., Inc. may call all of the ProGroS Securities offered hereby on any Business Day during the month of June 2004 at a Call Price equal to \$20 per Unit. In the event that Merrill Lynch & Co., Inc. elects to call your ProGroS Securities, you will receive only \$20 per Unit and you will not receive a Supplemental Redemption Amount.

LISTING: The ProGroS Securities have been listed on the American Stock Exchange ("AMEX") under the symbol "PGT".

BEFORE YOU DECIDE TO INVEST IN THE PROGROS SECURITIES, CAREFULLY READ THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS BEGINNING ON PAGE 4.

Neither the SEC nor any state securities commission has approved these securities or passed upon the 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 ProGroS Securities 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 ProGroS Securities. MLPF&S may act as principal or agent in such transactions. The ProGroS Securities may be offered on the AMEX, 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 ProGroS 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.

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MERRILL LYNCH & CO.  
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The date of this Prospectus is July , 1998.

(SM) "Protected Growth" and "ProGroS: are service marks of Merrill Lynch & Co., Inc.

#### 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 AMEX, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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 ProGroS Securities, or subsequent to the date of the initial Registration Statement and prior to the effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, 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; an underwriter of selected insurance products; and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government



and its agencies and its government-sponsored agencies. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios for earnings to fixed charges of the Company for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

#### RISK FACTORS

Your investment in the ProGroS Securities will involve certain risks. For example, there is the risk that you might not earn a return on your investment, the risk that you will be unable to sell your ProGroS Securities prior to the stated maturity date, and the risk that we may call the ProGroS Securities prior to the stated maturity date at a Call Price that may be less than the sum of the Principal Amount and the Supplemental Redemption Amount that would have been paid to you at the stated maturity date. You should carefully consider the following discussion of risks before deciding whether an investment in the ProGroS Securities is suitable for you.

#### THE PROGROS SECURITIES ARE SUBJECT TO EARLY CALL

We may elect to call all of the ProGroS Securities by giving notice on any Business Day during June 2004 (i.e., the Call Period). We are likely to call the ProGroS Securities during the Call Period if the secondary market price of the ProGroS Securities is approximately equal to the Call Price during such period. We can, however, call the ProGroS Securities during the Call Period at our option regardless of the secondary market price of the ProGroS Securities. In the event that we elect to call the ProGroS Securities, you will receive only the relevant Call Price and no Supplemental Redemption Amount based on the price of the Reference Property.

#### THE SUPPLEMENTAL REDEMPTION AMOUNT

You should be aware that if the Ending Value does not exceed the Starting Value at the stated maturity date, the Supplemental Redemption Amount will be zero. This will be true even if the price of the Reference Property at some time during the life of the ProGroS Securities was higher than the Starting Value but later falls below the Starting Value. If the Supplemental Redemption Amount is zero, we will pay you only the Principal Amount of your ProGroS Securities.

You should compare the features of the ProGroS Securities to other available investments before deciding to purchase the ProGroS Securities. Due to the uncertainty as to whether the ProGroS Securities will earn a Supplemental Redemption Amount or be called prior to the stated maturity date, the returns which you may receive with respect to the ProGroS Securities may be higher or lower than the returns available on other investments. It is suggested that you reach an investment decision only after carefully considering the suitability of the ProGroS Securities in light of your particular circumstances.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same stated maturity date. Your investment may not reflect the full opportunity cost to you when you consider the effect of factors that affect the

time value of money.

#### YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS

Your return on the ProGroS Securities will not reflect the same yield as you might realize if you purchased the Telebras Receipt at the issuance of the ProGroS Securities and held the Telebras Receipt, or any cash, securities and/or other property you received from ownership of the Telebras Receipt, for the term of the ProGroS Securities. The calculation of the Starting Value and Ending Value does not take into consideration the value of dividends paid on the Telebras Receipt or any Reference Securities. Therefore, the return you earn on the ProGroS Securities, if any, will not be the same as the return that you would earn if you actually owned the Telebras Receipt and received any dividends paid on the common stock of Telebras or any other Reference Securities. In addition, if the proposed reorganization of Telebras occurs, or if any other similar event occurs with respect to a Reference Security, the Ending Value will reflect the effect of any such event only if the adjustments described in "Description of the ProGroS Securities--Dilution and Reorganization Adjustments" account for such event.

#### UNCERTAIN TRADING MARKET

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The ProGroS Securities are listed on the AMEX under the symbol "PGT". You cannot assume that a trading market will develop for the ProGroS Securities. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the ProGroS Securities will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the price of the Reference Property.

If the trading market for the ProGroS Securities is limited, there may be a limited number of buyers if you decide to sell your ProGroS Securities. This may affect the price you receive. Furthermore, it is unlikely that the secondary market price of the ProGroS Securities will correlate exactly with the value of the Reference Property, particularly during the earlier years of the ProGroS Securities.

#### FACTORS AFFECTING TRADING VALUE OF THE PROGROS SECURITIES

Our ability to call the ProGroS Securities prior to the stated maturity date of the ProGroS Securities is likely to limit the secondary market price at which the ProGroS Securities will trade. In particular, we expect that the secondary market price of the ProGroS Securities will not exceed the Call Price prior to the Call Period because of our ability to call the ProGroS Securities and pay only the Call Price. We believe that if we did not have the right to call the ProGroS Securities, the secondary market price of the ProGroS Securities would likely be significantly different.

We believe that the market value of the ProGroS Securities will be affected by the value of the Reference Property and by a number of other factors in addition to our ability to call the ProGroS Securities prior to the stated maturity date. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe the expected impact on the market value of the ProGroS Securities given a change in a specific factor, assuming all other conditions remain constant.

. REFERENCE PROPERTY VALUE. We expect that the market value of the ProGroS Securities will depend on the amount by which the value of the Reference Property differs from the Starting Value. If you choose to sell your ProGroS Securities when the value of the Reference Property exceeds the Starting Value, you may receive substantially less than the amount that would be payable at the stated maturity date based on that Reference Property value because of the expectation that the price of the Reference Property will continue to fluctuate until the Ending Value is determined. If you choose to sell your ProGroS Securities when the value of the Reference Property is below, or not sufficiently above, the Starting Value, you may receive less than the \$10 Principal Amount per Unit of ProGroS Securities. As a general matter, a rising dividend rate (i.e., dividends per share) on a Reference Security may increase the price of the Reference Security while a falling dividend rate may decrease the price of the Reference Security. Political, economic and other developments may also affect the price of a Reference Security and the price of the ProGroS Securities.

. INTEREST RATES. We expect that the trading value of the ProGroS Securities will be affected by changes in interest rates. As a general matter during the earlier years of the ProGroS Securities, if U.S. interest rates increase, we expect that the trading value of the ProGroS Securities will decrease and if U.S. interest rates decrease, we expect the trading value of the ProGroS Securities will increase. However, interest rates in Brazil and the U.S. may also affect the economies of Brazil and the U.S. and, in turn, the prices of the Reference Securities. Rising interest rates may lower the prices of the Reference Securities and the ProGroS Securities. Falling interest rates may increase the prices of the Reference Securities and the value of the ProGroS Securities.

. VOLATILITY OF THE REFERENCE SECURITIES. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Reference Securities increases, we expect that the trading value of

the ProGroS Securities will increase. If the volatility of the Reference Securities decreases, we expect that the trading value of the ProGroS Securities will decrease.

. TIME REMAINING TO STATED MATURITY DATE. The ProGroS Securities may trade at a value above that which would be expected based on the level of interest rates and the price of the Reference Property. This difference will reflect a "time premium" due to expectations concerning the price of the Telebras Receipt during the period prior to the

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stated maturity date of the ProGroS Securities. However, as the time remaining to the stated maturity date of the ProGroS Securities decreases, we expect that this time premium will decrease, potentially lowering the trading value of the ProGroS Securities.

. DIVIDEND YIELD. If the dividend yield on a Reference Security were to increase, we expect that the value of the ProGroS Securities would decrease. Conversely, if the dividend yield on a Reference Security were to decrease, we expect that the value of the ProGroS Securities would increase.

. COMPANY'S CREDIT RATINGS. Real or anticipated changes in the Company's credit ratings may affect the market value of the ProGroS Securities.

It is important for you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the ProGroS Securities attributable to another factor, such as an increase in the Reference Property value.

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

#### AMERICAN DEPOSITARY RECEIPTS

The Telebras Receipt is an ADR representing 1,000 shares of common stock of Telebras. If Telebras is reorganized, the Reference Property will be adjusted as described below to reflect certain distributions of cash, securities and/or other property. Certain of the Reference Securities distributed in any such reorganization may be ADRs. An ADR is a negotiable receipt which is issued by a depositary, generally a bank, representing shares, such as the common stock of Telebras, of a non-U.S. issuer (the "Non-U.S. Issuer") that have been deposited and are held, on behalf of the holders of the ADRs, at a custodian bank in the Non-U.S. Issuer's home country. While the market for shares underlying an ADR generally will be in the country in which the Non-U.S. Issuer is organized and trading in such market generally will be based on that country's currency, ADRs will trade in U.S. dollars.

Although ADRs are distinct securities from the shares of stock underlying such ADRs, the trading characteristics and valuations of ADRs will usually, but not necessarily, mirror the characteristics and valuations of such shares represented by the ADRs. Inasmuch as holders of ADRs may surrender the ADR in order to take delivery of and trade the shares underlying such ADR (a characteristic that allows investors in ADRs to take advantage of price differentials between different markets), a market for the shares of stock underlying an ADR that is not liquid generally will result in an illiquid market for the ADR representing such underlying shares.

The depositary bank that issues an ADR generally charges a fee, based on the price of the ADR, upon issuance and cancellation of the ADR. This fee would be in addition to the brokerage commissions paid upon the acquisition or surrender of the security. In addition, the depositary bank incurs expenses in connection with the conversion of dividends or other cash distributions paid in local currency into U.S. Dollars and such expenses are deducted from the amount of the dividend or distribution paid to holders, resulting in a lower payout per share of stock underlying an ADR represented by the ADR than would be the case if such share were held directly. Certain tax considerations, including tax rate differentials, arising from application of the tax laws of one nation to the nationals of another and from certain practices in the ADR market may also exist with respect to an ADR. In varying degrees, any or all of these factors may affect the value of the ADR compared with the value of the shares of stock underlying an ADR in the local market.

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#### FOREIGN CURRENCY EXCHANGE RATE AND FOREIGN MARKET CONSIDERATIONS

The ProGroS Securities are U.S. dollar-denominated securities issued by the Company, a United States corporation. Investments in the ProGroS Securities do not give the beneficial owners any right to receive a Reference Security or any Reference Property or any other ownership right or interest in a Reference Security or any Reference Property or the shares of common stock represented by the Telebras Receipt, although the return on the investment in the ProGroS Securities is based on the Ending Value of the Reference Property. The price of the common stock of Telebras underlying the Telebras Receipt is quoted in

Brazilian currency. To the extent there are other Reference Securities, the prices of such other Reference Securities may also be quoted in currency other than U.S. dollars. The U.S. dollar price of a Reference Security that is an ADR will depend on the price of the shares underlying such ADR and the exchange rate between the non-U.S. dollar currency and the U.S. dollar. Even if the price of the shares underlying an ADR is unchanged, changes in the rates of exchange between the U.S. dollar and the non-U.S. dollar currency will affect the U.S. dollar price of such ADR. Furthermore, even if the price in non-U.S. dollar currency of the shares underlying an ADR increases, the U.S. dollar price of the ADR may decrease as a result of changes in the rates of exchange between the U.S. dollar and non-U.S. dollar currency.

Rates of exchange between the U.S. dollar and a non-U.S. dollar currency are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Fluctuations in foreign exchange rates, future U.S. and non-U.S. political and economic developments and the possible imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the U.S. dollar value of an ADR. Moreover, individual foreign economies, such as Brazil's, may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. There is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect the value of investments in countries, such as Brazil. There may be less publicly available information about a non-U.S. company, such as Telebras, than about a U.S. company, and non-U.S. companies are not typically subject to accounting, auditing and financial reporting standards and requirements comparable to those to which U.S. entities are subject. Non-U.S. investments may be subject to foreign withholding taxes which could affect the value of investment. In addition, investment laws in certain non-U.S. countries such as Brazil may limit or restrict ownership of certain securities by foreign nationals by restricting or eliminating voting or other rights or limiting the amount of securities that may be so owned, and such limitations or restrictions may affect the prices of such securities.

Brazil's financial markets, while growing in volume, have substantially less volume than U.S. markets. The securities of many non-U.S. companies trading in foreign markets are generally less liquid and their prices more volatile in such markets than securities of comparable U.S. companies trading in the domestic financial markets. Foreign markets have different trading practices that may affect the prices of securities. Non-U.S. markets have different clearance and settlement procedures than those in the U.S., and in certain countries, such as Brazil, there have been instances when such procedures have been insufficient to accommodate the volume of securities transactions, making it difficult to conduct such transactions. There is generally less government supervision and regulation of exchanges, brokers and issuers in Brazil than in the U.S. In addition, the terms and conditions of depositary facilities may result in less liquidity or lower market values for the ADRs than for the securities underlying the ADRs.

The price of the common stock of Telebras and the price of the securities of any spin-offs from Telebras, will depend on the financial condition and results of operations of Telebras and such spin-offs. The financial condition and results of operations of such entities will be affected by general economic, political, financial and social conditions in Brazil, and in particular, by prospects for future economic growth and its impact on demand for telecommunications services in Brazil. Brazil has in the past experienced economic and political instability and there can be no assurance that current government programs to stabilize the economy will succeed.

#### NO STOCKHOLDER'S RIGHTS

Beneficial owners of the ProGroS Securities are not entitled to any rights with respect to any Reference Securities (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof).

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#### NO AFFILIATION BETWEEN THE COMPANY AND TELEBRAS

The Company has no affiliation with Telebras, and Telebras has no obligations with respect to the ProGroS Securities or amounts to be paid to beneficial owners thereof, including any obligation to take the needs of the Company or of beneficial owners of the ProGroS Securities into consideration for any reason. Telebras did not receive any of the proceeds of the initial offering of the ProGroS Securities made hereby and is not responsible for, and has not participated in, the determination or calculation of the amount receivable by beneficial owners of the ProGroS Securities on the stated maturity date or upon an earlier call. In addition, Telebras is not involved with the administration or trading of the ProGroS Securities.

#### STATE LAW LIMITS ON INTEREST PAID

New York State law governs the Senior Indenture, as hereinafter defined. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the ProGroS Securities. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the ProGroS Securities holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

#### PURCHASES AND SALES BY MLPF&S

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the Reference Securities, including shares of Telebras stock, for their own accounts for business reasons or in connection with hedging the Company's obligations under the ProGroS Securities. These transactions could affect the price of the Reference Securities.

#### POTENTIAL CONFLICTS

The Calculation Agent is a subsidiary of the Company, the issuer of the ProGroS Securities. Under certain circumstances, MLPF&S's role as a subsidiary of the Company and its responsibilities as Calculation Agent for the ProGroS Securities could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts of interest could arise.

#### OTHER CONSIDERATIONS

Investors should also consider the tax consequences of investing in the ProGroS Securities and should consult their tax advisors.

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### DESCRIPTION OF THE PROGROS SECURITIES

#### GENERAL

The ProGroS Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described herein. The ProGroS Securities will mature on May 19, 2005 unless called earlier at the option of the Company.

Unless called, at the stated maturity date of a ProGroS Security, a beneficial owner will receive the Principal Amount of such ProGroS Security plus the Supplemental Redemption Amount, if any. There will be no other payment of interest, periodic or otherwise. See "Payment at Maturity" below.

The ProGroS Securities may be called by the Company as described below, but are not subject to redemption at the option of any beneficial owner prior to the stated maturity date. Upon the occurrence of an Event of Default with respect to the ProGroS Securities, beneficial owners of the ProGroS Securities may accelerate the maturity of the ProGroS Securities, as described under "Description of the ProGroS Securities Events of Default and Acceleration" and "Other Terms General Events of Default" herein.

The ProGroS Securities were issued in denominations of whole Units.

#### PAYMENT AT MATURITY

##### General

At the stated maturity date, a beneficial owner of a ProGroS Security will be entitled to receive the Principal Amount thereof plus a Supplemental Redemption Amount, if any, as provided below. If the Ending Value does not exceed the Starting Value, a beneficial owner of a ProGroS Security will be entitled to receive only the Principal Amount thereof.

##### Determination of the Supplemental Redemption Amount

The Supplemental Redemption Amount for a ProGroS Security will be determined by the Calculation Agent and will equal:

<TABLE>	
<S>	<C>
	Ending Value - Starting Value
Principal Amount of such ProGroS Security (\$10 per Unit) X	-----
	Starting Value
</TABLE>	

provided, however, that in no event will the Supplemental Redemption Amount be less than zero.

The Starting Value equals \$115.4375, which was the Closing Price (defined herein) of a Telebras Receipt on the Pricing Date. The Ending Value will be determined by the Calculation Agent and will equal the Reorganization Event Value with respect to a Reorganization Event, if any, plus the value of the Reference Property determined as follows: (A) for any portion of the Reference Property consisting of cash, the U.S. Dollar Equivalent (as defined herein) of such cash plus interest on such amount accruing from the date of the payment of such cash to holders of the relevant Reference Property for which such cash was paid until the stated maturity date at a fixed interest rate determined on the date of such payment equal to the interest rate that would be paid on a fixed rate senior non-callable debt security of the Company with a term equal to the

remaining term for the ProGroS Securities as determined by the Calculation Agent; (B) for any portion of the Reference Property consisting of property other than cash or Reference Securities, the U.S. Dollar Equivalent of the market value of such property on the date that such property was delivered to holders of the relevant Reference Property for which such property was distributed plus interest on such U.S. dollar amount accruing from the date of such delivery until the stated maturity date at a fixed interest rate determined as described in (A) above; and (C) for any portion of the Reference Property consisting of Reference Securities, the average (arithmetic mean) of

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the Closing Prices of each such Reference Security determined on each of the first five Calculation Days during the Calculation Period. If there are fewer than five Calculation Days in the Calculation Period with respect to any such Reference Security, then the Ending Value shall be calculated using the average (arithmetic mean) of the Closing Prices of such Reference Security on such Calculation Days, and if there is only one Calculation Day, then the Ending Value shall be calculated using the Closing Price of such Reference Security on such Calculation Day. If no Calculation Days occur during the Calculation Period with respect to such Reference Security, then the Ending Value shall be calculated using the Closing Price of such Reference Security determined on the last scheduled Calculation Day in the Calculation Period, regardless of the occurrence of a Market Disruption Event on such day.

"Reference Property" initially shall mean one unit of the Telebras Receipt, and shall be subject to adjustment from time to time to reflect the addition, substitution or distribution of cash, securities and/or other property resulting from the application of the adjustment provisions described below under "Description of the ProGroS Securities Dilution and Reorganization Adjustments".

"U.S. Dollar Equivalent" shall mean, with respect to cash not denominated in U.S. dollars, such cash amount multiplied by the Spot Rate (defined below) for the currency in which such cash is denominated at approximately the date of payment or date of valuation of such cash.

The "Calculation Period" means the period from and including the seventh scheduled Calculation Day prior to the stated maturity date to and including the second scheduled Calculation Day prior to the stated maturity date.

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

"Trading Day" means a day on which the AMEX, the NYSE and the NASDAQ National Market System ("NASDAQ NMS") are open for trading.

"Market Disruption Event" means, with respect to a Reference Security, the occurrence or existence on any Business Day during the one-half hour period that ends when the Closing Price is determined, of any suspension of, or limitation imposed on, trading in such Reference Security on the NYSE (or other market or exchange, if applicable).

"Closing Price" with respect to a Reference Security means, for a Calculation Day the following:

(a) If such Reference Security is listed on a national securities exchange in the United States, is a NASDAQ NMS security or is included in the OTC Bulletin Board Service ("OTC Bulletin Board") operated by the National Association of Securities Dealers, Inc. (the "NASD"), Closing Price means (i) the last reported sale price, regular way, on such day on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on which such Reference Security is listed or admitted to trading, or (ii) if not listed or admitted to trading on any such securities exchange or if such last reported sale price is not obtainable, the last reported sale price on the over-the-counter market as reported on the NASDAQ NMS or OTC Bulletin Board on such day, or (iii) if the last reported sale price is not available pursuant to (i) and (ii) above, the mean of the last reported bid and offer price on the over-the-counter market as reported on the NASDAQ NMS or OTC Bulletin Board on such day as determined by the Calculation Agent. The term "NASDAQ NMS security" shall include a security included in any successor to such system and the term "OTC Bulletin Board" shall include any successor service thereto.

(b) If such Reference Security is not listed on a national securities exchange in the United States or is not a NASDAQ NMS security or included in the OTC Bulletin Board operated by the NASD, Closing Price means the last reported sale price on such day on the securities exchange on which such Reference Security is listed or admitted to trading with the greatest volume of trading for the calendar month preceding such day as determined by the Calculation Agent, provided that if such last reported sale price is for a transaction which occurred more than four hours prior to the close of such exchange, then the Closing Price shall mean the average (mean) of the last available bid and offer price on such exchange. If such Reference Security is not listed or admitted to trading on any such securities exchange or if such last reported sale price or bid and offer are not obtainable, the Closing

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Price shall mean the last reported sale price for a transaction which occurred more than four hours prior to when trading in such over-the-counter market typically ends, then the Closing Price shall mean the average (mean) of the last available bid and offer prices in such market of the three dealers which have the highest volume of transactions in such Reference Security in the immediately preceding calendar month as determined by the Calculation Agent based on information that is reasonably available to it. If such prices are quoted in a currency other than in U.S. dollars, such prices will be translated into U.S. dollars for purposes of calculating the Average Market Price using the Spot Rate on the same calendar day as the date of any such price. The "Spot Rate" on any date will be determined by the Calculation Agent and will equal the spot rate of such currency per U.S. \$1.00 on such date at approximately 3:00 p.m., New York City time, as reported by a recognized reporting service for such spot rate, provided that if the Calculation Agent shall determine that such reported rate is not indicative of actual rates of exchange that may be obtained in the currency exchange rate market, then the Spot Rate shall equal the spot rate of such currency per U.S. \$1.00 on such date at approximately 3:00 p.m., New York City time at which the Calculation Agent is able to convert such currency into U.S. dollars.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law to close and that is a trading day on the NYSE and 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 ProGroS Securities.

EARLY CALL OF THE PROGROS SECURITIES AT THE OPTION OF THE COMPANY

During the Call Period (the month of June 2004), the Company, in its sole discretion, may elect to call the ProGroS Securities offered hereby, in whole but not in part, prior to the stated maturity date by giving notice to the Trustee of the Company's election on any Business Day within the month of June 2004, at the Call Price (\$20 per Unit).

If we elect to call your ProGroS Securities prior to the stated maturity date, you will receive only the Call Price and you will not receive a Supplemental Redemption Amount based on the value of the Reference Property. If we do not call the ProGroS Securities prior to the stated maturity date, the Principal Amount plus the Supplemental Redemption Amount, if any, that you receive at the stated maturity may be greater than or less than the Call Price. The Company may elect to call the ProGroS Securities on any Business Day during the Call Period by giving notice to the Trustee and specifying the date on which the Call Price shall be paid. Such Payment Date shall be no later than the 20th Business Day after such call election. The Trustee will provide notice of such call election to the registered holders of the ProGroS Securities, specifying the Payment Date, no less than 15, nor more than 30, calendar days prior to such Payment Date. While the ProGroS Securities are held at the Depositary, the registered holder will be the Depositary, and the Depositary will receive the notice of the call. As more fully described below under "Description of the ProGroS Securities Depositary", the Depositary will forward such notice to its participants which will pass such notice on to the beneficial owners.

You should compare the features of the ProGroS Securities to other available investments before deciding to purchase the ProGroS Securities. Due to the uncertainty as to whether the ProGroS Securities will earn a Supplemental Redemption Amount or be called prior to the stated maturity date, the return on investment with respect to the ProGroS Securities may be higher or lower than the return available on other securities issued by the Company or issued by others and available through MLPF&S. It is suggested that you reach an investment decision only after carefully considering the suitability of the ProGroS Securities in light of your particular circumstances.

HYPOTHETICAL RETURNS

The following table illustrates, for a range of hypothetical Ending Values, (i) the percentage change over the Starting Value; (ii) the total amount payable at the stated maturity date for each \$10 Principal Amount of ProGroS Securities; (iii) the total rate of return to beneficial owners of the ProGroS Securities; (iv) the pretax annualized rate of return to beneficial owners of ProGroS Securities and (v) the pretax annualized rate of return of the Telebras Receipt. THIS TABLE ASSUMES THAT THE PROGROS SECURITIES ARE NOT CALLED PRIOR TO THE STATED MATURITY DATE.

<TABLE>  
<CAPTION>

Hypothetical Ending Value	PERCENTAGE CHANGE OVER THE Starting Value	TOTAL AMOUNT PAYABLE AT THE STATED MATURITY Date per Unit	TOTAL RATE of Return	PRETAX ANNUALIZE RATE OF Return (1)	PRETAX RATE OF RETURN OF THE TELEBRAS Receipt (1) (2)
<S>	<C>	<C>	<C>	<C>	<C>
\$ 46.18	-60.00%	\$10.00	0.00%	0.00%	--10.94%
\$ 57.72	-50.00%	\$10.00	0.00%	0.00%	--7.96%
\$ 69.26	-40.00%	\$10.00	0.00%	0.00%	--5.48%
\$ 80.81	-30.00%	\$10.00	0.00%	0.00%	--3.35%

\$ 92.35	-20.00%	\$10.00	0.00%	0.00%	--1.48%
\$103.89	-10.00%	\$10.00	0.00%	0.00%	0.18%
\$115.44	0.00%	\$10.00	0.00%	0.00%	1.69%
\$126.98	10.00%	\$11.00	10.00%	1.37%	3.06%
\$138.53	20.00%	\$12.00	20.00%	2.62%	4.33%
\$150.07	30.00%	\$13.00	30.00%	3.78%	5.50%
\$161.61	40.00%	\$14.00	40.00%	4.86%	6.60%
\$173.16	50.00%	\$15.00	50.00%	5.87%	7.62%
\$184.70	60.00%	\$16.00	60.00%	6.82%	8.58%
\$196.24	70.00%	\$17.00	70.00%	7.72%	9.50%
\$207.79	80.00%	\$18.00	80.00%	8.57%	10.36%
\$219.33	90.00%	\$19.00	90.00%	9.38%	11.18%
\$230.88	100.00%	\$20.00	100.00%	10.14%	11.96%

</TABLE>

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

(2) This rate of return assumes (i) a constant dividend yield of 1.69% per annum, paid quarterly from the date of initial delivery of ProGroS Securities, applied to the value of the Telebras Receipt at the end of each such quarter assuming such value increases or decreases linearly from the Starting Value to the applicable hypothetical Ending Value; (ii) no transaction fees or expenses; (iii) a term for the ProGroS Securities from May 19, 1998 to May 19, 2005; and (iv) a final Telebras Receipt value equal to the Ending Value.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Value determined by the Calculation Agent as provided herein.

#### DILUTION AND REORGANIZATION ADJUSTMENTS

The Reference Property is subject to adjustment if an issuer of any Reference Security (or the custodian in the case of Reference Security that is an ADR) shall: (i) pay a stock dividend or make a distribution with respect to such Reference Security in Reference Securities; (ii) subdivide or split the outstanding units of such Reference Security into a greater number of units; (iii) combine the outstanding units of such Reference Security into a smaller number of units; (iv) issue by reclassification of units of such Reference Security any units of another security of such issuer; (v) issue

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rights or warrants to all holders of such Reference Security entitling them to subscribe for or purchase shares, in the aggregate, for more than 5% of the number of such Reference Securities outstanding prior to the issuance of such rights or warrants at a price per share less than the then current market price of such Reference Security (other than rights to purchase such Reference Security pursuant to a plan for the reinvestment of dividends or interest); or (vi) pay a dividend or make a distribution to all holders of such Reference Security 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 Dividend (as defined below)) or issue to all holders of such Reference Security rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (v) above) (any of the foregoing assets are referred to as the "Distributed Assets" and any of the foregoing events are referred to as the "Dilution Events"). Notwithstanding provision (vi) in the foregoing sentence, if a Reference Security is an ADR and the holder of such ADR would receive cash or other property other than securities in the circumstances described in (vi) above, but the holder of the securities underlying such ADR could receive securities as a result of a Dilution Event (the "Distributed Securities") and the Calculation Agent or its affiliates would be eligible to receive the Distributed Securities, then the Company can elect for purposes of provision (vi) to include the Distributed Securities in the Reference Property instead of the cash or property distributed to holders of the ADR in an amount equal to the amount of the Distributed Securities that would have been received had the Reference Property consisted of the securities underlying the ADRs instead of the ADRs. For purposes of provision (vi), if the holder of a Reference Security can elect to receive securities in lieu of cash or property other than securities, then for purposes of provision (vi) the holders of the Reference Security shall be deemed to receive only the securities.

In the case of the Dilution Events referred to in clauses (i), (ii), (iii) and (iv) above, the Reference Property shall be adjusted to include the number of units of such Reference Security and/or security of such issuer which a holder of units of such Reference Security would have owned or been entitled to receive immediately following any such event had such holder held, immediately prior to such event, the number of units of such Reference Security constituting part of the Reference Property immediately prior to such event. Each such adjustment shall become effective immediately after the effective date for such subdivision, split, combination or reclassification, as the case may be. Each such adjustment shall be made successively.

In the case of the Dilution Event referred to in clause (v) above where the rights or warrants are for more than 5% of the number of shares outstanding prior to the issuance of such rights or warrants, the Reference Property shall be adjusted by multiplying the number of Reference Securities constituting Reference Property immediately prior to the date of issuance of the rights or



warrants referred to in clause (v) above by a fraction, (1) the numerator of which shall be the number of Reference Securities outstanding on the date immediately prior to such issuance, plus the number of additional Reference Securities offered for subscription or purchase pursuant to such rights or warrants, and (2) the denominator of which shall be the number of Reference Securities outstanding on the date immediately prior to such issuance, plus the number of additional Reference Securities which the aggregate offering price of the total number of Reference Securities so offered for subscription or purchase pursuant to such rights or warrants would purchase at the current market price (determined as the average Closing Price per Reference Security for the 20 Trading Days immediately prior to the date of such rights or warrants are issued, subject to certain adjustments), which shall be determined by multiplying such total number of Reference Securities by the exercise price of such rights or warrants and dividing the product so obtained by such current market price. To the extent that Reference Securities are not delivered after the expiration of such rights or warrants, or if such rights or warrants are not issued, the Reference Property shall be readjusted to the Reference Property 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 Reference Securities actually delivered.

In the case of the Dilution Event referred to in clause (vi) above, the Reference Property shall be adjusted to include, from and after such dividend, distribution or issuance, (x) in respect of that portion, if any, of the Distributed Assets consisting of cash, the amount of such Distributed Assets consisting of cash received for each unit of such Reference Security multiplied by the number of units of such Reference Security constituting part of the Reference Property on the date of such dividend, distribution or issuance, immediately prior to such dividend, distribution or issuance, plus (y) in respect of that portion, if any, of the Distributed Assets which are other than cash, the number or amount of each type of Distributed Assets other than cash received with respect to each unit of such Reference Security multiplied by the number of units of such Reference Security constituting part of the Reference Property on the date

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of such dividend, distribution or issuance, immediately prior to such dividend, distribution or issuance.

For example, where a reorganization of Telebras results in the distribution to holders of the Telebras Receipt of ADRs representing shares of common stock in various companies formed to operate various spin-off businesses of Telebras, then the Reference Property shall include such ADRs in amounts specified pursuant to provision (vi) above. If in any such reorganization of Telebras, holders of Telebras Receipts receive cash or property while holders of the shares of common stock underlying the Telebras Receipts receive Distributed Securities and the Calculation Agent or an affiliate can receive and hold such Distributed Securities, then the Calculation Agent can elect to have the Reference Property include such Distributed Securities instead of such cash or property.

An "Extraordinary Cash Dividend" means, with respect to any consecutive 12-month period, the amount, if any, by which the aggregate amount of all cash dividends or any other distribution made by the issuer of a Reference Security or made pursuant to an arrangement effecting a distribution of distributable profits or reserves, whether in cash or in specie, on any Reference Security occurring in such 12-month period (or, if such Reference Security was not outstanding at the commencement of such 12-month period or was not then a part of the Reference Property, occurring in such shorter period during which such Reference Security was outstanding and was part of the Reference Property) exceeds on a per share basis 10% of the average of the Closing Prices per share of such Reference Security over such 12-month period (or such shorter period during which such Reference Security was outstanding and was part of the Reference Property); provided that, for purposes of the foregoing definition, the amount of cash dividends paid on a per share basis will be appropriately adjusted to reflect the occurrence during such period of any stock dividend or distribution of shares of capital stock of the issuer of such Reference Security or any subdivision, split, combination or reclassification of shares of such Reference Security.

All adjustments will be calculated to the nearest 1/10,000th of a share of the Reference Security (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 shall be required unless such adjustment would require an increase or decrease of at least one percent in the Closing Price; 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 any of the Distributed Assets are cash, property or Reference Securities that will be distributed only to holders of the relevant Reference Property who or which can certify as to a certain nationality or formation under the laws of a certain jurisdiction, as the case may be, and a corporation formed in the United States or an affiliate of such corporation formed elsewhere cannot receive such distribution, the Reference Property will reflect only those Distributed Assets available for distribution to such United States corporation or its affiliates.

In the event of (A) any consolidation or merger of an issuer of a Reference Security, or any surviving entity or subsequent surviving entity of such issuer (a "Successor Company"), with or into another entity (other than a merger or consolidation in which such issuer is the continuing corporation and in which

the Reference Security outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of such issuer or another corporation), (B) any sale, transfer, lease or conveyance to another corporation of the property of an issuer of a Reference Security or any Successor Company as an entirety or substantially as an entirety, (C) any statutory exchange of securities of an issuer of a Reference Security or any Successor Company with another corporation (other than in connection with a merger or acquisition) or (D) any liquidation, dissolution, winding up or bankruptcy of an issuer of a Reference Security or any Successor Company (any such event described in clause (A), (B), (C) or (D), a "Reorganization Event"), the Ending Value shall be calculated by including the Reorganization Event Value. The "Reorganization Event Value" shall be determined by the Calculation Agent and shall equal (i) the Transaction Value related to the relevant Reorganization Event, plus (ii) interest on such Transaction Value accruing from the date of the payment or delivery of the consideration, if any, received in connection with such Reorganization Event until the stated maturity date at a fixed interest rate determined on the date of such payment or delivery equal to the interest rate that would be paid on a fixed rate senior non-callable debt security of the Company with a term equal to the remaining term of the ProGroS Securities. The "Transaction Value" means (i) for any cash received in any such Reorganization Event, the U.S. Dollar Equivalent of cash received per unit of Reference Security, (ii) for any property other than cash or securities received in any such Reorganization Event, an amount equal to the U.S. Dollar Equivalent of the market value of such property per unit of Reference Security on the date that such property is received by holders of such Reference

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Security as determined by the Calculation Agent, and (iii) for any securities received in any such Reorganization Event, an amount equal to the Closing Price per unit of such securities on the date such securities are received by holders of such Reference Security multiplied by the number of such securities received for each unit of such Reference Security (subject to adjustment on a basis consistent with the adjustment provisions described above).

The foregoing adjustments shall be made by MLPF&S, as Calculation Agent, and all such adjustments shall be final.

No adjustments will be made for certain other events, such as offerings of Deposit Reference Shares by Telebras for cash or in connection with acquisitions.

The Company will, within ten Business Days following the occurrence of an event that requires an adjustment (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide written notice to the Trustee, which shall provide notice to the Holders of the ProGroS Securities of the occurrence of such event and, if applicable, a statement in reasonable detail setting forth the adjusted Closing Price to be used in determining the Ending Value.

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any ProGroS Securities shall have occurred and be continuing, the amount payable to a beneficial owner of a ProGroS Security upon any acceleration permitted by the ProGroS Securities, with respect to each \$10 principal amount thereof, will be equal to the Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the ProGroS Securities. See "Description of the ProGroS Securities Payment at Maturity" herein. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the beneficial owner of a ProGroS Security may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the Principal Amount of the ProGroS Security plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the stated maturity date of the ProGroS Securities.

In case of default in payment of the ProGroS Securities (whether at the Call Date, at the stated maturity date, or upon acceleration), from and after the stated maturity date the ProGroS Securities shall bear interest, payable upon demand of the beneficial owners thereof, at the rate of 6.25% 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 ProGroS Securities to the date payment of such amount has been made or duly provided for.

#### DEPOSITARY

All ProGroS Securities are represented by one or more fully registered global securities (the "Global Securities"). Each such Global Security has been deposited with, or on behalf of, The Depository Trust Company ("DTC"; DTC, together with any successor thereto, being a "Depository"), as Depository, registered in the name of Cede & Co. (DTC's partnership nominee). Unless and until it is exchanged in whole or in part for ProGroS 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 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.

So long as DTC, or its nominee, is a 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 Senior Indenture. Except as provided below, the actual owner of the ProGroS Securities represented by a Global Security (the "Beneficial Owner") will not be entitled to have the ProGroS Securities represented by such Global Securities registered in their names, will not receive or be entitled to receive physical delivery of the ProGroS Securities in definitive form and will not be considered the owners or Holders thereof under the Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 of DTC (a "Participant"), on the procedures of the Participant through which such

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person owns its interest, to exercise any rights of a Holder under the Senior 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 Senior 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, as defined below, 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.

If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that the Global Securities shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the ProGroS Securities, the Global Securities will be exchangeable for ProGroS Securities in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$10 and integral multiples thereof. Such definitive ProGroS 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.

The following is based on information furnished by DTC:

DTC is acting as securities depository for the ProGroS Securities. The ProGroS Securities have been issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered Global Securities has been issued for the ProGroS Securities in the aggregate principal amount of such issue, and has been deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the NASD. Access to the DTC's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of ProGroS Securities under the DTC's system must be made by or through Direct Participants, which will receive a credit for the ProGroS Securities on the DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the records of Direct Participants and Indirect Participants. 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the ProGroS Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in ProGroS Securities, except in the event that use of the book-entry system for the ProGroS Securities is discontinued.

To facilitate subsequent transfers, all ProGroS Securities deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of ProGroS Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the ProGroS Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such ProGroS

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Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the ProGroS Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the ProGroS Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the ProGroS Securities will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of DTC, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the Company or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the ProGroS Securities at any time by giving reasonable notice to the Company or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, ProGroS Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

#### SAME-DAY PAYMENT

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

#### THE TELEBRAS RECEIPT

##### TELECOMUNICACOES BRASILEIRAS S.A.-TELEBRAS

Telecomunicacoes Brasileiras S.A.-Telebras is the primary supplier of public telecommunications services in Brazil. Telebras owns and operates all of the inter-state and international telephone transmission facilities in Brazil, is the primary provider of intra-state service and provides telephone-related services such as data transmission, cellular mobile telephone service, and sound, image, videotext and telex transmission.

Telebras is currently controlled by the federal government of Brazil, which has announced its intention to privatize Telebras. In connection with such privatization, the federal government of Brazil has indicated that it intends to reorganize Telebras by creating 12 separate corporations as a result of spin-offs from Telebras of various businesses of Telebras which may result in the distribution to holders of a Telebras Receipt of cash, securities and/or other property, including common stock and/or warrants or rights to purchase common stock in the new corporations. An investor in

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the ProGroS Securities should carefully review the adjustments to be made in the case of certain reorganization events contained in "Description of the ProGroS Securities Dilution and Reorganization Adjustments".

Telebras is subject to the informational requirements of the Exchange Act. Accordingly, Telebras files reports, proxy and other information statements and other information with the Commission. Information provided to or filed with the Commission by Telebras is available at the offices of the Commission specified under "Available Information" herein. The Company makes no representation or warranty as to the accuracy or completeness of such reports. There can be no assurance that Telebras will continue to be subject to the reporting requirements of the Exchange Act and distribute reports and other information required thereby to its shareholders. In the event that Telebras ceases to be subject to such reporting requirements or otherwise fails to distribute such

information during the term of the ProGroS Securities, pricing information for the ProGroS Securities may be more difficult to obtain and the value and liquidity of the ProGroS Securities may be adversely affected.

THE COMPANY IS NOT AFFILIATED WITH TELEBRAS AND TELEBRAS HAS NO OBLIGATIONS WITH RESPECT TO THE PROGROS SECURITIES. THIS PROSPECTUS RELATES ONLY TO THE PROGROS SECURITIES OFFERED HEREBY AND DOES NOT RELATE TO THE TELEBRAS RECEIPT OR OTHER SECURITIES OF TELEBRAS. THE INFORMATION CONTAINED IN THIS PROSPECTUS REGARDING TELEBRAS HAS BEEN DERIVED FROM THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH. THE COMPANY HAS NOT PARTICIPATED IN THE PREPARATION OF SUCH DOCUMENTS OR MADE ANY DUE DILIGENCE INQUIRIES WITH RESPECT TO TELEBRAS IN CONNECTION WITH THE INITIAL OFFERING OF THE PROGROS SECURITIES. THE COMPANY MAKES NO REPRESENTATION THAT SUCH PUBLICLY AVAILABLE DOCUMENTS OR ANY OTHER PUBLICLY AVAILABLE INFORMATION REGARDING TELEBRAS ARE ACCURATE OR COMPLETE. FURTHERMORE, THERE CAN BE NO ASSURANCE THAT ALL EVENTS OCCURRING PRIOR TO THE DATE HEREOF (INCLUDING EVENTS THAT WOULD AFFECT THE ACCURACY OR COMPLETENESS OF THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH) THAT WOULD AFFECT THE TRADING PRICE OF THE TELEBRAS RECEIPT (AND THEREFORE THE TRADING PRICE OF THE PROGROS SECURITIES) HAVE BEEN PUBLICLY DISCLOSED. SUBSEQUENT DISCLOSURE OF ANY SUCH EVENTS OR THE DISCLOSURE OF OR FAILURE TO DISCLOSE MATERIAL FUTURE EVENTS CONCERNING TELEBRAS COULD AFFECT THE SUPPLEMENTAL REDEMPTION AMOUNT TO BE RECEIVED AT THE STATED MATURITY DATE AND THEREFORE THE TRADING VALUE OF THE PROGROS SECURITIES.

From time to time, in the ordinary course of business, affiliates of the Company have engaged in certain investment banking activities on behalf of the Telebras as well as served as counterparty in certain other transactions.

#### OTHER TERMS

##### GENERAL

The ProGroS Securities were issued as a series of Senior Debt Securities under an indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee. A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Indentures do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the respective Indentures, including the definitions therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the ProGroS Securities are governed by and construed in accordance with the laws of the State of New York.

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The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of the Senior Debt Securities previously issued, and "reopen" a previous issue of a series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATION UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indentures) 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 Senior Debt Securities 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 Senior 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 Senior Indentures 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 Senior 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Indentures 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Senior Indenture may be effected by the Company and the a Trustee with the consent of the Holders of at least 662/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to the Indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of, or any installment of interest or Additional Amounts on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and

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payable prior to the Stated Maturity; (c) change the place or currency of any payment of principal of, or any premium, interest or Additional Amounts on, any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend such Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Company's Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any Holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Senior Indenture and waive compliance by the Company with certain provisions of such Indenture.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series issued thereunder: (a) default in the payment of any interest or Additional Amounts upon any Debt Security of that series when due, and such default has continued for 30 days; (b) default in the payment of any principal of or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in such Indenture for the benefit of such series or in the Senior Debt Securities of such series, and such default has continued for 60 days after written notice as provided in such Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, provided that all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal of or premium, if any, or interest or Additional Amounts, if any, on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior

Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Subject to the provisions of the Senior Indenture relating to the duties of the Trustee, before proceeding to exercise any right or power under an Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company will be required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 Annual Report on Form 10-K, and incorporated by reference in this Prospectus, have

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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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.  
+++++

SUBJECT TO COMPLETION, ISSUE DATE JULY 28, 1998

PROSPECTUS

-----  
28,500,000 Units  
MERRILL LYNCH & CO., INC.  
S&P 500/(R)/ Market Index Target-Term Securities sm  
due July 1, 2005  
"MITTS (R)"  
(\$10 principal amount per Unit)

On June 23, 1998, Merrill Lynch & Co., Inc. (the "Company") issued \$285,000,000 aggregate principal amount (28,500,000 Units) of S&P 500 Market Index Target-Term Securities due July 1, 2005 (the "MITTS Securities"). Each \$10 principal amount of the MITTS Securities will be deemed a "unit" for purposes of trading and transfer at DTC described below. Units will be transferable by DTC, as more fully described below, in denominations of whole Units .

GENERAL:

- . 100% principal protection at maturity
- . No payments prior to the stated maturity date
- . Senior unsecured debt securities of Merrill Lynch & Co., Inc.
- . The MITTS Securities have been listed on the American Stock Exchange ("AMEX") under the symbol "MLF".

PAYMENT AT MATURITY: Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage increase, if any, in the S&P 500 Index, reduced on a daily basis by a percentage equal to the pro rata portion of an annual adjustment factor. The annual adjustment factor equals 1.3% (the "Adjustment Factor"). At maturity, the annual application of the Adjustment Factor will result in a total reduction in the S&P 500 Index equal to approximately 8.78%. The Supplemental Redemption Amount may be ZERO, but will not be less than zero.

BEFORE YOU DECIDE TO INVEST IN THE MITTS SECURITIES, CAREFULLY READ THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS BEGINNING ON PAGE 5.

Neither the SEC nor any state securities commission has approved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The MITTS Securities will be maintained in book-entry form only through the facilities of DTC.

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This Prospectus has been prepared in connection with the MITTS Securities 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 MITTS Securities. MLPF&S may act as principal or agent in such transactions. The MITTS Securities may be offered on the AMEX, 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 MITTS 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..

\_\_\_\_\_  
MERRILL LYNCH & CO.

The date of this Prospectus is July \_\_, 1998.

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

"Standard & Poor's(R)", "Standard & Poor's 500", "S&P 500(R)", "S&P(R)" and "500", are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Merrill Lynch Capital Services, Inc. and the Company is an authorized sublicensee.

STANDARD & POOR'S ("S&P") DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, MLPF&S, HOLDERS OF THE MITTS SECURITIES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED UNDER THE LICENSE AGREEMENT DESCRIBED HEREIN OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE S&P INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGE (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

#### 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 New York Stock Exchange (the "NYSE"), the AMEX, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998 and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February



4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 filed pursuant to Section 13 of the Exchange Act, are hereby incorporated by reference into this Prospectus.

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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 hereof and prior to the termination of the offering 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, 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; an underwriter of selected insurance products; and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored agencies. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, Inc. and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios for earnings to fixed charges of the Company for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of Earnings to fixed charges	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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#### RISK FACTORS

Your investment in the MITTS Securities will involve certain risks. For example, there is the risk that you might not earn a return on your investment, and the risk that you will be unable to sell your MITTS Securities prior to the stated maturity date. You should carefully consider the following discussion of risks before deciding whether an investment in the MITTS Securities is suitable for you.

#### THE SUPPLEMENTAL REDEMPTION AMOUNT

You should be aware that if the Adjusted Ending Value does not exceed the Starting Value at the stated maturity, the Supplemental Redemption Amount will be zero. This will be true even if the value of the Index, as reduced by the Adjustment Factor, was higher than the Starting Value at some time during the life of the MITTS Securities but later falls below the Starting Value. If the Supplemental Redemption Amount is zero, we will pay you only the Principal Amount of your MITTS Securities.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

#### YOUR RETURN WILL NOT REFLECT THE RETURN OF OWNING THE STOCKS UNDERLYING THE INDEX

Your return will not reflect the return you would realize if you actually owned the stocks underlying the Index and received the dividends paid on those stocks because of the reduction caused by the Adjustment Factor and because S&P calculates the Index by reference to the prices of the common stocks comprising the Index without taking into consideration the value of dividends paid on those stocks.

#### UNCERTAIN TRADING MARKET

The MITTS Securities have been listed on the AMEX under the symbol "MLF". While there have been a number of issuances of Market Index Target-Term Securities, trading volumes have varied historically from one transaction to another and it is therefore impossible to predict how the MITTS Securities will trade. You cannot assume that a trading market will develop for the MITTS Securities. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the MITTS Securities will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the value of the Index.

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

#### FACTORS AFFECTING TRADING VALUE OF THE MITTS SECURITIES

We believe that the market value of the MITTS Securities will be affected by the value of the Index and by a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe the expected impact on the market value of the MITTS Securities given a change in a specific factor, assuming all other conditions remain constant.

- . INDEX VALUE. We expect that the market value of the MITTS Securities will depend substantially on the amount by which the Index, as reduced by the Adjustment Factor, exceeds the Starting Value. If you choose to sell your

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MITTS Securities when the value of the Index, as reduced by the Adjustment Factor, exceeds the Starting Value, you may receive substantially less than the amount that would be payable at maturity based on such value because of the expectation that the Index will continue to fluctuate until the Adjusted Ending Value is determined. If you choose to sell your MITTS Securities when the value of the Index is below the Starting Value, you may receive less than the \$10 Principal

Amount per Unit of MITTS Securities. In general, rising U.S. dividend rates (i.e., dividends per share) may increase the value of the Index while falling U.S. dividend rates may decrease the value of the Index. Political, economic and other developments that affect the stocks underlying the Index may also affect the value of the Index and the value of the MITTS Securities.

- . INTEREST RATES. Because the MITTS Securities repay, at a minimum, the Principal Amount at maturity, we expect that the trading value of the MITTS Securities will be affected by changes in interest rates. In general, if U.S. interest rates increase, we expect that the trading value of the MITTS Securities will decrease. If U.S. interest rates decrease, we expect the trading value of the MITTS Securities will 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, the MITTS Securities. Falling interest rates may increase the value of the Index and, thus, may increase the value of the MITTS Securities.
- . VOLATILITY OF THE INDEX. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index increases, we expect that the trading value of the MITTS Securities will increase. If the volatility of the Index decreases, we expect that the trading value of the MITTS Securities will decrease.
- . TIME REMAINING TO MATURITY. The MITTS Securities may trade at a value above that which would be expected based on 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 the stated maturity of the MITTS Securities. However, as the time remaining to the stated maturity of the MITTS Securities decreases, we expect that this time premium will decrease, lowering the trading value of the MITTS Securities.
- . DIVIDEND YIELDS. If dividend yields on the stocks comprising the Index increase, we expect that the value of the MITTS Securities will decrease. Conversely, if dividend yields on the stock comprising the Index decrease, we expect that the value of the MITTS Securities will increase.
- . COMPANY CREDIT RATINGS. Real or anticipated changes in the Company's credit ratings may affect the market value of the MITTS Securities.

It is important for you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the MITTS Securities attributable to another factor, such as an increase in the Index value.

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

#### STATE LAW LIMITS ON INTEREST PAID

New York State law governs the Senior Indenture, as defined herein. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the MITTS Securities. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the holders of the MITTS Securities, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

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#### PURCHASES AND SALES BY MLPF&S

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the stocks underlying the Index for their own accounts for business reasons or in connection with hedging the Company's obligations under the MITTS Securities. These transactions could affect the price of such stocks and the value of the Index.

#### POTENTIAL CONFLICTS

The Calculation Agent is a subsidiary of the Company, the issuer of the MITTS Securities. Under certain circumstances, MLPF&S's role as a subsidiary of the Company and its responsibilities as Calculation Agent for the MITTS Securities could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts

of interest could arise.

OTHER CONSIDERATIONS

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

Investors should also consider the tax consequences of investing in the MITTS Securities and should consult their tax advisors.

DESCRIPTION OF THE MITTS SECURITIES

GENERAL

The MITTS Securities were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", as described below. The MITTS Securities will mature on July 1, 2005.

While at maturity a beneficial owner of a MITTS Security will receive the Principal Amount of such MITTS Security plus the Supplemental Redemption Amount, if any, there will be no other payment of interest, periodic or otherwise. See "Payment at Maturity" below.

The MITTS 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 MITTS Securities, beneficial owners of the MITTS Securities may accelerate the maturity of the MITTS Securities, as described under "Description of the MITTS Securities--Events of Default and Acceleration" and "Other Terms--Events of Default" in this Prospectus.

The MITTS Securities were issued in denominations of whole Units.

PAYMENT AT MATURITY

General

At the stated maturity date, a beneficial owner of a MITTS Security will be entitled to receive the Principal Amount thereof plus the Supplemental Redemption Amount, if any, all as provided below. If the Adjusted Ending Value does not exceed the Starting Value, a beneficial owner of a MITTS Security will be entitled to receive only the Principal Amount thereof.

Determination of the Supplemental Redemption Amount

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The Supplemental Redemption Amount for a MITTS Security will be determined by the Calculation Agent and will equal:

<TABLE>	
<CAPTION>	
<S>	<C>
	Adjusted Ending Value - Starting Value
Principal Amount of such MITTS Security (\$10 per Unit) X	-----
	Starting Value

</TABLE>

provided, however, that in no event will the Supplemental Redemption Amount be less than zero.

The Starting Value equals 1,119.49.

The Adjusted Ending Value will be determined by the Calculation Agent and will equal the average (arithmetic mean) of the closing values of the Index as adjusted by the Adjustment Factor (the "Adjusted Index Value") determined on each of the first five Calculation Days during the Calculation Period. If there are fewer than five Calculation Days, then the Adjusted Ending Value will equal the average (arithmetic mean) of the closing values of the Adjusted Index Value on such Calculation Days, and if there is only one Calculation Day, then the Adjusted Ending Value will equal the closing value of the Adjusted Index Value on such Calculation Day. If no Calculation Days occur during the Calculation Period, then the Adjusted Ending Value will equal the closing value of the Adjusted Index Value 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 "Adjustment Factor" equals 1.3% per annum and will be prorated and applied each calendar day during the term of the MITTS Securities to reduce the Index. As a result of the application of the Adjustment Factor, the adjusted value of the Index used to calculate your Supplemental Redemption Amount at the stated maturity of the MITTS Securities will be approximately 8.78% less than the actual Index value on any day during the Calculation Period.

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 Adjusted Ending Value, an "Index Business Day" is a day on which the NYSE and the AMEX are open for trading and the Index or any Successor Index, as defined below, is calculated and published. 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 MITTS Securities.

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HYPOTHETICAL RETURNS

The following table illustrates, for a range of hypothetical values of the Index during the Calculation Period, (i) the Adjusted Ending Value used to calculate the Supplemental Redemption Amount; (ii) the percentage change from the initial Index value to the Adjusted Ending Value; (iii) the total amount payable per Unit of MITTS Securities; (iv) the total rate of return on the MITTS Securities; (v) the pretax annualized rate of return on the MITTS Securities; and (vi) the pretax annualized rate of return of the stocks underlying the Index (which includes an assumed aggregate dividend yield of 1.40% per annum, as more fully described below).

<TABLE> <CAPTION>		TOTAL AMOUNT ----- PAYABLE AT MATURITY			PRETAX ----- ANNUALIZED		PRETAX
ANNUALIZED		PERCENTAGE CHANGE			ANNUALIZED		
-----		-----	-----		-----	-----	
HYPOTHETICAL INDEX RETURN ON	ADJUSTED VALUE DURING THE UNDERLYING	OF ADJUSTED VALUE OVER THE	PER \$10 AMOUNT OF	TOTAL RATE OF RETURN ON THE	RATE OF RETURN ON THE	RATE OF STOCKS	
-----	-----	-----	-----	-----	-----	-----	
CALCULATION PERIOD (1) (2)	VALUE	STARTING VALUE	MITTS SECURITIES	MITTS SECURITIES	MITTS SECURITIES	THE INDEX	
-----	-----	-----	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
559.75	510.62	-54.39%	\$10.00	0.00%	0.00%		-8.25%
671.69	612.75	-45.27%	\$10.00	0.00%	0.00%		-5.77%
783.64	714.87	-36.14%	\$10.00	0.00%	0.00%		-3.64%
895.59	817.00	-27.02%	\$10.00	0.00%	0.00%		-1.77%
1,007.54	919.12	-17.90%	\$10.00	0.00%	0.00%		-0.11%
1,119.49	1,021.25	-8.78%	\$10.00	0.00%	0.00%		1.40%
1,231.44	1,123.37	0.35%	\$10.03	0.35%	0.05%		2.77%
1,343.39	1,225.50	9.47%	\$10.95	9.47%	1.29%		4.04%
1,455.34	1,327.62	18.59%	\$11.86	18.59%	2.44%		5.21%
1,567.29	1,429.75	27.71%	\$12.77	27.71%	3.52%		6.30%
1,679.24	1,531.87	36.84%	\$13.68	36.84%	4.52%		7.32%
1,791.18	1,634.00	45.96%	\$14.60	45.96%	5.46%		8.28%
1,903.13	1,736.12	55.08%	\$15.51	55.08%	6.35%		9.19%
2,015.08	1,838.25	64.20%	\$16.42	64.20%	7.19%		10.05%
2,127.03	1,940.37	73.33%	\$17.33	73.33%	7.99%		10.87%
2,238.98	2,042.50	82.45%	\$18.24	82.45%	8.75%		11.65%
2,350.93	2,144.62	91.57%	\$19.16	91.57%	9.48%		12.40%
2,462.88	2,246.75	100.69%	\$20.07	100.69%	10.17%		13.11%
2,574.83	2,348.87	109.82%	\$20.98	109.82%	10.84%		13.80%
2,686.78	2,451.00	118.94%	\$21.89	118.94%	11.48%		14.46%
2,798.73	2,553.12	128.06%	\$22.81	128.06%	12.10%		15.09%

</TABLE>

- (1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.
- (2) This rate of return assumes (i) a constant dividend yield of 1.40% per annum, paid quarterly from the date of initial delivery of MITTS Securities applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Value to the hypothetical Index value during the Calculation Period; (ii) no transaction fees or expenses; (iii) the term for the MITTS Securities from June 26, 1998 to July 1, 2005; and (iv) a final Index value equal to the hypothetical Index value during the Calculation Period.
- (3) The Starting Value of the Index equals 1,119.49.

The figures on the previous page are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and

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

- (a) 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 NYSE or any other self regulatory organization or the

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 each case, for more than two hours of trading, or during the one-half hour period preceding the close of trading on the applicable exchange, in 20% or more of the stocks which then comprise the Index; or

(b) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the Index, or options on such futures contracts, which are traded on any major U.S. exchange or (B) option contracts related to the Index which are traded on any major U.S. exchange.

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 S&P discontinues publication of the Index and S&P 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 herein as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by S&P or such other entity for the Index. Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be given to Holders of the MITTS Securities.

If S&P 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 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 Calculation Agent calculates a value as a substitute for the Index, "Index Calculation Day" shall mean any day on which the Calculation Agent is able to calculate such value.

If S&P 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 (a) the determination of the Adjusted Ending Value and (b) a determination by 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 Wall Street Journal (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 MITTS Securities.

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#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any MITTS Securities shall have occurred and be continuing, the amount payable to a beneficial owner of a MITTS Security upon any acceleration permitted by the MITTS Securities, with respect to each \$10 principal amount thereof, will be equal to the Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the MITTS Securities. See "Description of the MITTS Securities--Payment at Maturity" in this Prospectus. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the beneficial owner of a MITTS Security may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the Principal Amount of the MITTS 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 MITTS Securities.

In case of default in payment of the MITTS Securities (whether at the stated maturity or upon acceleration), from and after the maturity date the MITTS Securities shall bear interest, payable upon demand of the beneficial owners thereof, at the rate of 5.90% 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 MITTS Securities to the date payment of such amount has been made or duly provided for.

#### DEPOSITARY

The MITTS Securities are represented by one or more fully registered global securities (the "Global Securities"). Each such Global Security has been deposited with, or on behalf of, The Depository Trust Company ("DTC"; DTC,

together with any successor thereto, being a "Depository"), as Depository, registered in the name of Cede & Co. (DTC's partnership nominee). Unless and until it is exchanged in whole or in part for MITTS 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 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.

So long as DTC, or its nominee, is a 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 MITTS Securities represented by such Global Security for all purposes under the Senior Indenture. Except as provided below, the actual owner of the MITTS Securities represented by a Global Security (the "Beneficial Owner") will not be entitled to have the MITTS Securities represented by such Global Securities registered in their names, will not receive or be entitled to receive physical delivery of the MITTS Securities in definitive form and will not be considered the owners or Holders thereof under the Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 of DTC (a "Participant"), on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder under the Senior 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 Senior 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, as defined below, 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.

If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that the Global Securities shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the MITTS Securities, the Global Securities will be exchangeable for MITTS Securities in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$10 and integral multiples thereof. Such definitive MITTS 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.

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THE FOLLOWING IS BASED ON INFORMATION FURNISHED BY DTC:

DTC will act as securities depository for the MITTS Securities. The MITTS Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered Global Security will be issued for the MITTS Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct 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's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the SEC.

Purchases of MITTS Securities under the DTC's system must be made by or through Direct Participants, which will receive a credit for the MITTS Securities on the DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the records of Direct Participants and Indirect Participants. 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the MITTS Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in MITTS Securities, except in the event that use of the

book-entry system for the MITTS Securities is discontinued.

To facilitate subsequent transfers, all MITTS Securities deposited with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of MITTS Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the MITTS Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such MITTS Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the MITTS Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the MITTS Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the MITTS Securities will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of DTC, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the Company or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such

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payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the MITTS Securities at any time by giving reasonable notice to the Company or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, MITTS Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, MITTS Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

#### SAME-DAY SETTLEMENT AND PAYMENT

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 MITTS Securities are maintained in book-entry form.

#### THE INDEX

All disclosures contained in this Prospectus regarding the Index, including its make-up, method of calculation and changes in its components, are derived from publicly available information prepared by S&P as of April 30, 1998. The Company and MLPF&S do not assume any responsibility for the accuracy or completeness of such information.

#### GENERAL

The Index is published by S&P, and is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of the Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. As of April 30, 1998 the 500 companies included in the Index represented approximately 81% of the aggregate Market Value of common stocks traded on the NYSE; however, these 500 companies are not the 500 largest companies listed on the NYSE and not all of these 500 companies are listed on such exchange. As of April 30, 1998, the aggregate Market Value of the 500 companies included in the Index represented approximately 73% of the aggregate Market Value of United States domestic, public companies. S&P chooses companies for inclusion in the Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the



common stock population of the NYSE, which S&P uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the market price of that company's common stock is generally responsive to changes in the affairs of the respective industry and the Market Value and trading activity of the common stock of that company. As of April 30, 1998, the 500 companies included in the Index were divided into 104 individual groups.

These individual groups comprised the following four main groups of companies (with the number of companies currently included in each group indicated in parentheses): Industrials (379), Utilities (37), Transportation (10) and Financial (74). S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the Index to achieve the objectives stated above.

THE INDEX DOES NOT REFLECT THE PAYMENT OF DIVIDENDS ON THE STOCKS UNDERLYING IT AND THEREFORE THE RETURN BASED ON THE SUPPLEMENTAL REDEMPTION AMOUNT WILL NOT PRODUCE THE SAME RETURN YOU WOULD RECEIVE IF YOU WERE TO PURCHASE SUCH UNDERLYING STOCKS AND HOLD THEM FOR A PERIOD EQUAL TO THE MATURITY OF THE MITTS SECURITIES.

#### COMPUTATION OF THE INDEX

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S&P currently computes the Index as of a particular time as follows:

(a) the product of the market price per share and the number of then outstanding shares of each component stock is determined as of such time (such product referred to as the "Market Value" of such stock);

(b) the Market Value of all component stock as of such time (as determined under clause (a) above) are aggregated;

(c) the mean average of the Market Values as of each week in the base period of the years 1941 through 1943 of the common stock of each company in a group of 500 substantially similar companies is determined;

(d) the mean average Market Values of all such common stocks over such base period (as determined under clause (c) above) are aggregated (such aggregate amount being referred to as the "Base Value");

(e) the aggregate Market Value of all component stocks as of such time (as determined under clause (b) above) is divided by the Base Value; and

(f) the resulting quotient (expressed in decimals) is multiplied by ten.

While S&P currently employs the above methodology to calculate the Index, no assurance can be given that S&P will not modify or change such methodology in a manner that may affect the Supplemental Redemption Amount, if any, payable to beneficial owners of MITTS Securities upon maturity or otherwise.

S&P adjusts the foregoing formula to negate the effects of changes in the Market Value of a component stock that are determined by S&P to be arbitrary or not due to true market fluctuations. Such changes may result from such causes as the issuance of stock dividends, the granting to shareholders of rights to purchase additional shares of such stock, the purchase of shares by employees pursuant to employee benefit plans, certain consolidations and acquisitions, the granting to shareholders of rights to purchase other securities of the company, the substitution by S&P of particular component stocks in the Index, and other reasons. In all such cases, S&P first recalculates the aggregate Market Value of all component stocks (after taking account of the new market price per share of the particular component stock or the new number of outstanding shares thereof or both, as the case may be) and then determines the New Base Value in accordance with the following formula:

$$\text{Old Base Value} \times \frac{\text{New Market Value}}{\text{Old Market Value}} = \text{New Base Value}$$

The result is that the Base Value is adjusted in proportion to any change in the aggregate Market Value of all component stocks resulting from the causes referred to above to the extent necessary to negate the effects of such clauses upon the Index.

#### LICENSE AGREEMENT

S&P and Merrill Lynch Capital Services, Inc. have entered into a non-exclusive license agreement providing for the license to Merrill Lynch Capital Services, Inc., in exchange for a fee, of the right to use indices owned and published by S&P in connection with certain securities, including the MITTS Securities, and the Company is an authorized sublicensee thereof.

The license agreement between S&P and Merrill Lynch Capital Services, Inc. provides that the following language must be stated in this Prospectus:

"The MITTS Securities are not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation or warranty, express or implied, to the Holders of

the MITTS Securities or any member of the public regarding the advisability of investing in securities generally or in the MITTS Securities particularly or the ability of the Index to track

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general stock market performance. S&P's only relationship to Merrill Lynch Capital Services, Inc. and the Company (other than transactions entered into in the ordinary course of business) is the licensing of certain servicemarks and trade names of S&P and of the Index which is determined, composed and calculated by S&P without regard to the Company or the MITTS Securities. S&P has no obligation to take the needs of the Company or the Holders of the MITTS Securities into consideration in determining, composing or calculating the Index. S&P is not responsible for and has not participated in the determination of the timing of the sale of the MITTS Securities, prices at which the MITTS Securities are to initially be sold, or quantities of the MITTS Securities to be issued or in the determination or calculation of the equation by which the MITTS Securities are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the MITTS Securities."

#### OTHER TERMS

##### GENERAL

The MITTS Securities were issued as a series of Senior Debt Securities under an indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee. A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the MITTS Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definitions therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the MITTS Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of the Senior Debt Securities previously issued, and "reopen" a previous issue of a series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATION UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indentures) 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 Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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

The Senior 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 Senior Indentures 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 Senior 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.

## MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Indentures 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 Senior Indenture.

## MODIFICATION AND WAIVER

Modification and amendment of the Senior Indenture may be effected by the Company and the Trustee with the consent of the Holders of at least 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to the Indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of, or any installment of interest or Additional Amounts on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change the place or currency of any payment of principal of, or any premium, interest or Additional Amounts on, any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend such Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Company's Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any Holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Senior Indenture and waive compliance by the Company with certain provisions of such Indenture.

## EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series issued thereunder: (a) default in the payment of any interest or Additional Amounts upon any Debt Security of that series when due, and such default has continued for 30 days; (b) default in the payment of any principal of or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in such Indenture for the benefit of such series or in the Senior Debt Securities of such series, and such default has continued for 60 days after written notice as provided in such Indenture; (e) certain events in bankruptcy,

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insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, provided that all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal of or premium, if any, or interest or Additional Amounts, if any, on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such

series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Subject to the provisions of the Senior Indenture relating to the duties of the Trustee, before proceeding to exercise any right or power under an Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company will be required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.

7 7/8% STRYPES(SM) DUE FEBRUARY 1, 2001  
PAYABLE WITH SHARES OF COMMON STOCK OF

CIBER, INC.

(OR CASH WITH AN EQUAL VALUE)

On January 28, 1998, Merrill Lynch & Co., Inc. (the "Company") issued 1,750,000 of its Structured Yield Product Exchangeable for Stock(sm), 7 7/8 % STRYPES(sm) Due February 1, 2001 (each, a "STRYPES"). The issue price of each STRYPES was \$54.125, which amount is equal to the last sale price of the Common Stock, par value \$.01 per share (the "CIBER Common Stock"), of CIBER, Inc., a Delaware corporation ("CIBER"), on January 26, 1998, as reported on the New York Stock Exchange (the "Initial Price"). The STRYPES will mature on February 1, 2001 (the "Maturity Date"). Interest on the STRYPES, at the rate of 7 7/8% of the issue price per annum, is payable in cash quarterly in arrears on February 1, May 1, August 1 and November 1, beginning May 1, 1998. The STRYPES are unsecured obligations of the Company ranking pari passu with all of its other unsecured and unsubordinated indebtedness. In addition, the STRYPES do not restrict the Company's ability to incur additional indebtedness ranking senior to, or pari passu with, the STRYPES. 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 CIBER Common Stock

(subject to the Company's right to deliver, with respect to all, but not less than all, shares of CIBER 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 \$91.4713 (the "Threshold Appreciation Price"), 0.7692 shares of CIBER Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than \$70.3625 (the "Initial Appreciation Cap"), a fractional share of CIBER Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) equals the Initial Appreciation Cap, (c) if the Maturity Price is less than or equal to the Initial Appreciation Cap but is greater than or equal to the Initial Price, one share of CIBER Common Stock per STRYPES, (d) if the Maturity Price is less than the Initial Price but is greater than or equal to \$51.4188 (the "Downside Protection Threshold Price"), a number of shares of CIBER Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) equals the Initial Price and (e) if the Maturity Price is less than the Downside Protection Threshold Price, 1.0526 shares of CIBER Common Stock per STRYPES. The "Maturity Price" means the average Closing Price (as defined herein) per share of CIBER Common Stock on the 20 Trading Days (as defined herein) immediately prior to, but not including, the second Trading Day preceding the Maturity Date. AS DESCRIBED HEREIN, THE MATURITY PRICE WILL REPRESENT A DETERMINATION OF THE VALUE OF A SHARE OF CIBER COMMON STOCK IMMEDIATELY PRIOR TO THE MATURITY DATE. 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 CIBER COMMON STOCK IS LESS THAN THE DOWNSIDE PROTECTION THRESHOLD 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 THE STRYPES WILL RESULT IN A LOSS. See "Description of the STRYPES."

CIBER is not affiliated with the Company and has no obligations with respect to the STRYPES.

SEE "RISK FACTORS," BEGINNING ON PAGE 3 OF THIS PROSPECTUS, FOR CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE STRYPES.

The STRYPES are listed on the New York Stock Exchange ("NYSE") under the trading symbol "BOB".

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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 Conduct Rules of the National Association of Securities Dealers, Inc.

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(sm) Service mark of Merrill Lynch & Co., Inc.

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Merrill Lynch & Co.

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The date of this Prospectus is July \_\_, 1998.

#### 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 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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 STRYPES, or subsequent to the date of the initial Registration Statement and prior to the effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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#### RISK FACTORS

#### COMPARISON TO OTHER DEBT SECURITIES; RELATIONSHIP TO CIBER COMMON STOCK

The terms of the STRYPES differ from those of ordinary debt securities in that the value of the CIBER 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 CIBER 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. ALTHOUGH AN INVESTMENT IN THE STRYPES AFFORDS PROTECTION FROM A DEPRECIATION IN THE VALUE OF THE CIBER COMMON STOCK TO THE EXTENT THAT THE MATURITY PRICE DOES NOT FALL BELOW THE DOWNSIDE PROTECTION THRESHOLD PRICE, HOLDERS OF STRYPES WILL HAVE ONLY LIMITED PROTECTION FROM DEPRECIATION BELOW 95% OF THE INITIAL PRICE. IF THE MATURITY PRICE OF THE CIBER COMMON STOCK IS LESS THAN THE DOWNSIDE PROTECTION THRESHOLD 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 CIBER COMMON STOCK MAY DECLINE BELOW 95% OF THE INITIAL PRICE, AND THAT SUCH DECLINE COULD BE SUBSTANTIAL.

#### LIMITATION 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 CIBER Common Stock because the amount receivable by a holder of a STRYPES on the Maturity Date will exceed the Initial Appreciation Cap (which represents an appreciation of 30% over the Initial Price) only if the Maturity Price of the CIBER Common Stock exceeds the Threshold Appreciation Price (which represents an appreciation of 69% over the Initial Price). Moreover, holders of the STRYPES will be entitled to receive on the Maturity Date only 76.92% (the percentage equal to the Initial Appreciation Cap divided by the Threshold Appreciation Price) of any appreciation of the value of CIBER Common Stock above the Threshold Appreciation Price. See "Description of the

STRYPES." Because the price of the CIBER Common Stock is subject to market fluctuations, the value of the CIBER 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. If the Maturity Price is less than the Downside Protection Threshold Price, holders of STRYPES will have only limited protection from depreciation below 95% of the Initial Price.

#### FACTORS AFFECTING TRADING PRICES

The trading prices of the STRYPES in the secondary market will be affected by the trading prices of the CIBER Common Stock in the secondary market. It is impossible to predict whether the price of CIBER Common Stock will rise or fall. Trading prices of CIBER Common Stock will be influenced by CIBER's operating results and prospects and by economic, financial and other factors and market conditions that can affect the capital markets generally, the market segment of which CIBER is a part, the NYSE (on which the CIBER Common Stock is traded), including the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of CIBER Common Stock in the market subsequent to the offering of the STRYPES or the perception that such sales could occur, and by other events that are difficult to predict and beyond the Company's control.

#### 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 are listed on the NYSE under the trading symbol "BOB". However, there can be no assurance 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

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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 price and liquidity of the STRYPES may be adversely affected.

#### IMPACT OF STRYPES ON THE MARKET FOR CIBER COMMON STOCK

Any market that develops for the STRYPES is likely to influence and be influenced by the market for CIBER Common Stock. For example, the price of CIBER Common Stock could be depressed by investors' anticipation of the potential distribution into the market of substantial amounts of CIBER Common Stock on the Maturity Date of the STRYPES, by possible sales of CIBER Common Stock by investors who view the STRYPES as a more attractive means of equity participation in CIBER, and by hedging or arbitrage trading activity that may develop involving the STRYPES and the CIBER Common Stock.

#### NO STOCKHOLDER'S RIGHTS

Holders of the STRYPES will not be entitled to any rights with respect to the CIBER 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 CIBER 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 Amended and Restated Certificate of Incorporation of CIBER 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.

#### NO AFFILIATION BETWEEN THE COMPANY AND CIBER

The Company has no affiliation with CIBER, and CIBER 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. CIBER did not receive any of the proceeds of the initial offering of the STRYPES and is not responsible for, and has not participated in, the determination or calculation of the amount receivable by holders of the STRYPES on the Maturity Date. CIBER 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 on the Maturity Date.

#### DILUTION OF CIBER COMMON STOCK

The number of shares of CIBER Common Stock (or the amount of cash) that holders of the STRYPES are entitled to receive on the Maturity Date is subject to adjustment for certain events arising from, among others, a merger or consolidation in which CIBER is not the surviving or resulting corporation, a sale or transfer of all or substantially all of the assets of CIBER, and the liquidation, dissolution, winding up or bankruptcy of CIBER, as well as stock splits and combinations, stock dividends and certain other actions of CIBER that modify its capital structure. See "Description of the STRYPES-Dilution Adjustments." Such number of shares of CIBER Common Stock (or cash amount) to be received by such holders on the Maturity Date will not be adjusted for other events not specifically provided, such as offerings of CIBER Common Stock by CIBER for cash or in connection with acquisitions. Likewise, no adjustments will be made for any sales of CIBER Common Stock by any principal stockholder of CIBER (including the Contracting Stockholder). At December 31, 1997, the Contracting Stockholder owned beneficially approximately 27% of the outstanding CIBER Common Stock. CIBER is not restricted from issuing additional shares of CIBER Common Stock during the term of the STRYPES and, because the Contracting Stockholder is able to exercise significant influence on the business and affairs of CIBER, any such decision to issue additional shares of CIBER Common Stock will be influenced by the Contracting Stockholder. In addition, the principal stockholders of CIBER (including the Contracting Stockholder) are not precluded from selling shares of CIBER Common Stock, either pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Act"), or by causing CIBER to register such shares. Neither CIBER nor any stockholder of CIBER (including the Contracting Stockholder) has any duty or obligation to consider the interests of the holders of the STRYPES for any reason.

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Additional issuances or sales may materially and adversely affect the price of the CIBER Common Stock and, because of the relationship of the number of shares of CIBER Common Stock (or cash amount) to be received upon payment and discharge of the STRYPES on the Maturity Date to the price of the CIBER Common Stock, such other events may adversely affect the trading price and ultimate value of the STRYPES. There can be no assurances that CIBER will not take any of the foregoing actions, or that it will not make offerings of, or that principal stockholders (including the Contracting Stockholder) will not sell any, CIBER Common Stock in the future, or as to the amount of any such offerings or sales.

#### 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 tax treatment of the STRYPES will be accepted by the Internal Revenue Service ("IRS") or upheld by a court. However, it is the opinion of Brown & Wood LLP, counsel to the Company, that the characterization and tax treatment of the STRYPES described herein, while not the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the IRS, will not result in the imposition of penalties. The Indenture (as defined herein) will require that any holder subject to United States Federal income tax include currently in income, for United States 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 CIBER Common Stock which the Company is obligated to deliver at that time (subject to the Company's right to deliver cash in lieu of CIBER 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 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). For these purposes, with respect to acquisitions of STRYPES in connection with the original issuance thereof, the Company and each holder agrees, pursuant to the terms of the Indenture, to assign \$56.78 (i.e., 104.91%) of the initial purchase price of a STRYPES (i.e., the issue price of a STRYPES) to the Debt Instrument and to assign \$2.655 (i.e., 4.91%) of the initial purchase price of a STRYPES to the Forward Contract. 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 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 STRYPES arising under the laws of any other taxing jurisdiction.

#### 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 MLFF&S, to the Company are restricted by net capital requirements under the Exchange Act, and under rules of certain securities exchanges and other regulatory bodies.



OTHER CONSIDERATIONS

It is suggested that prospective investors who consider purchasing the STRYPES should reach an investment decision only after carefully considering the suitability of the STRYPES in the light of each investor's particular circumstances.

MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, 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; an underwriter of selected insurance products; and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored agencies. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios for earnings to fixed charges of the Company for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED MARCH 27, 1998
	1993	1994	1995	1996	1997	1998
<S> Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

CIBER, INC.

CIBER is a nationwide provider of information technology consulting, including application software staff supplementation, management consulting solutions for "business/IT" problems, package software implementation services, system life-cycle project responsibility, millennium date change conversion services and networking procurement and engineering services. CIBER's revenues are generated from two areas, the CIBER Information Services ("CIS") Division and CIBER's Solutions Consulting Group ("CIBER Solutions"). The CIS Division provides application software development and maintenance services and, through its CIBR2000 Division, millennium date change solutions. CIBER Solutions provides services through CIBER's wholly-owned subsidiaries Spectrum Technology Group, Inc. ("Spectrum"), Business Information Technology, Inc. ("BIT") and CIBER Network Services, Inc. ("CNSI"). Spectrum provides information technology consulting solutions to business problems, specifically in the areas of data warehousing, data modeling and enterprise architecture, as well as project management and system integration services. BIT specializes in the implementation and integration of human resource and financial software application products, plus workflow automation and manufacturing/distribution

software systems, primarily for client/server networks. A substantial portion of BIT's revenues is derived from assisting clients implementing PeopleSoft, Inc. software. CNSI provides a wide range of local-area and wide-area network solutions, from design and procurement to installation and maintenance, with services including Internet and intranet connectivity.

CIBER is subject to the informational requirements of the Exchange Act. Accordingly, CIBER 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. Reports, proxy and information statements and other information concerning CIBER may also be inspected at the offices of the NYSE. The Commission maintains a Web site at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants, including CIBER, that file electronically with the Commission.

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

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#### 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 January 30, 1998 (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, 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 an Issue Price of \$54.125, bears interest at the rate of 7 7/8% of the issue price per annum (or \$4.2623 per annum) from January 30, 1998, 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 1, May 1, August 1 and November 1, beginning May 1, 1998, 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 fifteenth calendar day (whether or not a Business Day) 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 February 1, 2001. 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 CIBER Common Stock (subject to the Company's right to deliver, with respect to all, but not less than all, shares of CIBER Common Stock deliverable on the Maturity Date, cash with an equal value) determined in accordance with the following Payment Rate Formula, subject to adjustment as a result of certain dilution events: (a) if the Maturity Price (as defined below) is greater than or equal to the Threshold Appreciation Price, 0.7692 shares of CIBER Common Stock per STRYPES, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Appreciation Cap, a fractional share of CIBER Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) equals the Initial Appreciation Cap, (c) if the Maturity Price is less than or equal to the Initial Appreciation Cap but is greater than or equal to the Initial Price, one share of CIBER Common Stock per STRYPES, (d) if the Maturity Price is less than the Initial Price but is greater than or equal to the Downside Protection Threshold Price, a number of shares of CIBER Common Stock per STRYPES so that the value thereof (determined based on the Maturity Price) equals the Initial Price and (e) if the Maturity Price is less than the Downside Protection Threshold Price, 1.0526 shares of CIBER Common Stock per STRYPES. THE MATURITY PRICE WILL REPRESENT A DETERMINATION OF THE VALUE OF A SHARE OF CIBER COMMON STOCK IMMEDIATELY PRIOR TO THE MATURITY DATE. 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 CIBER COMMON STOCK IS LESS THAN THE DOWNSIDE PROTECTION THRESHOLD 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 CIBER Common Stock per STRYPES specified in clauses (a), (c) and (e) of the Payment Rate Formula are hereinafter referred to as the "Share Components."

Notwithstanding the foregoing, the Company may, in lieu of delivering shares of CIBER Common Stock, deliver cash in an amount equal to the value of such number of shares of CIBER Common Stock at the Maturity Price, subject to the Company's agreement contained in the Forward Purchase Contract to deliver on the Maturity Date the form of consideration that the ML&Co. Subsidiary receives from the Contracting Stockholder. Such right, if exercised by the Company, must be exercised with respect to all shares of CIBER 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 Securities Depository and the Trustee and publish a notice in

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The Wall Street Journal or another daily newspaper of national circulation stating whether the STRYPES will be paid and discharged with shares of CIBER Common Stock or cash. At the time such notice is published, the Maturity Price will not have been determined. If the Company delivers shares of CIBER Common Stock, holders of the STRYPES will be responsible for the payment of any and all brokerage costs upon the subsequent sale of such stock.

The "Maturity Price" means the average Closing Price per share of CIBER 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 Formula is adjusted as described under "-Dilution Adjustments" below, each of the Closing Prices used in determining the Maturity Price will be similarly adjusted to derive, for purposes of determining which clause of the Payment Rate Formula will apply on the Maturity Date, a Maturity Price stated on a basis comparable to the Downside Protection Threshold Price, the Initial Price, the Initial Appreciation Cap and the Threshold Appreciation Price. A "Trading Day" means 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. The term "Business Day" means any day that is not a Saturday, a Sunday or a day on which the NYSE or banking institutions or trust companies in The City of New York are authorized or obligated by law or executive order to close.

HYPOTHETICAL PAYMENTS AT MATURITY

For illustrative purposes only, the following table shows the number of shares of CIBER Common Stock or the amount of cash that a holder of STRYPES would receive for each STRYPES at various hypothetical Maturity Prices. The table assumes that there will be no dilution adjustments to the Payment Rate Formula as described below. Given the Downside Protection Threshold Price of \$51.42, the Initial Price of \$54.13, the Initial Appreciation Cap of \$70.36 and the Threshold Appreciation Price of \$91.47, a STRYPES holder would receive on the Maturity Date the following number of shares of CIBER Common Stock or amount of cash (if the Company elects to pay and discharge the STRYPES with cash) per STRYPES:

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<TABLE>  
<CAPTION>

MATURITY PRICE OF CIBER COMMON STOCK -----	NUMBER OF SHARES OF CIBER COMMON STOCK -----	AMOUNT OF CASH/*/ -----
<S>	<C>	<C>
\$45.13	1.0526	\$47.50
49.13	1.0526	51.71
51.42	1.0526	54.13
52.13	1.0384	54.13
54.13	1.0000	54.13
59.13	1.0000	59.13
64.13	1.0000	64.13
70.36	1.0000	70.36
74.13	0.9492	70.36
79.13	0.8893	70.36
84.13	0.8364	70.36
91.47	0.7692	70.36

94.13	0.7692	72.40
99.13	0.7692	76.25

</TABLE>

\* The preceding table does not take into account interest payable on the STRYPES. Dollar amounts in the table have been rounded to two decimal places and share amounts have been rounded to four decimal places.

#### DILUTION ADJUSTMENTS

The Payment Rate Formula is subject to adjustment if CIBER shall: (i) pay a stock dividend or make a distribution with respect to CIBER Common Stock in shares of such stock; (ii) subdivide or split the outstanding shares of CIBER Common Stock into a greater number of shares; (iii) combine the outstanding shares of CIBER Common Stock into a smaller number of shares; (iv) issue by reclassification of shares of CIBER Common Stock any shares of common stock of CIBER; (v) issue rights or warrants to all holders of CIBER Common Stock entitling them to subscribe for or purchase shares of CIBER Common Stock at a price per share less than the then current market price of the CIBER Common Stock (other than rights to purchase CIBER 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 CIBER 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 Dividend (as defined below)) or issue to all holders of CIBER 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, the number of shares of CIBER Common Stock (or, in the case of a reclassification referred to in clause (iv) above, the number of shares of other common stock of CIBER issued pursuant thereto) which such holder would have owned or been entitled to receive immediately following any such event had such STRYPES been paid and discharged immediately prior to such event or any record date with respect thereto.

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, the numerator of which shall be the number of shares of CIBER 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 CIBER Common Stock offered for subscription or purchase pursuant to such rights or warrants, and the denominator of which shall be the number of shares of CIBER 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 CIBER Common Stock which the aggregate offering price of the total number of shares of CIBER Common Stock so offered for subscription or purchase pursuant to such rights or warrants would purchase at the current market price (determined as the average Closing Price per share of CIBER Common Stock on the 20 Trading Days immediately prior to the date such rights or warrants are issued, subject to

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certain adjustments), 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 current market price. To the extent that shares of CIBER 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 CIBER 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 referred to below by a fraction, the numerator of which shall be the market price per share of the CIBER Common Stock on the record date for the determination of stockholders entitled to receive the dividend or distribution or the rights or warrants referred to in clause (vi) above (such market price being determined as the average Closing Price per share of CIBER Common Stock on the 20 Trading Days immediately prior to such record date, subject to certain adjustments), and the denominator of which shall be such market price per share of CIBER 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 to be distributed or of such subscription rights or warrants applicable to one share of CIBER Common Stock.

An "Extraordinary Cash Dividend" means, with respect to any consecutive 12-month period, the amount, if any, by which the aggregate amount of all cash dividends on the CIBER Common Stock occurring in such 12-month period (excluding any such dividends occurring in such period for which a prior adjustment to the Payment Rate Formula was previously made) exceeds on a per share basis 10% of the average of the Closing Prices per share of the CIBER Common Stock over such 12-month period. All adjustments to the Payment Rate Formula will be calculated

to the nearest 1/10,000th of a share of CIBER 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 clause 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, the numerator of which shall be the Share Component in clause (c) of the Payment Rate Formula immediately after such adjustment described above, and the denominator of which 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 CIBER, or any surviving entity or subsequent surviving entity of CIBER (a "CIBER Successor"), with or into another entity (other than a consolidation or merger in which CIBER is the continuing corporation and in which the CIBER Common Stock outstanding immediately prior to the consolidation or merger is not exchanged for cash, securities or other property of CIBER or another corporation), (B) any sale, transfer, lease or conveyance to another entity of the property of CIBER or any CIBER Successor as an entirety or substantially as an entirety, (C) any statutory exchange of securities of CIBER or any CIBER Successor with another entity (other than in connection with a merger or acquisition) or (D) any liquidation, dissolution, winding up or bankruptcy of CIBER or any CIBER 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, 0.7692 (subject to adjustment in the same manner and to the same extent as the Share Components in the Payment Rate Formula are adjusted as described above) multiplied by the Transaction Value, (b) if the Transaction Value is less than the Threshold Appreciation Price but greater than the Initial Appreciation Cap, the Initial Appreciation Cap, (c) if the Transaction Value is less than or equal to the Initial Appreciation Cap but is greater than or equal to the Initial Price, the Transaction Value, (d) if the Transaction Value is less than the Initial Price but is greater than or equal to the Downside Protection Threshold Price, the Initial Price and (e) if the Maturity Price is less than the Downside Protection Threshold Price, 1.0526 (subject to adjustment in the same manner and to the same extent as the Share Components in the Payment Rate Formula are adjusted as described above) multiplied by the Transaction Value. "Transaction Value" means (i) for any cash received in any

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such Reorganization Event, the amount of cash received per share of CIBER 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 third Business Day preceding the Maturity Date of such property received per share of CIBER 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, but not including, the second Trading Day preceding the Maturity Date multiplied by the number of such securities (subject to adjustment on a basis consistent with the adjustment provisions described above) received for each share of CIBER Common Stock; provided, however, if one or more adjustments to the Payment Rate Formula shall have become effective prior to the effective date for such Reorganization Event, then the Transaction Value determined in accordance with the foregoing shall be adjusted by multiplying such Transaction Value by the Share Component in clause (c) of the Payment Rate Formula immediately before the effective date for such Reorganization Event. Notwithstanding the foregoing, if any Marketable Securities (as defined below) are received by holders of CIBER Common Stock in such Reorganization Event, then in lieu of delivering cash as provided above, the Company may at its option deliver a proportional amount of such Marketable Securities. If the Company elects to deliver Marketable Securities, holders of the STRYPES will be responsible for the payment of any and all brokerage and other transactional costs upon the sale of such securities. "Marketable Securities" means any securities listed on a U.S. national securities exchange or reported by NASDAQ.

No adjustments will be made for certain other events, such as offerings of CIBER Common Stock by CIBER for cash or in connection with acquisitions. Likewise, no adjustments will be made for any sales of CIBER Common Stock by any principal stockholder of CIBER (including the Contracting Stockholder).

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.

Upon issuance, each series of STRYPES will be represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note will be 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 NYSE, the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the Securities Depository's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or

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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 interests 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 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 interest. 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 such 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, with respect to a series of STRYPES, (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 any STRYPES of that series, the Company will issue STRYPES in definitive form in exchange for all of the Global Notes representing the STRYPES of that series. 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.

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#### FRACTIONAL SHARES

No fractional shares of CIBER Common Stock will be delivered if the Company pays and discharges the STRYPES by delivering shares of CIBER 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.

#### NO REDEMPTION, SINKING FUND OR PAYMENT PRIOR TO MATURITY

The STRYPES are not subject to redemption prior to the Maturity Date at the option of the Company 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.

#### LISTING

The STRYPES are listed on the NYSE under the trading symbol "BOB".

#### 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 Underlying Securities (or cash with an equal value), in respect of any interest and Additional Amounts on, and any other amounts payable with respect to 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.

#### LIMITATION UPON LIENS

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 50% of the shares of Voting Stock of such corporation) 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

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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.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of at least 66 2/3% of the aggregate issue price of the Outstanding STRYPES of each series issued pursuant to the Indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding STRYPES affected thereby, (a) change the Stated Maturity of, or any installment of interest or Additional Amounts on, any STRYPES or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the amount of Underlying Securities payable with respect to any STRYPES (or reduce the amount of cash, or cash and Underlying Securities, payable in lieu thereof), (c) reduce the amount of interest or Additional Amounts payable on any STRYPES or reduce the amount of cash payable with respect to any STRYPES upon acceleration of the maturity thereof; (d) change the place or currency of any payment of interest or Additional Amounts on, or any cash payable with respect to, any STRYPES; (e) impair the right to institute suit for the enforcement of any payment on or with respect to any STRYPES, including the payment of Underlying Securities with respect to any STRYPES; (f) reduce the percentage of aggregate issue price of Outstanding STRYPES of such series, the consent of whose Holders is required to modify or amend such Indenture; (g) reduce the percentage of aggregate issue price of Outstanding STRYPES of such series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver. Except as provided in the Indenture, no modification of or amendment to the Indenture may adversely affect the rights of a holder of any other Senior Debt Security without the consent of such holder.

#### EVENTS OF DEFAULT

Each of the following will constitute an Event of Default under the Indenture with respect to the STRYPES: (a) the failure to pay and discharge the STRYPES with the Underlying Securities or, if the Company so elects, to pay an equivalent amount in cash in lieu thereof when due; (b) failure to pay the Redemption Price or any redemption premium with respect to any STRYPES when due; (c) failure to deposit any sinking fund payment, when and as due by the terms of any STRYPES; (d) the failure to pay any interest on or any Additional Amounts in respect of any STRYPES of that series when due, continued for 30 days; (e) failure to perform any other covenant of the Company contained in the Indenture for the benefit of the STRYPES, 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 of that series, as provided in the Indenture; (f) certain events in bankruptcy, insolvency or reorganization of the Company; and (g) any other Event of Default provided with respect to the STRYPES.

If an Event of Default (other than an Event of Default described in clause (f) 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 aggregate issue price of all the STRYPES and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be immediately due and payable in cash. If an Event of Default described in said clause (f) shall occur, an amount equal to the aggregate issue price of all the STRYPES and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, 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 judgement or decree based on acceleration, the holder of a majority of the aggregate issue price of the Outstanding STRYPES may, under certain circumstances, rescind and



annual such acceleration if all Events of Default, other than the non-payment of the amount equal to the aggregate issue price of all the STRYPES of that series 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

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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 holder 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.

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 will not have the benefit of any cross-default provisions with other indebtedness of the Company.

#### CERTAIN ARRANGEMENTS WITH THE CONTRACTING STOCKHOLDER

Pursuant to the Forward Purchase Contract, the Contracting Stockholder is obligated to deliver to the ML&Co. Subsidiary on the Business Day immediately preceding the Maturity Date a number of shares of CIBER Common Stock equal to the number required by the Company to pay and discharge all of the STRYPES (including any STRYPES issued pursuant to the over-allotment option granted by the Company to the Underwriter). In lieu of delivering shares of CIBER Common Stock on the Business Day immediately preceding the Maturity Date, the Contracting Stockholder has the right to satisfy his obligation under the Forward Purchase Contract by delivering at such time cash in an amount equal to the value of such number of shares of CIBER Common Stock at the Maturity Price. Such right, if exercised by the Contracting Stockholder, must be exercised with respect to all shares of CIBER Common Stock then deliverable pursuant to the Forward Purchase Contract. Under the Forward 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 the ML&Co. Subsidiary receives from the Contracting Stockholder.

The consideration to be paid by the ML&Co. Subsidiary under the Forward Purchase Contract is \$71,315,820 in the aggregate which was paid to the Contracting Stockholder on January 30, 1998. No other consideration is payable by the ML&Co. Subsidiary to the Contracting Stockholder in connection with its acquisition of the CIBER Common Stock or the performance of the Forward Purchase Contract by the Contracting Stockholder. The Company has agreed with the Contracting Stockholder that, without the prior consent of the Contracting Stockholder, it will not amend, modify or supplement the Indenture or the STRYPES in any respect that would adversely affect any obligation of the Contracting Stockholder under the Forward Purchase Contract, including, without limitation, increasing the consideration that the Contracting Stockholder is obligated to deliver pursuant to the Forward Purchase Contract.

Until such time, if any, as the Contracting Stockholder shall have delivered shares of CIBER Common Stock to the ML&Co. Subsidiary pursuant to the terms of the Forward Purchase Contract, the Contracting Stockholder will retain all ownership rights with respect to the CIBER Common Stock held by him (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof).

The Contracting Stockholder has no duties or obligations with respect to the STRYPES or amounts to be paid to holders thereof, including any duty or obligation to take the needs of the Company or holders of the STRYPES into consideration in determining whether to deliver shares of CIBER Common Stock or cash or for any other reason. The Forward Purchase Contract among the Company, the ML&Co. Subsidiary, The Bank of New York, as agent for and on behalf of the ML&Co. Subsidiary, and the Contracting Stockholder is a commercial transaction and does not create any rights in, or for the benefit of, any third party, including any holder of STRYPES.

To the extent that the Contracting Stockholder does not perform under the Forward Purchase Contract, the Company will be required to otherwise acquire shares of CIBER Common Stock for delivery to holders of the STRYPES on the Maturity Date, unless, in the case of shares deliverable on the Maturity Date, it elects to exercise its option to deliver cash with an equal value.

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Merrill Lynch Capital Corporation, a wholly owned subsidiary of the Company, has entered into a secured loan agreement with Bobby G. Stevenson, as

trustee of the 1998 Bobby G. Stevenson Revocable Trust, pursuant to which Mr. Stevenson, as trustee of the 1998 Bobby G. Stevenson Revocable Trust, will borrow approximately \$20,567,930 for a term of three years.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 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 Act.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.  
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SUBJECT TO COMPLETION, ISSUE DATE JULY 28 , 1998

P R O S P E C T U S  
- - - - -

MERRILL LYNCH & CO., INC.

ORACLE CORPORATION INDEXED  
CALLABLE PROTECTED GROWTH (SM) SECURITIES  
("PROGROS (SM) SECURITIES")  
DUE MARCH 31, 2003  
(\$10 PRINCIPAL AMOUNT PER UNIT)

On March 19, 1998, Merrill Lynch & Co., Inc. (the "Company") issued \$31,000,000 aggregate principal amount (3,100,000 Units) of Oracle Corporation Indexed Callable Protected Growth Securities due March 31, 2003 (the "ProGroS Securities"). Each \$10 principal amount of the ProGroS Securities will be deemed a "unit" for purposes of trading and transfer at DTC described below. Units will be transferable by DTC, as more fully described below, in denominations of whole Units.

GENERAL:

- . Senior unsecured debt securities
- . Callable prior to the stated maturity date of March 31, 2003 by Merrill Lynch & Co., Inc., the issuer, as provided herein
- . No payments prior to the stated maturity date unless called
- . Transferable only in whole units

PAYMENT AT MATURITY: Principal Amount + Supplemental Redemption Amount

The Supplemental Redemption Amount will be based on the percentage increase, if any, in the price of a share of common stock of Oracle Corporation above the Starting Value of \$29.1875. The Supplemental Redemption Amount may be ZERO, but will not be less than zero.

CALL FEATURE: The issuer may call all of the ProGroS Securities offered hereby prior to the stated maturity date. In the event that the issuer elects to call your ProGroS Securities, you will receive only the relevant Call Price and you will not receive a Supplemental Redemption Amount based on the price of the common stock of Oracle Corporation.

BEFORE YOU DECIDE TO INVEST IN THE PROGROS SECURITIES, CAREFULLY READ THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS BEGINNING ON PAGE 4.

Neither the SEC nor any state securities commission has approved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

This Prospectus has been prepared in connection with ProGroS Securities 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 ProGroS Securities. MLPF&S may act as principal or agent in such transactions. The ProGroS Securities may be offered on the AMEX, 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 ProGroS 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.

MERRILL LYNCH & CO.

The date of this Prospectus is July , 1998.

(SM) "Protected Growth" and "ProGroS" are service marks of Merrill Lynch & Co., Inc.

#### 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 AMEX, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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 ProGroS Securities, or subsequent to the date of the initial Registration Statement and prior to the effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, 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; an underwriter of selected insurance products; and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored agencies. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios for earnings to fixed charges of the Company for the periods indicated:

<TABLE>  
<CAPTION>

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
	----	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.4	1.2	1.2	1.2	1.2	1.2

</TABLE>

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

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RISK FACTORS

Your investment in the ProGroS Securities will involve certain risks. For example, there is the risk that you might not earn a return on your investment, the risk that you will be unable to sell your ProGroS Securities prior to the stated maturity date, and the risk that the Company may call the ProGroS Securities prior to the stated maturity date at a Call Price that may be less than the sum of the Principal Amount and the Supplemental Redemption Amount that would have been paid to you at the stated maturity date. You should carefully consider the following discussion of risks before deciding whether an investment in the ProGroS Securities is suitable for you.

THE PROGROS SECURITIES ARE SUBJECT TO EARLY CALL

We may elect to call all of the ProGroS Securities by giving notice on any

Business Day during April in 1999, 2000, 2001 or 2002. We are likely to call the ProGroS Securities during a Call Period when the secondary market price of the ProGroS Securities is approximately equal to the applicable Call Price. We can, however, call the ProGroS Securities during the Call Periods at our option regardless of the secondary market price of the ProGroS Securities. In the event that we elect to call the ProGroS Securities, you will receive only the relevant Call Price and no Supplemental Redemption Amount based on the price of the Underlying Stock.

#### THE SUPPLEMENTAL REDEMPTION AMOUNT

You should be aware that if the Ending Value does not exceed the Starting Value at the stated maturity, the Supplemental Redemption Amount will be zero. This will be true even if the value of the Underlying Stock, at some time during the life of the ProGroS Securities, was higher than the Starting Value but later falls below the Starting Value. If the Supplemental Redemption Amount is zero, we will pay you only the Principal Amount of your ProGroS Securities.

You should compare the features of the ProGroS Securities to other available investments before deciding to purchase the ProGroS Securities. Due to the uncertainty as to whether the ProGroS Securities will earn a Supplemental Redemption Amount or be called prior to the stated maturity date, the returns which may be received with respect to the ProGroS Securities may be higher or lower than the returns available on other investments. It is suggested that you reach an investment decision only after carefully considering the suitability of the ProGroS Securities in light of your particular circumstances.

#### YOUR YIELD MAY BE LOWER THAN THE YIELD ON A STANDARD DEBT SECURITY OF COMPARABLE MATURITY

The amount we pay you at maturity may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Company with the same stated maturity date. Your investment may not reflect the full opportunity cost to you when you consider the effect of factors that affect the time value of money.

#### YOUR RETURN WILL NOT REFLECT THE PAYMENT OF DIVIDENDS

The calculation of the Starting Value and Ending Value does not take into consideration the value of dividends paid on the Underlying Stock, if any. Therefore, the return you earn on the ProGroS Securities, if any, will not be the same as the return that you would earn if you actually owned the Underlying Stock and received any dividends paid on that stock.

#### UNCERTAIN TRADING MARKET

The ProGroS Securities are listed on the AMEX under the symbol "OPG". There is no precedent to indicate how the ProGroS Securities will trade in the secondary market. You cannot assume that a trading market will develop for the ProGroS Securities. If such a trading market does develop, there can be no assurance that there will be liquidity in the trading market. The development of a trading market for the ProGroS Securities will depend on the financial performance of the Company, and other factors such as the appreciation, if any, of the price of the Underlying Stock.

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If the trading market for the ProGroS Securities is limited, there may be a limited number of buyers if you decide to sell your ProGroS Securities. This may affect the price you receive. Furthermore, it is unlikely that the secondary market price of the ProGroS Securities will correlate exactly with the market price of the Underlying Stock, particularly during the earlier years of the ProGroS Securities.

#### FACTORS AFFECTING TRADING VALUE OF THE PROGROS SECURITIES

Our ability to call the ProGroS Securities prior to the stated maturity date of the ProGroS Securities is likely to limit the secondary market price at which the ProGroS Securities will trade. In particular, we expect that the secondary market price of the ProGroS Securities generally will not exceed the applicable Call Price because of our ability to call the ProGroS Securities and pay only such Call Price. We believe that if we did not have the right to call the ProGroS Securities, the secondary market price of the ProGroS Securities would likely be significantly different.

We believe that the market value of the ProGroS Securities will be affected by the price of the Underlying Stock and by a number of other factors in addition to our ability to call the ProGroS Securities prior to the stated maturity date. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The following paragraphs describe the expected impact on the market value of the ProGroS Securities given a change in a specific factor, assuming all other conditions remain constant.

- . UNDERLYING STOCK VALUE. We expect that the market value of the ProGroS Securities will depend on the amount by which the price of the Underlying Stock exceeds the Starting Value. If you choose to sell your ProGroS Securities when the price of the Underlying Stock exceeds the Starting Value, you may receive substantially less than the amount that would be payable at the stated maturity date based on that Underlying Stock price because of the expectation that the price of

the Underlying Stock will continue to fluctuate until the Ending Value is determined. If you choose to sell your ProGroS Securities when the price of the Underlying Stock is below the Starting Value, you may receive less than the \$10 Principal Amount per Unit of ProGroS Securities. The Underlying Stock has not paid dividends prior to the date of this Prospectus. As a general matter, if dividends are ever paid on the Underlying Stock, a rising dividend rate (i.e., dividends per share) on the Underlying Stock may increase the price of the Underlying Stock while a falling dividend rate may decrease the price of the Underlying Stock. Political, economic and other developments may also affect the price of the Underlying Stock and the value of the ProGroS Securities.

- . INTEREST RATES. We expect that the trading value of the ProGroS Securities will be affected by changes in interest rates. As a general matter during the earlier years of the ProGroS Securities, if U.S. interest rates increase, we expect that the trading value of the ProGroS Securities will decrease and if U.S. interest rates decrease, we expect the trading value of the ProGroS Securities will increase. However, interest rates may also affect the economy and, in turn, the price of the Underlying Stock. Rising interest rates may lower the price of the Underlying Stock and the ProGroS Securities. Falling interest rates may increase the value of the Underlying Stock and the value of the ProGroS Securities.
- . VOLATILITY OF THE UNDERLYING STOCK. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Underlying Stock increases, we expect that the trading value of the ProGroS Securities will increase. If the volatility of the Underlying Stock decreases, we expect that the trading value of the ProGroS Securities will decrease.
- . TIME REMAINING TO STATED MATURITY DATE. The ProGroS Securities may trade at a value above that which would be expected based on the level of interest rates and the price of the Underlying Stock. This difference will reflect a "time premium" due to expectations concerning the price of the Underlying Stock during the period prior to the stated maturity date of the ProGroS Securities. However, as the time remaining to the stated maturity date of the ProGroS Securities decreases, we expect that this time premium will decrease, potentially lowering the trading value of the ProGroS Securities.
- . DIVIDEND YIELD. If dividends are ever paid on the Underlying Stock, the dividend yield that would result would likely affect the value of the ProGroS Securities. If the dividend yield on the Underlying Stock were to increase, we expect that the value of the ProGroS Securities would decrease. Conversely, if the

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dividend yield on the Underlying Stock were to decrease, we expect that the value of the ProGroS Securities would increase.

- . COMPANY CREDIT RATINGS. Real or anticipated changes in the Company's credit ratings may affect the market value of the ProGroS Securities.

It is important for you to understand that the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any increase in the trading value of the ProGroS Securities attributable to another factor, such as an increase in the Underlying Stock price.

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

#### NO STOCKHOLDER'S RIGHTS

Beneficial owners of the ProGroS Securities are not entitled to any rights with respect to the Underlying Stock (including, without limitation, voting rights and rights to receive any dividends or other distributions in respect thereof).

#### NO AFFILIATION BETWEEN THE COMPANY AND ORACLE CORPORATION

The Company has no affiliation with Oracle Corporation, and Oracle Corporation has no obligations with respect to the ProGroS Securities or amounts to be paid to beneficial owners thereof, including any obligation to take the needs of the Company or of beneficial owners of the ProGroS Securities into consideration for any reason. Oracle Corporation did not receive any of the proceeds of the initial offering of the ProGroS Securities and is not responsible for, and has not participated in, the determination or calculation of the amount receivable by beneficial owners of the ProGroS Securities on the stated maturity date or upon an earlier call. In addition, Oracle Corporation is not involved with the administration or trading of the ProGroS Securities.

#### STATE LAW LIMITS ON INTEREST PAID

New York State law governs the Senior Indenture, as hereinafter defined. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the ProGroS Securities. 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 debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or Federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the ProGroS Securities holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

#### PURCHASES AND SALES BY MLPF&S

The Company, MLPF&S and other affiliates of the Company may from time to time buy or sell the Underlying Stock for their own accounts for business reasons or in connection with hedging the Company's obligations under the ProGroS Securities. These transactions could affect the price of the Underlying Stock.

#### POTENTIAL CONFLICTS

The Calculation Agent is a subsidiary of the Company, the issuer of the ProGroS Securities. Under certain circumstances, MLPF&S's role as a subsidiary of the Company and its responsibilities as Calculation Agent for the ProGroS Securities could give rise to conflicts of interests. You should be aware that because the Calculation Agent is controlled by the Company, potential conflicts of interest could arise.

#### OTHER CONSIDERATIONS

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Investors should also consider the tax consequences of investing in the ProGroS Securities and should consult their tax advisors.

#### DESCRIPTION OF PROGROS SECURITIES

##### GENERAL

The ProGroS Securities were issued as a series of Senior Debt Securities under the Senior Indenture, which is more fully described herein. The ProGroS Securities will mature on March 31, 2003 unless called earlier at the option of the Company.

Unless called, at the stated maturity date of a ProGroS Security, a beneficial owner will receive the Principal Amount of such ProGroS Security plus the Supplemental Redemption Amount, if any. There will be no other payment of interest, periodic or otherwise. See "Payment at Maturity" below.

The ProGroS Securities may be called by the Company as described below, but are not subject to redemption at the option of any beneficial owner prior to the stated maturity date. Upon the occurrence of an Event of Default with respect to the ProGroS Securities, beneficial owners of the ProGroS Securities may accelerate the maturity of the ProGroS Securities, as described under "Description of ProGroS Securities--Events of Default and Acceleration" and "Other Terms--General Events of Default" herein.

The ProGroS Securities were issued in denominations of whole Units.

##### PAYMENT AT MATURITY

###### General

At the stated maturity date, a beneficial owner of a ProGroS Security will be entitled to receive the Principal Amount thereof plus a Supplemental Redemption Amount, if any, all as provided below. If the Ending Value does not exceed the Starting Value, a beneficial owner of a ProGroS Security will be entitled to receive only the Principal Amount thereof.

###### Determination of the Supplemental Redemption Amount

The Supplemental Redemption Amount for a ProGroS Security will be determined by the Calculation Agent and will equal:

<TABLE>	
<S>	<C>
Principal Amount of such ProGroS Security (\$10 per Unit) X	Ending Value - Starting Value
	-----
	Starting Value
</TABLE>	

provided, however, that in no event will the Supplemental Redemption Amount be less than zero.

The Starting Value equals \$29.1875, which was the Last Price (defined herein) of the Underlying Stock on the Pricing Date. The Ending Value will be determined by the Calculation Agent and will equal the average (arithmetic mean) of the Last Prices of the Underlying Stock determined on each of the first five

Calculation Days during the Calculation Period. If there are fewer than five Calculation Days in the Calculation Period, then the Ending Value will equal the average (arithmetic mean) of the Last Prices of the Underlying Stock on such Calculation Days, and if there is only one Calculation Day, then the Ending Value will equal the Last Price of the Underlying Stock on such Calculation Day. If no Calculation Days occur during the Calculation Period, then the Ending Value will equal the Last Price of the Underlying Stock determined on the last scheduled Calculation 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 Calculation Day prior to the stated maturity date to and including the second scheduled Calculation Day prior to the stated maturity date.

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"Calculation Day" means any Trading Day during the Calculation Period on which a Market Disruption Event has not occurred.

"Trading Day" is a day on which the Underlying Stock (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 a national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Underlying Stock.

"Market Disruption Event" means the occurrence or existence on any Trading Day during the one-half hour period that ends when the Last Price is determined of any suspension of, or limitation imposed on, trading in the Underlying Stock on the National Association of Securities Dealers, Inc. Automated Quotation System (the "NASDAQ NMS") (or other market or exchange, if applicable).

"Last Price" means the last sales price of the Underlying Stock as reported by the NASDAQ NMS or, if such security is not trading on the NASDAQ NMS 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, 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 Calculation Agent.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law to close and that is a trading day on the NYSE.

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 ProGroS Securities.

EARLY CALL OF THE PROGROS SECURITIES AT THE OPTION OF THE COMPANY

Beginning April 1, 1999, the Company, in its sole discretion, may elect to call the ProGroS Securities offered hereby, in whole but not in part, prior to the stated maturity date by giving notice to the Trustee of the Company's election on any Business Day within the month of April in 1999, 2000, 2001 or 2002, at the related Call Price:

<TABLE>  
<CAPTION>

CALL PERIOD	CALL PRICE
<S>	<C>
April, 1999	116% of principal amount
April, 2000	132% of principal amount
April, 2001	148% of principal amount
April, 2002	164% of principal amount

</TABLE>

IF WE ELECT TO CALL YOUR PROGROS SECURITIES PRIOR TO THE STATED MATURITY DATE, YOU WILL RECEIVE ONLY THE RELEVANT CALL PRICE AND YOU WILL NOT RECEIVE A SUPPLEMENTAL REDEMPTION AMOUNT BASED ON THE PRICE OF THE UNDERLYING STOCK. If we do not call the ProGroS Securities prior to the stated maturity date, the Principal Amount plus the Supplemental Redemption Amount, if any, that you receive at the stated maturity may be greater than or less than any of the Call Prices. The Company may elect to call the ProGroS Securities on any Business Day during a Call Period by giving notice to the Trustee and specifying the date on which the Call Price shall be paid. The Call Date shall be no later than the 20th Business Day after such call election. The Trustee will provide notice of such call election to the registered holders of the ProGroS Securities, specifying the Call Date, no later than 15, nor more than 30, days prior to the Call Date. While the ProGroS Securities are held at the Depository, the registered holder will be the Depository, and the Depository will receive the notice of the call. As more fully described below under "Description of ProGroS Securities--Depository", the Depository will forward such notice to its participants which will pass such notice on to the beneficial owners.

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You should compare the features of the ProGroS Securities to other



available investments before deciding to purchase the ProGroS Securities. Due to the uncertainty as to whether the ProGroS Securities will earn a Supplemental Redemption Amount or be called prior to the stated maturity date, the return on investment with respect to the ProGroS Securities may be higher or lower than the return available on other securities issued by the Company or issued by others and available through MLPF&S. It is suggested that you reach an investment decision only after carefully considering the suitability of the ProGroS Securities in light of your particular circumstances.

#### HYPOTHETICAL RETURNS

The following table illustrates, for a range of hypothetical Ending Values, (i) the total amount payable at the stated maturity date for each \$10 Principal Amount of ProGroS Securities, (ii) the total rate of return to beneficial owners of the ProGroS Securities and (iii) the pretax annualized rate of return to beneficial owners of ProGroS Securities. THIS TABLE ASSUMES THAT THE PROGROS SECURITIES ARE NOT CALLED PRIOR TO THE STATED MATURITY DATE.

<TABLE>

<CAPTION>

HYPOTHETICAL ENDING VALUE ----- <S>	PERCENTAGE CHANGE OVER THE STARTING VALUE ----- <C>	TOTAL AMOUNT PAYABLE AT THE STATED MATURITY DATE PER UNIT ----- <C>	TOTAL RATE OF RETURN ----- <C>	PRETAX ANNUALIZED RATE OF RETURNS (1) ----- <C>
11.68	-60%	\$10.00	0.00%	0.00%
14.60	-50%	\$10.00	0.00%	0.00%
17.51	-40%	\$10.00	0.00%	0.00%
20.43	-30%	\$10.00	0.00%	0.00%
23.35	-20%	\$10.00	0.00%	0.00%
26.27	-10%	\$10.00	0.00%	0.00%
29.19	0%	\$10.00	0.00%	0.00%
32.11	10%	\$11.00	10.00%	1.90%
35.03	20%	\$12.00	20.00%	3.65%
37.95	30%	\$13.00	30.00%	5.28%
40.87	40%	\$14.00	40.00%	6.79%
43.79	50%	\$15.00	50.00%	8.22%
46.70	60%	\$16.00	60.00%	9.55%
49.62	70%	\$17.00	70.00%	10.82%
52.54	80%	\$18.00	80.00%	12.02%
55.46	90%	\$19.00	90.00%	13.16%
58.38	100%	\$20.00	100.00%	14.25%
61.30	110%	\$21.00	110.00%	15.29%
64.22	120%	\$22.00	120.00%	16.29%

</TABLE>

- (1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.  
(2) The Starting Value equals \$29.1875.

The above figures are for purposes of illustration only. The actual Supplemental Redemption Amount received by investors and the total and pretax annualized rate of return resulting therefrom will depend entirely on the actual Ending Value determined by the Calculation Agent as provided herein.

#### DILUTION ADJUSTMENTS

The Last Prices used to determine the Ending Value are subject to adjustment if Oracle Corporation shall: (i) pay a stock dividend or make a distribution with respect to the Underlying Stock in shares of such stock; (ii) subdivide or split the outstanding shares of the Underlying Stock into a greater number of shares; (iii) combine the outstanding shares of the Underlying Stock into a smaller number of shares; (iv) issue by reclassification of shares of the Underlying Stock any shares of common stock of Oracle Corporation; (v) issue rights or warrants to all holders of the Underlying Stock entitling them to subscribe for or purchase shares of the Underlying Stock at a price per share less than the then current market price of the Underlying Stock (other than rights to purchase the Underlying 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 the Underlying 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 Dividend (as defined below) or issue to all holders of the Underlying Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (v) above) (any of the foregoing are referred to as the "Distributed Assets"). The effect of the foregoing is that there will not be any adjustments to the Ending Value for the issuance by Oracle Corporation of options, warrants, stock purchase rights or securities in connection with the employee benefit plans of Oracle Corporation.

All adjustments will be calculated to the nearest 1/10,000th of a share of the Underlying 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 shall be required unless such adjustment would require an increase or decrease of at least one percent in the Last Price; 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.

An "Extraordinary Cash Dividend" means, with respect to any consecutive 12-month period, all cash dividends on the Underlying Stock during such period to the extent such dividends exceed on a per share basis 10% of the average Last Price of the Underlying Stock over such period (less any such dividends for which a prior adjustment was previously made).

In the event of (A) any consolidation or merger of Oracle Corporation, or any surviving entity or subsequent surviving entity of Oracle Corporation (a "Successor Company"), with or into another entity (other than a merger or consolidation in which Oracle Corporation is the continuing corporation and in which the Underlying Stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of Oracle Corporation or another corporation), (B) any sale, transfer, lease or conveyance to another corporation of the property of Oracle Corporation or any Successor Company as an entirety or substantially as an entirety, (C) any statutory exchange of securities of Oracle Corporation or any Successor Company with another corporation (other than in connection with a merger or acquisition) or (D) any liquidation, dissolution, winding up or bankruptcy of Oracle Corporation or any Successor Company (any such event described in clause (A), (B), (C) or (D), a "Reorganization Event"), the Ending Value shall equal the Reorganization Event Value. The "Reorganization Event Value" shall be determined by the Calculation Agent and shall equal (i) the Transaction Value related to the relevant Reorganization Event, plus (ii) interest on such Transaction Value accruing from the date of the payment or delivery of the consideration, if any, received in connection with such Reorganization Event until the stated maturity date at a fixed interest rate determined on the date of such payment or delivery equal to the interest rate that would be paid on a standard senior non-callable debt security of the Company with a term equal to the remaining term of the ProGroS Securities. The "Transaction Value" means (i) for any cash received in any such Reorganization Event, the amount of cash received per share of Underlying Stock, (ii) for any property other than cash or securities received in any such Reorganization Event, an amount equal to the market value of such property received per share on the date that such property is received by holders of the Underlying Stock as determined by the Calculation Agent, and (iii) for any securities received in any such Reorganization Event, an amount equal to the Last Price per unit of such securities on the date such securities are received by holders of the Underlying Stock multiplied by the number of such securities received for each share of Underlying Stock (subject to adjustment on a basis consistent with the adjustment provisions described above).

The foregoing adjustments shall be made by MLPF&S, as Calculation Agent, and all such adjustments shall be final.

No adjustments will be made for certain other events, such as offerings of Underlying Stock by Oracle Corporation for cash or in connection with acquisitions.

The Company will, within ten Business Days following the occurrence of an event that requires an adjustment (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide written notice to the Trustee, which shall provide notice to the holders of the ProGroS Securities of the occurrence of such event and, if applicable, a statement in reasonable detail setting forth the adjusted Last Price to be used in determining the Ending Value.

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any ProGroS Securities shall have occurred and be continuing, the amount payable to a beneficial owner of a ProGroS Security upon any acceleration permitted by the ProGroS

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Securities, with respect to each \$10 principal amount thereof, will be equal to the Principal Amount and the Supplemental Redemption Amount, if any, calculated as though the date of early repayment were the stated maturity date of the ProGroS Securities. See "Description of ProGroS Securities--Payment at Maturity" herein. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the beneficial owner of a ProGroS Security may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the Principal Amount of the ProGroS Security plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the stated maturity date of the ProGroS Securities.

In case of default in payment of the ProGroS Securities (whether at the Call Date, at the stated maturity date, or upon acceleration), from and after the stated maturity date the ProGroS Securities shall bear interest, payable upon demand of the beneficial owners thereof, at the rate of 5.96% 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 ProGroS Securities to the date payment of such amount has been made or duly provided for.

#### DEPOSITARY

All the ProGroS Securities are represented by one or more fully registered global securities (the "Global Securities"). Each such Global Security has been deposited with, or on behalf of, The Depository Trust Company ("DTC"; DTC, together with any successor thereto, being a "Depository"), as Depository, registered in the name of Cede & Co. (DTC's partnership nominee). Unless and until it is exchanged in whole or in part for ProGroS 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 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.

So long as DTC, or its nominee, is a 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 Senior Indenture. Except as provided below, the actual owner of the ProGroS Securities represented by a Global Security (the "Beneficial Owner") will not be entitled to have the ProGroS Securities represented by such Global Securities registered in their names, will not receive or be entitled to receive physical delivery of the ProGroS Securities in definitive form and will not be considered the owners or Holders thereof under the Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior 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 of DTC (a "Participant"), on the procedures of the Participant through which such person owns its interest, to exercise any rights of a Holder under the Senior 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 Senior 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, as defined below, 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.

If (x) the Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that the Global Securities shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the ProGroS Securities, the Global Securities will be exchangeable for ProGroS Securities in definitive form of like tenor and of an equal aggregate Principal Amount, in denominations of \$10 and integral multiples thereof. Such definitive ProGroS 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.

The following is based on information furnished by DTC:

DTC is acting as securities depository for the ProGroS Securities. The ProGroS Securities have been issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One or more fully registered Global Security has been issued for the ProGroS Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

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DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct 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's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of ProGroS Securities under the DTC's system must be made by or through Direct Participants, which will receive a credit for the ProGroS Securities on the DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the records of Direct Participants and Indirect Participants. 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 Direct Participants or Indirect Participants through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the ProGroS Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in ProGroS Securities, except in the event that use of the book-entry system for the ProGroS Securities is discontinued.

To facilitate subsequent transfers, all ProGroS Securities deposited with

DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of ProGroS Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the ProGroS Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such ProGroS Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the ProGroS Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the ProGroS Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and/or interest, if any, payments on the ProGroS Securities will be made in immediately available funds to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with their respective holdings shown on the Depository's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is 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 Participant and not of DTC, the Trustee or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest, if any, to DTC is the responsibility of the Company or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the ProGroS Securities at any time by giving reasonable notice to the Company or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, ProGroS Security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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The information in this section concerning DTC and DTC's system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

#### SAME-DAY PAYMENT

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

#### THE UNDERLYING STOCK

##### ORACLE CORPORATION

Oracle Corporation supplies software for information management. Oracle Corporation offers its database, tools and application products, along with related consulting, education, and support services in more than 140 countries around the world.

Oracle Corporation is subject to the informational requirements of the Exchange Act. Accordingly, Oracle Corporation files reports, proxy and other information statements and other information with the Commission. Information provided to or filed with the Commission by Oracle Corporation is available at the offices of the Commission specified under "Available Information herein. The Company makes no representation or warranty as to the accuracy or completeness of such reports.

THE COMPANY IS NOT AFFILIATED WITH ORACLE CORPORATION AND ORACLE CORPORATION HAS NO OBLIGATIONS WITH RESPECT TO THE PROGROS SECURITIES. THIS PROSPECTUS RELATES ONLY TO THE PROGROS SECURITIES OFFERED HEREBY AND DOES NOT RELATE TO THE UNDERLYING STOCK OR OTHER SECURITIES OF ORACLE CORPORATION. THE INFORMATION CONTAINED IN THIS PROSPECTUS REGARDING ORACLE CORPORATION HAS BEEN DERIVED FROM THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH. THE COMPANY HAS NOT PARTICIPATED IN THE PREPARATION OF SUCH DOCUMENTS OR MADE ANY DUE DILIGENCE INQUIRIES WITH RESPECT TO ORACLE CORPORATION IN CONNECTION WITH THE INITIAL OFFERING OF THE PROGROS SECURITIES. THE COMPANY MAKES NO REPRESENTATION THAT SUCH PUBLICLY AVAILABLE DOCUMENTS OR ANY OTHER PUBLICLY AVAILABLE INFORMATION REGARDING ORACLE CORPORATION ARE ACCURATE OR COMPLETE. FURTHERMORE, THERE CAN BE NO ASSURANCE THAT ALL EVENTS OCCURRING PRIOR TO THE DATE HEREOF (INCLUDING EVENTS THAT WOULD AFFECT THE ACCURACY OR

COMPLETENESS OF THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH) THAT WOULD AFFECT THE TRADING PRICE OF THE UNDERLYING STOCK (AND THEREFORE THE TRADING PRICE OF THE PROGROS SECURITIES) HAVE BEEN PUBLICLY DISCLOSED. SUBSEQUENT DISCLOSURE OF ANY SUCH EVENTS OR THE DISCLOSURE OF OR FAILURE TO DISCLOSE MATERIAL FUTURE EVENTS CONCERNING ORACLE CORPORATION COULD AFFECT THE SUPPLEMENTAL REDEMPTION AMOUNT TO BE RECEIVED AT THE STATED MATURITY DATE AND THEREFORE THE TRADING VALUE OF THE PROGROS SECURITIES.

From time to time, in the ordinary course of business, affiliates of the Company have engaged in certain investment banking activities on behalf of the Oracle Corporation as well as served as counterparty in certain other transactions.

#### OTHER TERMS

##### GENERAL

The ProGroS Securities were issued as a series of Senior Debt Securities under an indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, between the Company and The Chase Manhattan

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Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee. A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Indentures do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the respective Indentures, including the definitions therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the ProGroS Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of the Senior Debt Securities previously issued, and "reopen" a previous issue of a series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

##### LIMITATION UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indentures) 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 Senior Debt Securities 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 Senior 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 Senior Indentures 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 Senior 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.

##### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Indentures 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 Senior Indenture.

#### MODIFICATION AND WAIVER

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Modification and amendment of the Senior Indenture may be effected by the Company and the Trustee with the consent of the Holders of at least 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to the Indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of, or any installment of interest or Additional Amounts on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change the place or currency of any payment of principal of, or any premium, interest or Additional Amounts on, any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend such Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Company's Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any Holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Senior Indenture and waive compliance by the Company with certain provisions of such Indenture.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series issued thereunder: (a) default in the payment of any interest or Additional Amounts upon any Debt Security of that series when due, and such default has continued for 30 days; (b) default in the payment of any principal of or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in such Indenture for the benefit of such series or in the Senior Debt Securities of such series, and such default has continued for 60 days after written notice as provided in such Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, provided that all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal of or premium, if any, or interest or Additional Amounts, if any, on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Subject to the provisions of the Senior Indenture relating to the duties of the Trustee, before proceeding to exercise any right or power under an Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company will be required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

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EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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 the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, ISSUE DATE: JULY 28, 1998

P R O S P E C T U S  
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MERRILL LYNCH & CO., INC.  
AMEX HONG KONG 30 INDEX/\*/ EQUITY PARTICIPATION NOTES  
DUE FEBRUARY 16, 1999

On February 7, 1996, Merrill Lynch & Co., Inc. (the "Company") issued \$45,000,000 aggregate principal amount of AMEX Hong Kong 30 Index Equity Participation Notes due February 16, 1999 (the "Notes" or the "Securities"). As of the date of this Prospectus, \$45,000,000 aggregate principal amount of Securities remain outstanding. The Securities were issued in denominations of \$1,000 and integral multiples thereof, will bear no periodic payments of interest and will mature on February 16, 1999. At maturity, a beneficial owner of a Note will be entitled to receive, with respect to each Note, the principal amount thereof plus an interest payment (the "Supplemental Redemption Amount") based on the percentage increase, if any, in the AMEX Hong Kong 30 Index (the "Index") over the Benchmark Index Value. The Supplemental Redemption Amount will in no event be less than zero or more than \$1,000 per \$1,000 principal amount of Notes, representing a maximum annualized rate of return of 24.28% compounded semi-annually over a term of three years. The Notes are not redeemable or callable by the Company prior to maturity. While at maturity a beneficial owner of a Note will receive the principal amount of such Note plus the Supplemental Redemption Amount, if any, there will be no other payment of interest, periodic or otherwise.

The Supplemental Redemption Amount payable with respect to a Note at maturity will equal the product of (A) the principal amount of the applicable Note, and (B) the percentage increase from the Benchmark Index Value to the Ending Index Value. The Benchmark Index Value equals 664.83 and was determined as described herein. The closing value of the Index on the date of this Prospectus was 579.79, and the Benchmark Index Value exceeds such closing value by 14.67%. 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 Notes.

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, SEE "DESCRIPTION OF NOTES" AND "THE INDEX", RESPECTIVELY, IN THIS PROSPECTUS. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THIS PROSPECTUS.

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

The Notes have been listed on the American Stock Exchange (the "AMEX") under the symbol "HKN.A".

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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 Securities 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 Securities. MLPF&S may act as principal or agent in such transactions. The Securities may be offered on the New York Stock Exchange, 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 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.

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MERRILL LYNCH & CO.

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THE DATE OF THIS PROSPECTUS IS JULY \_\_\_\_, 1998.

/\*/ The use and reference to the term "AMEX Hong Kong 30 Index" herein has been consented to by the American Stock Exchange. The "AMEX Hong Kong 30 Index" is a service mark of the American Stock Exchange.

#### 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 New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange and the Pacific 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.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 26, 1997, Quarterly Report on Form 10-Q for the period ended March 27, 1998, and Current Reports on Form 8-K dated January 20, 1998, January 30, 1998, February 4, 1998, February 12, 1998, February 23, 1998, March 19, 1998, April 13, 1998, April 29, 1998, May 19, 1998, June 2, 1998, June 3, 1998, June 15, 1998, June 24, 1998, June 26, 1998, July 2, 1998, July 14, 1998 and July 15, 1998 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, or subsequent to the date of the initial Registration Statement and prior to effectiveness of the Registration Statement, 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 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 LAWRENCE M. EGAN, JR., CORPORATE SECRETARY'S OFFICE, 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 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services on a global basis. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("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; an underwriter of selected insurance products and a distributor of investment products of the Merrill Lynch Asset Management group. 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 Incorporated, through subsidiaries and affiliates, provides investment, financing, and related services outside the United States and Canada. The Company's asset management and investment management activities are conducted through the Merrill Lynch Asset Management group and Merrill Lynch Mercury Asset Management, which together constitute one of the largest asset management organizations in the world. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued or guaranteed by the U.S. Government and its agencies and its government-sponsored entities. Merrill Lynch Capital Services, Inc., Merrill Lynch Derivative Products AG, and Merrill Lynch International are the Company's primary derivative product dealers and enter into interest rate, currency, and other over-the-counter derivative transactions as intermediaries and as principals. The Company's operations in insurance services consist of the underwriting and sale 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 and purchasing secured loans, providing currency exchange facilities and other related services, and furnishing trust, employee benefit, and custodial 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

The following table sets forth the historical ratios of earnings to fixed charges for the periods indicated:

	YEAR ENDED LAST FRIDAY IN DECEMBER					THREE MONTHS ENDED
	1993	1994	1995	1996	1997	MARCH 27, 1998
Ratio of earnings to fixed charges .....	1.4	1.2	1.2	1.2	1.2	1.2

For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consist 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.

RISK FACTORS

PAYMENT AT MATURITY

Benchmark Index Value will Exceed Value of Index on the Pricing Date. The Benchmark Index Value exceeded the closing value of the Index on the Pricing Date by 14.67%. Investors should be aware that if the Ending Index

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Value does not exceed the closing value of the Index on the Pricing Date by more than 14.67%, beneficial owners of the Notes will receive only the principal amount thereof.

Yield may be Below Market Interest Rates on the Pricing Date. A beneficial

owner of the Notes may receive no Supplemental Redemption Amount at maturity, or a Supplemental Redemption Amount that 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 Notes. The return of principal of the Notes at maturity and the payment of the Supplemental Redemption Amount, if any, may not reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

**Limitation of Supplemental Redemption Amount.** Because the Supplemental Redemption Amount will not exceed \$1,000 per \$1,000 principal amount of Notes, beneficial owners of Notes will not benefit from Index increases in excess of approximately 229% of the closing value of the Index on the Pricing Date (the "Maximum Index Value"). In no event will the Supplemental Redemption Amount exceed \$1,000 per \$1,000 principal amount of Notes.

**Yield on Notes will not Reflect Dividends.** The Index does not reflect the payment of dividends on the stocks underlying it and therefore the yield based on the Index to the maturity of the Notes will not produce the same yield as if such underlying stocks were purchased and held for a similar period.

**State Law Limit on Interest Paid.** Because the Senior Indenture provides that the Notes are 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 Notes 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 has covenanted for the benefit of the Holders of the Notes, 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 Notes.

#### TRADING

The Notes have been listed on the American Stock Exchange. It is expected that the secondary market for the Notes will be affected by the creditworthiness of the Company and by a number of other factors.

The trading value of the Notes is expected to depend substantially on the extent of the appreciation, if any, of the Index over the Benchmark Index Value. See "The Index-Historical Data on the Index" in this Prospectus for historical values of the Index. If, however, Notes are sold prior to the maturity date at a time when the Index exceeds the Benchmark 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 Benchmark Index Value were to prevail until maturity of the Notes 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 Notes 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 Benchmark Index Value. The limitation that the Supplemental Redemption Amount will not exceed \$1,000 per \$1,000 principal amount of Notes may adversely affect the secondary market value of the Notes and such adverse effect could occur even if the value of the Index is below the Maximum Index Value. A discount could also result from rising interest rates.

In addition to the value of the Index, the trading value of the Notes 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 Notes to be repaid at maturity and the value of the Supplemental Redemption Amount. Accordingly, investors should be aware

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that factors other than the level of the Index are likely to affect the Notes' trading value. The expected effect on the trading value of the Notes of each of the factors listed below, assuming in each case that all other factors are held constant, is as follows:

**Interest Rates.** In general, if U.S. interest rates increase, the trading value of the Notes is expected to decrease. If U.S. interest rates decrease, the trading value of the Notes is expected to increase. If interest rates in Hong Kong increase, the trading value of the Notes is expected to increase; however, increased Hong Kong interest rates may adversely affect the economy of Hong Kong and, in turn, the Index, and the trading value of the Notes could then be expected to decrease. If interest rates in Hong Kong decrease, the trading value of the Notes is expected to decrease; however, decreased Hong Kong interest rates may favorably affect the economy of Hong Kong and, in turn, the Index, and consequently, the trading value of the Notes could then be expected to increase.

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

**Time Remaining to Maturity.** The Notes 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 Notes. As the

time remaining to maturity of the Notes decreases, however, this time premium is expected to decrease, thus decreasing the trading value of the Notes. In addition, the price at which a beneficial owner may be able to sell Notes prior to maturity may be at a discount, which may be substantial, from the principal amount of the Notes if the value of the Index is below, equal to, or not sufficiently above the Benchmark Index Value.

Dividend Rates in Hong Kong. If dividend rates on the stocks comprising the Index increase, the value of the Notes is expected to decrease. Conversely, if dividend rates on the stocks comprising the Index decrease, the value of the Notes is expected to increase. However, in general, rising corporate dividend rates in Hong Kong may increase the value of the Index and, in turn, increase the value of the Notes. Conversely, falling dividend rates in Hong Kong may decrease the value of the Index and, in turn, decrease the value of the Notes.

Hong Kong Dollar/U.S. Dollar Exchange Rates. The Supplemental Redemption Amount is based on a given level of the Index and will not be affected by changes in the Hong Kong dollar/U.S. dollar exchange rate. However, a number of economic factors, including the Hong Kong dollar/U.S. dollar exchange rate, could affect the value of the Underlying Stocks and, therefore, the value of the Index.

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 Notes that is attributable to an increase in the value of the Index. For example, an increase in U.S. interest rates may cause the Notes 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 Notes of a given change in interest rates, Index volatility and/or dividend rates of stocks comprising the Index is expected to be less if it occurs later in the term of the Notes than if it occurs earlier in the term of the Notes. The effect on the trading value of the Notes of a given appreciation of the Index in excess of the Benchmark Index Value is expected to be greater if it occurs later in the term of the Notes than if it occurs earlier in the term of the Notes, assuming all other relevant factors are held constant.

#### THE INDEX

The stocks underlying the Index have been issued by companies organized in Hong Kong. The prices of such Underlying Stocks will be affected by foreign political, economic and other developments.

The Hong Kong Stock Exchange has adopted certain measures intended to prevent any extreme short-term price fluctuations resulting from order imbalances or market volatility. Where the Hong Kong Stock Exchange considers

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it necessary for the protection of the investor or the maintenance of an orderly market, it may at any time suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the listed issuer or not. The Hong Kong Stock Exchange may also do so when: (1) an issuer fails, in a manner which the Hong Kong Stock Exchange considers material, to comply with the Hong Kong Stock Exchange Listing Rules or its Listing Agreements; or (2) the Hong Kong Stock Exchange considers there are insufficient securities in the hands of the public; or (3) the Hong Kong Stock Exchange considers that the listed issuer does not have a sufficient level of operations or sufficient assets to warrant the continued listing of the issuer's securities; or (4) the Hong Kong Stock Exchange considers that the issuer or its business is no longer suitable for listing. Investors should also be aware that the Hong Kong Stock Exchange may suspend the trading of individual stocks in certain limited and extraordinary circumstances, until certain price-sensitive information has been disclosed to the public. Since the stocks underlying the Index are traded on the Hong Kong Stock Exchange, changes in the Index may be affected by suspensions of trading generally or of one or more of the stocks underlying the Index, which limitations may, in turn, adversely affect the value of the Notes.

#### IMPORTANT CONSIDERATIONS RELATING TO HONG KONG

Investors should realize that the value of the Index, and therefore the potential Supplemental Redemption Amount, if any, may be adversely affected by political, economic or social instability, developments and changes in law or regulations, particularly in Hong Kong and the People's Republic of China ("China"). Certain of these factors are discussed below.

In December 1984, Great Britain and China signed an agreement (the "Sino-British Accord") under which Hong Kong will revert to Chinese sovereignty effective July 1, 1997. Although China has committed by treaty to preserve for 50 years the economic and social freedoms currently enjoyed in Hong Kong, the continuation of the economic system in Hong Kong after the reversion will be affected by the Chinese government. Any increase in uncertainty as to the future economic and political status of Hong Kong could have a material adverse effect on the economy of Hong Kong and the Index.

The Sino-British Accord provides that the basic policies of China regarding Hong Kong and the elaboration of these policies in the Sino-British Accord will be stipulated by the National People's Congress of China in a Basic Law of the Hong Kong Special Administrative Region (the "Hong Kong SAR") (the "Basic Law"). The Basic Law was finalized in February 1990 and adopted by the National People's Congress on April 4, 1990. The Basic Law provides that the Chief

Executive of the Hong Kong SAR will be recommended by a committee composed of Hong Kong residents representing a broad spectrum of distinct constituencies, such as industry, labor and the various professions, and appointed by the government of China. The power of amendment of the Basic Law is vested in the National People's Congress of China. The Basic Law provides that the Hong Kong dollar will remain the legal tender in the Hong Kong SAR after the transfer of sovereignty. It also provides that no exchange control policies will be applied in the Hong Kong SAR and that the Hong Kong dollar will remain freely convertible.

In the past, the prices of shares on the HKSE and Hong Kong property market values have experienced substantial fluctuations in response to political developments affecting China and relations between China and the United Kingdom. Although China has agreed by treaty that the Hong Kong SAR will have a high degree of legislative, legal and economic autonomy, there can be no assurance as to the consequence of the exercise of Chinese sovereignty over Hong Kong on the future economic and political status of Hong Kong and the Index.

It is not clear how future developments in Hong Kong and China may affect the implementation of the Basic Law after the transfer of sovereignty in 1997. As a result of this political and legal uncertainty, the economic prospects of Hong Kong and the companies whose stocks comprise the Index are uncertain. Accordingly, the Hong Kong Stock Exchange has been, and can be expected to remain, highly volatile and sensitive to adverse political developments with regard to Hong Kong's future and perceptions of actual or potential political developments of that kind. For this reason, among others, the Index and the value of the Notes can also be expected to be volatile.

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**Underlying Stocks.** The performance of certain companies listed on the Hong Kong Stock Exchange is linked to the economic climate of China. Any downturn in economic growth or other negative developments affecting the economic climate of China could have a material adverse effect on the value of the Index. In addition, the Hong Kong securities markets are currently characterized by a high level of investment by and interest among United States and other non-Hong Kong persons. Changes in the level of investment or interest could have a material adverse effect on the level of the Index.

Although none of the companies whose stocks comprise the Underlying Stocks are currently organized under the laws of China, the level of the Index nonetheless can be affected by developments in China. China currently indirectly influences political and economic developments in various parts of Asia, including Hong Kong, and its influence is expected to continue to grow. The government of China, a socialist state controlled by the Communist Party of China, now permits private economic activities to a certain extent. Political, economic or social instability in, and diplomatic and other developments associated with, China could have a significant effect on economic conditions in Hong Kong and on the market prices and liquidity of securities traded on the Hong Kong Stock Exchange, including the Underlying Stocks. Moreover, many of the issuers of the Underlying Stocks have substantial investments in China, which investments could be adversely affected by political, economic, market and other developments in or affecting China. Accordingly, adverse political or economic developments in China could adversely affect the level of the Index and thus the value of the Notes.

Underlying Stocks representing approximately one-third of the market capitalization of the Index (as of December 29, 1995) are companies engaged in real estate asset management, development, leasing, property sales and other related activities. Many factors may have an adverse impact on the credit quality of these real estate companies and, indirectly, the Index. Generally, these include economic recession, the cyclical nature of real estate markets, overbuilding, changing demographics, changes in governmental regulations (including tax laws and environmental, building, zoning and sales regulations), increases in real estate taxes or costs of material and labor, the inability to secure performance guarantees or insurance as required, the unavailability of investment capital and the inability to obtain construction financing or mortgage loans at rates acceptable to builders and purchasers of real estate. Additional risks include an inability to reduce expenditures associated with a property (such as mortgage payments and property taxes) when rental revenue declines, and possible loss upon foreclosure of mortgaged properties if mortgage payments are not paid when due.

#### OTHER CONSIDERATIONS

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

Investors should also consider the tax consequences of investing in the Notes and should consult their tax advisors.

Merrill Lynch & Co., MLPF&S or its affiliates may from time to time engage in transactions involving the Underlying Stocks for their proprietary accounts and for other accounts under their management, which may influence the value of such Underlying Stocks and therefore the value of the Notes. MLPF&S and its affiliates will also be the counterparties to the hedge of the Company's obligations under the Notes. Accordingly, under certain circumstances, conflicts of interest may arise between MLPF&S's responsibilities as Calculation Agent with respect to the Notes 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 Notes, Merrill Lynch & Co., Inc., and with the interests of the holders of the Notes.

DESCRIPTION OF NOTES

GENERAL

The Notes were issued as a series of Senior Debt Securities under the Senior Indenture, referred to as the "Senior Indenture", which is more fully described below. The Notes will mature on February 16, 1999.

While at maturity a beneficial owner of a Note will receive the principal amount of such Note plus the Supplemental Redemption Amount, if any, there will be no other payment of interest, periodic or otherwise. (See "Payment at Maturity" below.)

The Notes 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 Notes, beneficial owners of the Notes may accelerate the maturity of the Notes, as described under "Description of Notes--Events of Default and Acceleration" and "Other Terms--Events of Default" in this Prospectus.

The Notes were issued in denominations of \$1,000 and integral multiples thereof.

PAYMENT AT MATURITY

At maturity, a beneficial owner of a Note will be entitled to receive the principal amount thereof plus a Supplemental Redemption Amount, if any, all as provided below. If the Ending Index Value of the Index does not exceed the Benchmark Index Value a beneficial owner of a Note will be entitled to receive only the principal amount thereof.

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

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

provided, however, that in no event will the Supplemental Redemption Amount be less than zero or more than \$1,000 per \$1,000 principal amount of Notes. The Benchmark Index Value equals 664.83. The Benchmark Index Value was determined on the Pricing Date by multiplying the Starting Index Value by a factor equal to 115%. The Starting Index Value was determined by the Calculation Agent and equaled the average (arithmetic mean) of the Computed Index Value as of 10:30 A.M., 11:00 A.M., 11:30 A.M., 12:00 Noon, 12:30 P.M., 2:30 P.M., 3:00 P.M. and 3:30 P.M. (Hong Kong time) on the Pricing Date. The "Computed Index Value" as of any time means the number obtained by (i) multiplying the last reported sales prices of each Underlying Stock at such time (as reported by Reuters Information Services, Inc. with respect to intra-day prices and by The Stock Exchange of Hong Kong Ltd. (the "Hong Kong Stock Exchange" or "HKSE") with respect to official closing prices) by the number of shares outstanding (as provided by the AMEX) to obtain the market capitalization for each of the Underlying Stocks and (ii) dividing the aggregate market capitalization of all the Underlying Stocks by the divisor used to calculate the last reported Index (see "The Index" herein). The AMEX has confirmed that the methodology used by the Calculation Agent to calculate the Computed Index Value is consistent with that currently used by the AMEX to calculate the Index. The Ending Index Value will be determined by MLPF&S (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 occurrences 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 Hong Kong Stock Exchange is open for trading and the Index or any Successor Index is calculated and published. 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 Notes.

The following table illustrates, for a range of hypothetical Ending Index Values, (i) the total amount payable at maturity for each \$1,000 principal

amount of Notes, (ii) the pretax annualized rate of return to beneficial owners of Notes, and (iii) the pretax annualized rate of return of an investment in the stocks underlying the Index (which includes an assumed aggregate dividend yield of 3.31% per annum, and no change in the U.S. dollar/Hong Kong dollar exchange rate, as more fully described below).

<TABLE>  
<CAPTION>

Hypothetical ending Index Value of the Index	Percentage Change Over the Starting Index Value	Total Amount Payable at Maturity	Pretax Annualized Rate of Return on the Notes (1)	Pretax Annualized Rate of Return of Stocks Underlying the Index (1) (2)
<S>	<C>	<C>	<C>	<C>
289.06	-50%	\$1,000.00	0.00%	-18.74%
346.87	-40%	\$1,000.00	0.00%	-13.20%
404.68	-30%	\$1,000.00	0.00%	-8.38%
462.49	-20%	\$1,000.00	0.00%	-4.09%
520.30	-10%	\$1,000.00	0.00%	-0.21%
578.11(3)	0%	\$1,000.00	0.00%	3.32%
635.92	10%	\$1,000.00	0.00%	6.58%
693.73	20%	\$1,043.47	1.41%	9.61%
751.54	30%	\$1,130.42	4.09%	12.43%
809.35	40%	\$1,217.38	6.61%	15.08%
867.17	50%	\$1,304.35	8.98%	17.59%
924.98	60%	\$1,391.30	11.22%	19.96%
982.79	70%	\$1,478.26	13.35%	22.21%
1,040.60	80%	\$1,565.21	15.38%	24.36%
1,098.41	90%	\$1,652.17	17.31%	26.41%
1,156.22	100%	\$1,739.12	19.16%	28.38%
1,214.03	110%	\$1,826.08	20.93%	30.26%
1,271.84	120%	\$1,913.03	22.64%	32.08%
1,329.65	130%	\$2,000.00	24.28%	33.83%
1,387.46	140%	\$2,000.00	24.28%	35.52%
1,445.28	150%	\$2,000.00	24.28%	37.15%

</TABLE>

- (1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis.
- (2) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Index with the allocation of such amount reflecting the relative weights of such stocks in the Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Index from the Starting Index Value to the relevant hypothetical Ending Index Value; (iii) a constant dividend yield of 3.31% per annum, paid quarterly from the date of initial delivery of Notes, applied to the value of the Index at the end of each such quarter assuming such value increases or decreases linearly from the Starting Index Value to the applicable hypothetical Ending Index Value; (iv) no transaction fees or expenses; (v) a term for the Notes from February 7, 1996 to February 16, 1996; (vi) a final Index value equal to the Ending Index Value; and (vii) no change in the U.S. dollar/Hong Kong dollar exchange rate. The aggregate dividend yield of the stocks underlying the Index as of January 16, 1996 was approximately 3.31%.
- (3) The Starting Index Value.

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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 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) a suspension or absence of trading on the HKSE of (a) 20% or more of the Underlying Stocks and/or (b) the stocks of any three of the four most highly capitalized companies included in the Underlying Stocks which then comprise the Index or a Successor Index; or

(ii) the suspension or material limitation on the HK Futures Exchange or any other major futures or securities market (which as of the date of this Prospectus includes only the HK Futures Exchange, but which in the Calculation Agent's judgment may change in the future) of trading in futures or options contracts related to the Hang Seng Index, the Index or a Successor Index.

The Hang Seng Index uses certain of the same securities in its calculation as the Index (See "The Index--The Hong Kong Stock Exchange and the Hong Kong Futures Exchange" herein). For purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, (2) a decision to permanently discontinue trading in the relevant contract will not constitute a Market Disruption Event, (3) a suspension of trading in a futures or options contract on the Index by the AMEX or other major securities market by reason of (x) a price change exceeding limits set by the AMEX or such securities market, (y) an imbalance of orders relating to such contracts or (z) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or material limitation of trading in futures or options contracts related to the Index and (4) an "absence of trading" on the HKSE, HK Futures Exchange or a major securities market on which futures or options contracts related to the Index are traded will not include any time when the HKSE, HK Futures Exchange or such securities market, as the case may be, itself is closed for trading under ordinary circumstances.

#### 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 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

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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 Notes.

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 Wall Street Journal (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 Notes.

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Notes shall have occurred and be continuing, the amount payable to a beneficial owner of a Note upon any acceleration permitted by the Notes, with respect to each \$1,000 principal amount thereof, will be equal to: (i) the initial issue price (\$1,000), plus (ii) an additional amount of contingent interest calculated as though the date of early repayment were the maturity date of the Notes. See "Description of Notes-Payment at Maturity" in this Prospectus. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the beneficial owner of a Note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Note plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Notes.

In case of default in payment at the maturity date of the Notes (whether at their stated maturity or upon acceleration), from and after the maturity date the Notes shall bear interest, payable upon demand of the beneficial owners thereof, at the rate of 5.40% 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 Notes to the date payment of such amount has been made or duly provided for.

## DEPOSITORY

The Notes are represented by one or more fully registered global securities (the "Global Notes"). Each such Global Note has been deposited with, or on behalf of, The Depository Trust Company ("DTC"), as Depository (the "Depository"), registered in the name of DTC or a nominee thereof. Unless and until it is exchanged in whole or in part for Notes in definitive form, no Global Note 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 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

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provisions of Section 17A of the Exchange Act. 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 Notes 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 Note ("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 Note 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 Notes.

So long as DTC, or its nominee, is the registered owner of a Global Note, DTC or its nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Note for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners in a Global Note will not be entitled to have the Notes represented by such Global Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or Holders thereof under the Senior Indenture, including for purposes of receiving any reports delivered by the Company or the Trustee pursuant to the Senior Indenture. Accordingly, each Person owning a beneficial interest in a Global Note 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 Senior 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 Senior 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, Notes 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 Notes representing such Notes. 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 DTC, upon receipt of any payment of principal or any Supplemental Redemption Amount in respect of a Global Note, 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 Note 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 Notes shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, the Global Notes will be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Notes 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 Notes.

#### THE INDEX

##### THE INDEX

Unless otherwise stated, all information herein on the Index is derived from the AMEX or other publicly available sources as of February 2, 1996. Such information reflects the policies of the AMEX as stated in such sources and such policies are subject to change by the AMEX.

The Index is a capitalization-weighted stock index designed, developed, maintained and operated by, and is a service mark of, the AMEX that measures the market value performance (share price times the number of shares outstanding) of selected Hong Kong Stock Exchange listed stocks. The Index currently is based on the capitalization of 30 Underlying Stocks trading on the Hong Kong Stock Exchange and is designed to represent a substantial segment of the Hong Kong stock market. The Hong Kong Stock Exchange is the primary trading market for most of the 30 Underlying Stocks. The primary trading market for all of the Underlying Stocks is either Hong Kong or London. Business sector representation of the Underlying Stocks comprising the Index as of February 2, 1996 was as follows: property development (33.36%), financing (21.80%), conglomerates (18.68%), utilities (18.01%) and also includes hotel/leisure (4.33%), airlines (2.24%), property investment (0.85%), transportation (0.46%) and publishing (0.24%). The Index was established on June 25, 1993. (See the table below for a list of the Underlying Stocks as of February 2, 1996.) As of February 2, 1996, the five largest Underlying Stocks accounted for approximately 48.53% of the market capitalization of the Index, with the largest being HSBC Holdings plc (12.30%), followed by Hutchison Whampoa Ltd. (9.80%), Sun Hung Kai Properties Ltd. (9.45%), Hong Kong Telecommunications Ltd. (9.10%) and Hang Seng Bank Ltd. (7.88%). The lowest weighted Underlying Stock, as of February 2, 1996, was Tai Chung (Holdings) Ltd. (0.23%).

The Index is maintained by the AMEX and will contain at least 30 Underlying Stocks at all times. In addition, the Underlying Stocks must meet certain listing and maintenance standards as discussed below. The AMEX may change the composition of the Index at any time in order to more accurately reflect the composition and track the movement of the Hong Kong stock market. Any replacement Underlying Stock must also meet the Underlying Stock listing and maintenance standards as discussed below. Further, the AMEX may replace Underlying Stocks in the event of certain corporate events, such as takeovers, or mergers, that change the nature of the security.

The AMEX will select Underlying Stocks on the basis of their market weight, trading liquidity, and representation of the business industries reflected on the Hong Kong Stock Exchange. The AMEX will require that each Underlying Stock be one issued by an entity with major business interests in Hong Kong, listed for trading on the Hong Kong Stock Exchange, and have its primary trading market located in a country with which the AMEX has an effective surveillance sharing agreement. The AMEX will remove any Underlying Stock failing to meet the above listing and maintenance criteria within 30 days after such failure occurs. In order to ensure that the Index does not contain a large number of thinly-capitalized, low-priced securities with small public floats and low trading volumes, the AMEX has also established additional qualification criteria for the inclusion and maintenance of

Underlying Stocks, based on the following standards: (1) all Underlying Stocks selected for inclusion in the Index must have and thereafter maintain, an average daily capitalization, as calculated by the total number of shares outstanding times the latest price per share (in Hong Kong dollars), measured over the prior 6-month period, of at least H.K.\$3,000,000,000 (approximately U.S.\$388,000,000 as of February 2, 1996); (2) all Underlying Stocks selected for inclusion in the Index must have, and thereafter maintain, an average daily closing price, measured over the prior 6-month period, not lower than H.K.\$2.50 (approximately U.S.\$0.32 as of February 2, 1996); (3) all Underlying Stocks selected for inclusion in the Index must have, and thereafter maintain an average daily trading volume, measured over the prior 6-month period, of more than 1,000,000 shares per day, although up to, but no more than, three Underlying Stocks may have an average daily trading volume, measured over the prior 6-month period, of less than 1,000,000 shares per day, but in no event less than 500,000 shares per day; and (4) all Underlying Stocks selected for inclusion in the Index must have, and thereafter maintain, a minimum "free

float" value (total freely tradeable outstanding shares minus insider holdings), based on a monthly average measured over the prior 3-month period, of U.S.\$238,000,000, although up to, but no more than, three Underlying Stocks may have a free float value of less than U.S.\$238,000,000 but in no event less than U.S.\$150,000,000, measured over the same period. The AMEX will review and apply the above qualification criteria relating to the Underlying Stocks on a quarterly basis, conducted the last business day in January, April, July, and October. Any Underlying Stock failing to meet the above listing and maintenance criteria will be reviewed on the second Friday of the second month following the quarterly review to again determine compliance with the above criteria. Any Underlying Stock failing this second review will be replaced by a "qualified" Underlying Stock effective upon the close of business on the following Friday, provided however, that if such Friday is not a day on which the AMEX is open for trading, the replacement will be effective at the close of business on the first preceding day on which the AMEX is open for trading. The AMEX will notify its membership immediately after it determines to replace an Underlying Stock.

The annual reports and prospectuses of the companies listed on the Hong Kong Stock Exchange are available for investors' inspection in the City Hall Library (a public library in Central Hong Kong). The Hong Kong Stock Exchange library also has information for each listed company but it is available only to members of the Hong Kong Stock Exchange.

A company whose stock is included in the Index is not required to be incorporated under the laws of Hong Kong.

The Index is a capitalization-weighted index. A company's market capitalization is calculated by multiplying the number of shares outstanding by the company's current share price (in Hong Kong dollars). For valuation purposes unrelated to the Notes, one Index unit (1.0) is assigned a fixed value of one U.S. dollar. The Index measures the average change in prices of the Underlying Stocks, weighted according to their respective market capitalizations, so that the effect of a percentage price change in an Underlying Stock will be greater the larger the Underlying Stock's market capitalization. The Index was established by the AMEX on June 25, 1993, on which date the Index value was set at 350.00. The daily calculation and public dissemination by the AMEX of the Index commenced on September 1, 1993. The data relating to the Index was back-calculated by the AMEX from January 2, 1989 to August 31, 1993. The Index is calculated by (i) adding the market capitalization of each Underlying Stock and (ii) dividing such sum by an adjusted base market capitalization or divisor. On June 25, 1993, the market value of the Underlying Stocks was approximately H.K.\$1,152,829,149,500 (equivalent to approximately U.S.\$148,656,241,000 based on the exchange rate as of such date) and the divisor used to calculate the Index was 3,293,797,570. The AMEX selected that particular divisor number in order, among other things, to ensure that the Index was set at a general price level consistent with other well recognized stock markets. The divisor is subject to periodic adjustments as set forth below. The Index is calculated once every Index Calculation Day by the AMEX based on the most recent official closing prices of each of the Underlying Stocks reported by the Hong Kong Stock Exchange. Pricing of the Index will be performed each day and be disseminated before the opening of trading via the Consolidated Tape Authority Network-B continuously during each day on which the AMEX is open for trading. The dissemination value, however, will remain the same throughout the trading day because the trading hours of the Hong Kong Stock Exchange do not overlap with AMEX trading hours. Accordingly, updated price information for the Underlying Stocks will be unavailable.

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In order to maintain continuity in the level of the Index in the event of certain changes due to non-market factors affecting the Underlying Stocks, such as the addition or deletion of stocks, substitution of stock, stock dividends, stock splits, distributions of assets to stockholders or other capitalization events, the divisor used in calculating the Index is adjusted in a manner designed to prevent any instantaneous change or discontinuity in the level of the Index and in order that the value of the Index immediately after such change will equal the level of the Index immediately prior to the change. Thereafter, the divisor remains at the new value until a further adjustment is necessary as the result of another change. Nevertheless, changes in the identities and characteristics of the Underlying Stocks may significantly affect the behavior of the Index over time.

The AMEX is under no obligation to continue the calculation and dissemination of the Index and the method by which the Index is calculated and the name "The AMEX Hong Kong 30 Index" may be changed at the discretion of the AMEX. The Notes are not sponsored, endorsed, sold or promoted by the AMEX. No inference should be drawn from the information contained in this Prospectus that the AMEX makes any representation or warranty, implied or express, to the Company, the beneficial owners of Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes in particular or the ability of the Index to track general stock market performance. The AMEX has no obligation to take the needs of the Company or the beneficial owners of Notes into consideration in determining, composing or calculating the Index. The AMEX is not responsible for, and has not participated in the determination of the timing of prices for or quantities of, the Notes to be issued or in the determination or calculation of the equation by which the Supplemental Redemption Amount is determined. The AMEX has no obligation or liability in connection with the administration, marketing or trading of the Notes.

The use of and reference to the Index in connection with the Notes have been consented to by the AMEX.

Except with respect to the responsibility of the Calculation Agent to make certain calculations under certain circumstances as described herein, none of the Company, the Trustee, the Calculation Agent or the Underwriter accepts any responsibility for the calculation, maintenance or publication of the Index or any Successor Index. The AMEX disclaims all responsibility for any inaccuracies in the data on which the Index is based, or any mistakes or errors or omissions in the calculations or dissemination of the Index or for the manner in which such index is applied in determining the Supplemental Redemption Amount, if any.

A potential investor should review the historical performance of the Index. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the Index will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the principal amount at the maturity of the Securities.

#### THE HONG KONG STOCK EXCHANGE AND THE HONG KONG FUTURES EXCHANGE

As of September 29, 1995, the Hong Kong Stock Exchange was the world's ninth largest stock exchange based on U.S. dollar market capitalization. There are no market-makers in Hong Kong, but exchange dealers may act as dual capacity broker-dealers. All of the Underlying Stocks of the Index are traded through the computerized trading system. Trading is undertaken from 10:00 A.M. to 12:30 P.M. and then from 2:30 P.M. to 3:55 P.M. (Hong Kong time) every Hong Kong day except Saturdays, Sundays and other days on which the Hong Kong Stock Exchange is closed. Hong Kong time is 12 hours ahead of Eastern Daylight Savings Time and 13 hours ahead of Eastern Standard Time. Settlement of trades is required within 48 hours and is conducted by electronic book-entry delivery through the Central Clearing and Settlement System.

Due to the time differences between New York City and Hong Kong, on any normal trading day, trading on the Hong Kong Stock Exchange of the Underlying Stocks currently will cease at 2:55 A.M. or 3:55 A.M., New York City time. Using the last reported closing prices of the Underlying Stocks on the Hong Kong Stock Exchange, the level of the Index on any such trading day generally will be calculated, published and disseminated by the

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AMEX in the United States shortly prior to the opening of trading on the AMEX in New York on the same calendar day.

The Hong Kong Stock Exchange has adopted certain measures intended to prevent any extreme short-term price fluctuations resulting from order imbalances or market volatility. Where the Hong Kong Stock Exchange considers it necessary for the protection of the investor or the maintenance of an orderly market, it may at any time suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the listed issuer or not. The Hong Kong Stock Exchange may also do so where: (1) an issuer fails, in a manner which the Hong Kong Stock Exchange considers material, to comply with the Hong Kong Stock Exchange Listing Rules or its Listing Agreements; or (2) the Hong Kong Stock Exchange considers there are insufficient securities in the hands of the public; or (3) the Hong Kong Stock Exchange considers that the listed issuer does not have a sufficient level of operations or sufficient assets to warrant the continued listing of the issuer's securities; or (4) the Hong Kong Stock Exchange considers that the issuer or its business is no longer suitable for listing. Investors should also be aware that the Hong Kong Stock Exchange may suspend the trading of individual stocks in certain limited and extraordinary circumstances, until certain price-sensitive information has been disclosed to the public. For instance, dealing on a listed company's shares will normally be suspended when information about an intention to make a private placing, or a very substantial transaction compared to the net asset value of the company, has been leaked through an improper channel. Trading will not be resumed until after a formal announcement has been made. Trading of a company's shares may also be suspended if there is unusual trading activity in that stock.

An issuer may apply for suspension on its own accord. A suspension request will normally only be acceded to in the following circumstances: (1) where, for a reason acceptable to the Hong Kong Stock Exchange, price-sensitive information cannot at that time be disclosed; (2) where the issuer is subject to an offer, but only where terms have been agreed in principle and require discussion with, and agreement by, one or more major shareholders (suspensions will only normally be appropriate where no previous announcement has been made); (3) to maintain an orderly market; (4) where there is an occurrence of certain levels of notifiable transactions, such as substantial changes in the nature, control or structure of the issuer, where publication of full details is necessary to permit a realistic valuation to be made of the securities concerned, or the approval of shareholders is required; (5) where the issuer is no longer suitable for listing, or becomes a "cash" company; or (6) for issuers going into receivership or liquidation.

As a result of the foregoing, variations in the Index may be limited by suspension of trading of individual stocks which comprise the Index which may in turn, adversely affect the value of the Notes. In addition, a partial or total halt in trading of all of the Underlying Stocks could result in a Market Disruption Event. See "Description of Notes--Adjustments to the Index; Market Disruption Events" herein.

Because the Index uses certain of the same securities in its calculation as the Hang Seng Index ("HSI"), another stock index, the HSI is referenced to determine if a Market Disruption Event has occurred. A Market Disruption Event can occur if there is a suspension or material limitation on the HK Futures

Exchange of trading in futures or options contracts related to the HSI. The stock index contracts traded on the HK Futures Exchange are based upon the HSI and its four sub-indices: properties, utilities, finance, and commerce and industry. The HSI is a value-weighted index of 33 stocks and every stock in the HSI is represented in one of the four sub-indices. The following Underlying Stocks of the Index (as of December 29, 1995) are not constituent securities of the HSI: Chinese Estates Holdings, Henderson Investment Ltd. and Tai Cheung (Holdings) Ltd. The following constituent securities of the HSI (as of December 29, 1995) are not Underlying Stocks of the Index: Hong Kong Aircraft Eng. Co. Ltd., Johnson Electric Holdings Ltd., Miramar Hotel and Inv. Co. Ltd., Shangri-La Asia Ltd., South China Morning Post (Holdings) Ltd. and Television Broadcasts Ltd. The Index also differs from the HSI in that, among other things, the selection, maintenance and replacement criteria for the constituent securities of the two indices are not the same and that they are operated and governed by the rules of different entities.

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Currently, the contracts listed on the HK Futures Exchange are HSI futures, HSI sub-indices futures, HSI options, gold and Hong Kong Interbank Offered Rate futures. There is a daily maximum fluctuation limit of 300 points imposed on the HSI contracts (not applicable to spot mark contracts). Once the limit is touched, orders cannot be transacted above (the outside limit) or below (the downside limit) but orders within the range can continue to trade.

The foregoing discussion reflects the current rules governing the Hong Kong Stock Exchange and the HK Futures Exchange, which are subject to change.

The HK Futures Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. The HK Futures Exchange has made no assessment of, nor taken any responsibility for, the financial soundness of the Company or the merits of investing in the Notes, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

"Hong Kong Futures Exchange" and "HK Futures Exchange" are trademarks of the Hong Kong Futures Exchange Ltd.

#### OTHER TERMS

##### GENERAL

The Securities were issued as a series of Senior Debt Securities under the Indenture (the "Senior Indenture"), dated as of April 1, 1983, as amended and restated, 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"). A copy of the Senior Indenture is filed as an exhibit to the registration statements relating to the Securities. The following summaries of certain provisions of the Senior Indenture do not purport to be complete and are subject to, and qualified in their entirety by reference to, all provisions of the Senior Indenture, including the definition therein of certain terms.

The Senior Indenture provides that series of Senior Debt Securities may from time to time be issued thereunder, without limitation as to aggregate principal amount, in one or more series and upon such terms as the Company may establish pursuant to the provisions thereof.

The Senior Indenture provides that the Senior Indenture and the Securities are governed by and construed in accordance with the laws of the State of New York.

The Senior Indenture provides that the Company may issue Senior Debt Securities with terms different from those of Senior Debt Securities previously issued, and "reopen" a previously issued series of Senior Debt Securities and issue additional Senior Debt Securities of such series.

The Senior Debt Securities are unsecured and rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. However, 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 Senior Debt Securities), 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.

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##### LIMITATIONS UPON LIENS

The Company may not, and may not permit any Subsidiary 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 Senior Indenture) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of the incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding

Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

#### LIMITATION 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 Senior 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 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.

#### MERGER AND CONSOLIDATION

The Indenture provides that 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 payment of the principal of (and premium, if any) and interest on the Senior Debt Securities and the performance and observance of all of the covenants and conditions of the Senior 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 Senior Indenture.

#### MODIFICATION AND WAIVER

Modification and amendment of the Indenture may be effected by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series issued pursuant to such indenture and affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Senior Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest or Additional Amounts payable on, any Senior Debt Security or any premium payable on the redemption thereof, or change the Redemption Price; (b) reduce the principal amount of, or the interest or Additional Amounts payable on, any Senior Debt Security or reduce the amount of principal which could be declared due and payable prior to the Stated Maturity; (c) change place or currency of any payment of principal or any premium, interest or Additional Amounts payable on any Senior Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security; (e) reduce the percentage in principal amount of the Outstanding Senior Debt Securities of any series, the consent of whose Holders is required to modify or amend the Indenture; or (f) modify the foregoing requirements or reduce the percentage of Outstanding Senior Debt Securities necessary to waive any past default to less than a majority. No modification or amendment of the Subordinated Indenture or any Subsequent Indenture for Subordinated Debt Securities may adversely affect the rights of any holder of Senior Indebtedness without the consent of such Holder. Except with respect to certain fundamental provisions, the Holders of at least a majority in principal amount of Outstanding Senior Debt Securities of any series may, with respect to such series, waive past defaults under the Indenture and waive compliance by the Company with certain provisions thereof.

#### EVENTS OF DEFAULT

Under the Senior Indenture, the following will be Events of Default with respect to Senior Debt Securities of any series: (a) default in the payment of any interest or Additional Amounts payable on any Senior Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal or premium, if any, on any Senior Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Senior Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in the Indenture for the benefit of such series or in the Senior Debt Securities of such series, continued for 60 days after written notice as provided in the Senior Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Senior Debt Securities of that series. The Trustee or the Holders of 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Senior Debt Securities of that series) of all Outstanding Senior Debt Securities of that series and the interest due thereon and Additional Amounts payable in respect thereof, if any to be due and payable immediately if an Event of Default with respect to Senior Debt Securities of such series shall occur and be continuing at the time of such declaration. At any time after a declaration of acceleration has been made with respect to Senior Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or waived. Any Event of Default with respect to Senior Debt Securities

of any series may be waived by the Holders of a majority in principal amount of all Outstanding Senior Debt Securities of that series, except in a case of failure to pay principal or premium, if any, or interest or Additional Amounts payable on any Senior Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of a series may 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 Senior Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of such Holders, the Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

The Company is required to furnish to the Trustee annually a statement as to the fulfillment by the Company of all of its obligations under the Senior Indenture.

#### EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included in the Company's 1997 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 26, 1997 included in the 1997 Annual Report on Form 10-K, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche LLP, as set forth in their reports included or incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, and such 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.

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With respect to unaudited interim financial information for the periods included in the Quarterly Reports on Form 10-Q which are 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 such Quarterly Reports 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 of 1933, as amended (the "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 Act.

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#### PART II

##### INFORMATION NOT REQUIRED IN PROSPECTUS

###### ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses in connection with the issuance and distribution of the securities being registered. All the amounts shown are estimates, except the registration fee and the NASD fee.

<S>	<C>
Registration fee.....	\$ 5,900,000
Fees and expenses of accountants.....	400,000
Fees and expenses of counsel.....	1,500,000
NASD fee.....	30,500
Fees and expenses of Trustees and Warrant Agents.....	800,000
Printing expenses.....	800,000
Printing and engraving of Securities.....	100,000
Rating agency fees.....	500,000
Stock exchange listing fees.....	300,000
Miscellaneous.....	4,500
	-----
Total.....	\$10,335,000
	=====

</TABLE>

###### ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of the State of Delaware, as

amended, provides that under certain circumstances a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving at its request in such capacity in another corporation or business association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.

Article XIII, Section 2 of the Restated Certificate of Incorporation of the Company provides in effect that, subject to certain limited exceptions, the Company shall indemnify its directors and officers to the extent authorized or permitted by the General Corporation Law of the State of Delaware.

Each of the underwriting and distribution agreements and forms thereof filed as Exhibit 1 provides for the indemnification of the Company, its controlling persons, its directors and certain of its officers by the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Act").

The directors and officers of the Company are insured under policies of insurance maintained by the Company, subject to the limits of the policies, against certain losses arising from any claim made against them by reason of being or having been such directors or officers. In addition, the Company has entered into contracts with all of its directors providing for indemnification of such persons by the Company to the full extent authorized or permitted by law, subject to certain limited exceptions.

The Declaration of Trust of the Trust provides, to the fullest extent permitted by applicable law, for indemnity of the Regular Trustees, any Affiliate of any Regular Trustee, any officer, director, shareholder, member, partner, employee, representative or agent of any Regular Trustee, or any officer, director, shareholder

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member, partner, employee representative or agent of the Trust or its Affiliates (each a "Company Indemnified Person"), from and against losses and expenses incurred by such Company Indemnified Person in connection with any action, suit or proceeding, except that if such action, suit or proceedings is by or in the right of the Trust, the indemnity shall be limited to expenses of such Company Indemnified Person.

The Limited Partnership Agreement of the Partnership provides that to the fullest extent permitted by applicable law, the Partnership shall indemnify and hold harmless each of the General Partner, and any Special Representative, any Affiliate of the General Partner or any Special Representative, any officer, director, shareholder, member, partner, employee representative or agent of the General Partner or any Special Representative, or any of their respective Affiliates, or any employee or agent of the Partnership or its Affiliates (each a "Partnership Indemnified Person"), from and against any loss, damage or claim incurred by such Partnership Indemnified Person by reason of any act or omission performed or omitted by such Partnership Indemnified Person in good faith on behalf of the Partnership and in a manner such Partnership Indemnified Person reasonably believed to be within the scope of authority conferred on such Partnership Indemnified Person by the Limited Partnership Agreement, except that no Partnership Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Partnership Indemnified Person by reason of gross negligence or willful misconduct with respect to such acts or omissions. The Limited Partnership Agreement also provides that, to the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Partnership Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Partnership Indemnified Person to repay such amount if it shall be determined that the Partnership Indemnified Person is not entitled to be indemnified as authorized in the Limited Partnership Agreement.

The Regular Trustees of the Trust are covered by insurance policies indemnifying them against certain liabilities, including certain liabilities arising under the Act, which might be incurred by them in such capacity and against which they cannot be indemnified by the Company or the Trust. Any agents, dealers or underwriters who execute the agreements filed as Exhibit 1 of this Registration Statement with respect to Trust Originated Preference Securities will agree to indemnify the Company's directors and their officers and the Trustees who signed the Registration Statement with respect to such securities against certain liabilities that may arise under the Securities Act with respect to information furnished to the Company or the Trust by or on behalf of any such indemnifying party.

ITEM 16. LIST OF EXHIBITS.

<TABLE>  
<CAPTION>  
EXHIBIT

INCORPORATION BY REFERENCE

NUMBER	DESCRIPTION	TO FILINGS INDICATED
<C>	<S>	<C>
1(a)	--Form of Underwriting Agreement for Debt Securities and Debt, Currency and Index Warrants, including forms of Terms Agreement.*	
1(b)	--Form of Distribution Agreement, including form of Terms Agreement, relating to Medium-Term Notes, Series B (a series of Senior Debt Securities).	Exhibit 1(b) to Company's Registration Statement on Form S-3 (No. 33-51489).
1(c)	--Form of Underwriting Agreement for Preferred Stock and Common Stock Warrants, Preferred Stock, Depositary Shares and Common Stock.*	
1(d)	--Form of Purchase Agreement relating to the Trust Preferred Securities.	Exhibit 1.1 to Company's Registration Statement on Form S-3 (No. 333-42859).

</TABLE>

\* Filed herewith

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
4(a) (i)	--Senior Indenture, dated as of April 1, 1983, as amended and restated (the "1983 Senior Indenture"), between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 99(c) to Company's Registration Statement on Form 8-A dated July 20, 1992.
4(a) (ii)	--Senior Indenture, dated as of October 1, 1993 (the "1993 Senior Indenture"), between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.).	Exhibit 4 to Company's Current Report on Form 8-K dated October 7, 1993.
4(a) (iii)	--Form of initial Subsequent Indenture with respect to Senior Debt Securities.*	
4(a) (iv)	--Form of Subsequent Indenture with respect to Senior Debt Securities.*	
4(b) (i)	--Supplemental Indenture to the 1983 Senior Indenture, dated March 15, 1990, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 99(c) to Company's Registration Statement on Form 8-A dated July 20, 1992.
4(b) (ii)	--Eighth Supplemental Indenture to the 1983 Senior Indenture, dated March 1, 1996, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 4(b) to Post-Effective Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-65135).
4(b) (iii)	--Ninth Supplemental Indenture to the 1983 Senior Indenture, dated June 1, 1996, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 4(b) to Post-Effective Amendment No. 4 to Company's Registration Statement on Form S-3 (No. 33-65135).
4(b) (iv)	--Tenth Supplemental	Exhibit 4(b) to Post-Effective



	Indenture to the 1983 Senior Indenture, dated July 1, 1996, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Amendment No. 5 to Company's Registration Statement on Form S-3 (No. 33-65135).
4(b)(v)	--Supplemental Indenture to the 1983 Senior Indenture, dated October 25, 1993, between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.).	Exhibit 4(b)(ii) to Company's Registration Statement on Form S-3 (No. 33-61559).
4(b)(vi)	--First Supplemental Indenture to the 1993 Senior Indenture, dated as of June 1, 1998, between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank N.A.).	Exhibit 4(a) to Company's Current Report on Form 8-K dated July 2, 1998.

</TABLE>

\* Filed herewith

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<TABLE>  
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
4(c)(i)	--Form of Subordinated Indenture between the Company and The Chase Manhattan Bank.	Exhibit 4.7 to Company's Registration Statement on Form S-3 (No. 333-16603).
4(c)(ii)	--Form of Subsequent Indentures with respect to Subordinated Debt Securities.	
4(e)	--Form of S&P 500 Market Index Target-Term Security due July 31, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated January 28, 1993.
4(f)	--Form of Global Telecommunications Portfolio Market Index Target-Term Security due October 15, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated September 13, 1993.
4(g)	--Form of Global Bond Linked Security due December 31, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated February 22, 1993.
4(h)	--Form of Currency Protected Note due December 31, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated July 7, 1993.
4(i)	--Form of 10 3/8% Note due February 1, 1999.	Exhibit 4(y) to Company's Registration Statement on Form S-3 (No. 33-45327).
4(j)	--Form of 7 3/4% Note due March 1, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated March 2, 1992.
4(k)	--Form of 6 3/8% Note due March 30, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated March 30, 1994.
4(l)	--Form of Equity Participation Security with Minimum Return Protection due June 30, 1999.	Exhibit 4(ooo) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).
4(m)	--Form of European Portfolio Market Index Target-Term Security due June 30, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated December 30, 1993.
4(n)	--Form of 8 1/4% Note due November 15, 1999.	Exhibit 4(cc) to Company's Registration Statement on Form S-3 (No. 33-45327).
4(o)	--Form of Stock Market Annual Reset Term Note due December 31, 1999 (Series A).	Exhibit 4 to Company's Current Report on Form 8-K dated April 29, 1993.
4(p)	--Form of Japan Index Equity Participation Security with Minimum Return Protection due January 31, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated January 27, 1994.
4(q)	--Form of 8 3/8% Note due February 9, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated February 9, 1995.
4(r)	--Form of 6.70% Note due August 1, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated August 1, 1995.
4(s)	--Form of AMEX Oil Index Stock Market Annual Reset Term Note due December 29, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated March 31, 1994.
4(t)	--Form of 8% Note due February 1, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated February 4, 1992.

4 (u)	--Form of Step-Up Note due April 30, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated April 30, 1992.
4 (v)	--Form of Step-Up Note due May 6, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated May 6, 1992.

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
4 (w)	--Form of 7 3/8% Note due August 17, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated August 17, 1992.
4 (x)	--Form of Major 8 European Index Market Index Target-Term Security due August 30, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated August 1, 1997.
4 (y)	--Form of 6.64% Note due September 19, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated September 19, 1995.
4 (z)	--Form of 8.30% Note due November 1, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated May 4, 1992.
4 (aa)	--Form of Major 11 European Market Index Target-Term Security due December 6, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated November 26, 1997.
4 (bb)	--Form of 6 7/8% Note due March 1, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated March 1, 1993.
4 (cc)	--Form of 7.05% Note due April 15, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated April 15, 1993.
4 (dd)	--Form of 6.55% Notes due August 1, 2004.	Exhibit 4 to Company's Current Report on Form 8-K dated August 1, 1997.
4 (ee)	--Form of Russell 2000 Index Market Index Target-Term Security due September 30, 2004.	Exhibit 4 to Company's Current Report on Form 8-K dated September 29, 1997.
4 (ff)	--Form of 6 1/4% Note due January 15, 2006.	Exhibit 4 to Company's Current Report on Form 8-K dated January 20, 1994.
4 (gg)	--Form of 6 3/8% Note due September 8, 2006.	Exhibit 4 to Company's Current Report on Form 8-K dated September 8, 1993.
4 (hh)	--Form of 8% Note due June 1, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated June 1, 1992.
4 (ii)	--Form of S&P 500 Inflation Adjusted Market Index Target-Term Security due September 24, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated September 24, 1997.
4 (jj)	--Form of 7% Note due April 27, 2008.	Exhibit 4 to Company's Current Report on Form 8-K dated April 27, 1993.
4 (kk)	--Form of 6 1/4% Note due October 15, 2008.	Exhibit 4 to Company's Current Report on Form 8-K dated October 15, 1993.
4 (ll)	--Form of 8.40% Note due November 1, 2019.	Exhibit 4(z) to Company's Registration Statement on Form S-3 (No. 33-35456).
4 (mm)	--Form of Fixed Rate Medium-Term Note (without redemption provisions).	Exhibit 4(kk) to Company's Registration Statement on Form S-3 (No. 33-54218).
4 (nn)	--Form of Fixed Rate Medium-Term Note (with redemption provisions).	Exhibit 4(ll) to Company's Registration Statement on Form S-3 (No. 33-54218).
4 (oo)	--Form of Fixed Rate Medium-Term Note (without redemption provisions, minimum denomination \$1,000).	Exhibit 4(d) to Company's Registration Statement on Form S-3 (No. 33-38879).

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
4 (pp)	--Form of Fixed Rate Medium-Term Note (with redemption provisions, minimum denomination \$1,000).	Exhibit 4(e) to Company's Registration Statement on Form S-3 (No. 33-38879).
4 (qq)	--Form of Fixed Rate Medium-Term Note, Series B.	Exhibit 4(xiii) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4 (rr)	--Form of Federal Funds Rate Medium-Term Note.	Exhibit 4(oo) to Company's Registration Statement on Form S-3 (No. 33-54218).
4 (ss)	--Form of Floating Rate Medium-Term Note, Series B.	Exhibit 4(xiv) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4 (tt)	--Form of Commercial Paper Rate Medium-Term Note.	Exhibit 4(qq) to Company's Registration Statement on Form S-3 (No. 33-54218).

4(uu)	--Form of Commercial Paper Index Rate Medium-Term Note.	Exhibit 4(i) to Company's Registration Statement on Form S-3 (File No. 33-38879).
4(vv)	--Form of Constant Maturity Treasury Rate Indexed Medium-Term Note, Series B.	Exhibit 4(ccc) to Company's Registration Statement on Form S-3 (No. 33-52647).
4(ww)	--Form of Constant Maturity Treasury Rate Indexed Medium-Term Note II, Series B.	Exhibit 4(xv) to Company's Annual Report on Form 10-K for the year ended December 30, 1994.
4(xx)	--Form of JPY Yield Curve Flattening Medium-Term Note, Series B.	Exhibit 4(ddd) to Company's Registration Statement on Form S-3 (No. 33-52647).
4(yy)	--Form of LIBOR Medium-Term Note.	Exhibit 4(pp) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(zz)	--Form of Multi-Currency Medium-Term Note, Series B.	Exhibit 4(fff) to Company's Registration Statement on Form S-3 (No. 33-52647).
4(aaa)	--Form of Nine Month Renewable Floating Rate Medium-Term Note, Series B.	Exhibit 4(ix) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4(bbb)	--Form of Treasury Rate Medium-Term Note.	Exhibit 4(aaa) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(ccc)	--Form of Collared LIBOR Medium-Term Note due February 14, 2000.	Exhibit 4(ww) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(ddd)	--Form of Inverse Floating Rate Medium-Term Note due September 15, 1998.	Exhibit 4(vii) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4(eee)	--Form of Inverse Floating Rate Medium-Term Note, Series B, due October 19, 1998.	Exhibit 4(xii) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4(fff)	--Form of Japanese Yen Swap Rate Linked Medium-Term Note, Series B.	Exhibit 4(mmm) to Company's Registration Statement on Form S-3 (No. 33-52647).
4(ggg)	--Form of Step-Up Medium-Term Note due May 20, 2008.	Exhibit 4(ggg) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).

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<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
-----	-----	-----
<C>	<S>	<C>
4(iii)	--Form of Warrant Agreement, including form of Warrant Certificate.	Exhibit 4(aa) to Company's Registration Statement on Form S-3 (No. 33-35456).
4(jjj)	--Form of Currency [Put/Call] Warrant Agreement, including form of Global Currency Warrant Certificate.	Exhibit 4 to Company's Registration Statement on Form S-3 (No. 33-17965).
4(kkk)	--Form of Index Warrant Agreement, including form of Global Index Warrant Certificate.	Exhibit 4(kkk) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).
4(lll)	--Form of Index Warrant Trust Indenture, including form of Global Index Warrant Certificate.	Exhibit 4(lll) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).
4(mmm)	--Form of Warrant Agreement, including form of Global Warrant Certificate, relating to Russell 2000 Index Call Warrants Expiring November 17, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated November 27, 1995.
4(nnn)	--Form of 6 1/2% Note due April 1, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated April 1, 1996.
4(ooo)	--Form of 6% Note due January 15, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated January 17, 1996.
4(ppp)	--Form of 6% Note due March 1, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated February 29, 1996.
4(qqq)	--Form of 7% Note due March 15, 2006.	Exhibit 4 to Company's Current Report on Form 8-K dated March 18, 1996.
4(rrr)	--Form of 7 3/8% Note due May 15, 2006.	Exhibit 4 to Company's Current Report on Form 8-K dated May 15, 1996.
4(sss)	--Form of 6% STRYPES due June 1, 1999.	Exhibit 4(c) to Company's Form 8-K/A dated June 7, 1996.
4(ttt)	--Form of 7 1/4% STRYPES due June 15, 1999.	Exhibit 4(c) to Post-Effective Amendment No. 4 to Company's Registration Statement on Form S-3 (33-65135).
4(uuu)	--Form of 6 1/4% STRYPES due July 1, 2001.	Exhibit 4(c) to Company's Current Report on Form 8-K dated July 9, 1996.

4(vvv)	--Form of S&P 500 Market Index Target-Term Security due May 10, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated May 13, 1996.
4(www)	--Form of AMEX Hong Kong 30 Index Equity Participation Note due February 16, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated February 7, 1996.
4(xxx)	--Form of Technology Market Index Target-Term Security due August 15, 2001.	Exhibit 4(a) to Company's Current Report on Form 8-K dated August 12, 1996.
4(yyy)	--Form of Top Ten Yield Market Index Target-Term Security due August 15, 2006.	Exhibit 4(b) to Company's Current Report on Form 8-K dated August 12, 1996.
4(zzz)	--Form of Healthcare/Biotechnology Portfolio Market Index Target-Term Security due October 31, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated October 30, 1996.

</TABLE>

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<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
-----	-----	-----
<C>	<S>	<C>
4(aaaa)	--Form of 7% Note due January 15, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated January 13, 1997.
4(bbbb)	--Form of S&P 500 Market Index Target-Term Security due September 16, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated March 14, 1997.
4(cccc)	--Form of Nikkei 225 Market Index Target-Term Security due June 14, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated June 3, 1997.
4(dddd)	--Form of 6.56% Note due December 16, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated December 16, 1997.
4(eeee)	--Form of 7 7/8% STRYPER due February 1, 2001 Payable with Stock of CIBER, Inc.	Exhibit 4(c) to Company's Current Report on Form 8-K dated January 30, 1998.
4(ffff)	--Form of Floating Rate Note due February 4, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated February 4, 1998.
4(gggg)	--Form of 6% Note due February 12, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated February 12, 1998.
4(hhhh)	--Form of Oracle Corporation Indexed Callable Protected Growth Security due March 31, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated March 19, 1998.
4(iiii)	--Form of Telebras Indexed Callable Protected Growth Security due May 19, 2005.	Exhibit 4 to Company's Current Report on Form 8-K dated May 19, 1998.
4(jjjj)	--Form of 6 3/4% Note due June 1, 2028.	Exhibit 4 to Company's Current Report on Form 8-K dated June 3, 1998.
4(kkkk)	--Form of Floating Rate Note due June 24, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated June 24, 1998.
4(llll)	--Form of S&P 500 Market Index Target-Term Security due July 1, 2005.	Exhibit 4 to Company's Current Report on Form 8-K dated June 26, 1998.
4(mmmm)	--Form of Medium-Term Notes, Series B, 3% Stock Linked Note due June 10, 2000 (Linked to the performance of Honda Motor Co., Ltd. Common Stock).	Exhibit 4 to Company's Current Report on Form 8-K dated June 10, 1998.
4(nnnn)	--Form of Medium-Term Notes, Series B, 5% Stock Linked Note due July 3, 2000 (Linked to the performance of the Common Stock of Travelers Group, Inc.).	Exhibit 4(c) to Company's Current Report on Form 8-K dated July 2, 1998.
4(oooo)	--Form of 6% Note due July 15, 2003.	Exhibit (4) (a) to Company's Current Report on Form 8-K dated July 15, 1998.
4(pppp)	--Form of 6 1/2% Note due July 15, 2018.	Exhibit (4) (b) to Company's Current Report on Form 8-K dated July 15, 1998.
4(qqqq)	--Form of Preferred Stock and Common Stock Warrant Agreement, including forms of Preferred Stock and Common Stock Warrant Certificates.	Exhibit 4(eeee) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4(rrrr)	--Form of Deposit Agreement, including form of Depositary Receipt Certificate representing the Depositary Shares.	Exhibit 4(ffff) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4(ssss)	--Form of Certificate of Trust of Merrill Lynch Preferred Capital Trust V.	Exhibit 4.1 to Company's Registration Statement on Form S-3 (File No. 333-42859).

<TABLE> <CAPTION> EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
4 (tttt)	--Form of Amended and Restated Declaration of Trust of Merrill Lynch Preferred Capital Trust V, including form of Trust Preferred Security.	Exhibit 4.2 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4 (uuuu)	--Form of Certificate of Limited Partnership of Merrill Lynch Preferred Funding V, L.P.	Exhibit 4.3 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4 (vvvv)	--Form of Amended and Restated Limited Partnership Agreement of Merrill Lynch Preferred Funding V, L.P.	Exhibit 4.4 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4 (wwww)	--Form of Trust Preferred Securities Guarantee Agreement, between the Company and The Chase Manhattan Bank, as guarantee trustee, including form of Partnership Preferred Security.	Exhibit 4.5 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4 (xxxx)	--Form of Partnership Preferred Securities Guarantee Agreement between the Company and The Chase Manhattan Bank, as guarantee trustee.	Exhibit 4.6 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4 (yyyy)	--Form of Subordinated Debenture Indenture between the Company and The Chase Manhattan Bank, as trustee.	Exhibit 4 to Company's Registration Statement on Form S-3 (File No. 333-16603).
4 (zzzz)	--Form of Affiliate Debenture Guarantee Agreement between the Company and The Chase Manhattan Bank, as guarantee trustee.	Exhibit 4.8 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4 (aaaaa)	--Form of Subordinated Debenture.	Exhibit 4.11 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4 (bbbbb)	--Restated Certificate of Incorporation of the Company, dated April 28, 1998.	Exhibit 3(i) to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1998.
4 (ccccc)	--By-Laws of the Company, effective as of April 15, 1997.	Exhibit 3(ii) to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1997.
4 (ddddd)	--Form of Certificate of Designations of the Company establishing the rights, preferences, privileges, qualifications, restrictions, and limitations relating to a series of the Preferred Stock.	Exhibit 4(ssss) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (eeeeee)	--Form of certificate representing Preferred Stock.	Exhibit 4(d) to Company's Registration Statement on Form S-3 (File No. 33-55363).
4 (ffffff)	--Form of certificate representing Common Stock.	Exhibit 4(uuuu) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (ggggg)	--Form of Liquid Yield Option Note Indenture.	Exhibit 4(vvvv) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (hhhhh)	--Form of Subsequent Liquid Yield Option Note Indenture.	Exhibit 4(wwww) to Company's Registration Statement on Form S-3 (File No. 333-44173).

NUMBER	DESCRIPTION	TO FILINGS INDICATED
<C>	<S>	<C>
4(iiiii)	--Form of Market Index Target-Term Security based upon the Dow Jones Industrial Average due January 14, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated December 23, 1997.
4(jjjjj)	--Form of Supplemental Indenture to the 1983 Senior Indenture, the 1993 Senior Indenture and the Subordinated Indenture between the Company and The Chase Manhattan Bank, as trustee.	Exhibit 4(yyyy) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4(kkkkk)	--Form of Amended and Restated Rights Agreement, dated as of December 2, 1997, between the Company and ChaseMellon Shareholder Services, L.L.C., as Rights Agent.	Exhibit 4 to Company's Current Report on Form 8-K dated December 2, 1997.
4(lllll)	--Certificate of Designations of the Company establishing the rights, preferences, privileges, qualifications, restrictions and limitations relating to the Company's Series A Junior Preferred Stock.	Exhibit 3(f) to Company's Registration Statement on Form S-3 (File No. 33-19975).
4(mmmmm)	--Form of Amendment No. 1 to the Form of Distribution Agreement.	Exhibit 4(bbbbb) to Company's Registration Statement on Form S-3 (File No. 333-19975).
4(nnnnn)	--Form of Supplemental Indenture to the 1983 Senior Indenture.*	
5(a)	--Opinion of Brown & Wood LLP.*	
5(b)	--Opinion of Brown & Wood LLP.*	
5(c)	--Opinion of Skadden, Arps, Slate, Meagher & Flom LLP.*	
5(d)	--Opinion of Brown & Wood LLP.*	
12(a)	--Computation of Ratio of Earnings to Fixed Charges of the Company.	Exhibit 12 to Company's Annual Report on Form 10-K for the year ended December 26, 1997 and Exhibit 12 to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1998.
12(b)	--Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends of the Company.	Exhibit 12 to Company's Annual Report on Form 10-K for the year ended December 26, 1997 and Exhibit 12 to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1998.
15	--Letter re Unaudited Interim Financial Information.*	
23(a)	--Consents of Brown & Wood LLP. (included as part of Exhibit 5).*	
23(b)	--Consent of Deloitte & Touche LLP.*	

</TABLE>  
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 \* Filed herewith

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
24	--Power of Attorney of the Company (included on page II-13).*	
25(a)	--Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Chase Manhattan Bank.*	
25(b)	--Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Chase Manhattan Bank under the Declaration of Trust (contained	

in Exhibit 4(tttt)); Trust Preferred Securities Guarantee Agreement (contained in Exhibit 4(www)); Subordinated Indenture (contained in Exhibit 4(yyy)); and Affiliate Debenture Guarantee Agreements (contained in Exhibit 4(zzzz)).\*

- 99(a) --Opinion of Deloitte & Touche LLP with respect to certain financial data appearing in the Registration Statement.\*
- 99(b) --Opinion of Deloitte & Touche LLP with respect to certain summary financial information and selected financial data incorporated by reference in the Registration Statement.\*

</TABLE>

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\* Filed herewith

#### ITEM 17. UNDERTAKINGS

Each of the undersigned registrants hereby undertakes:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the Securities being registered which remain unsold at the termination of the offering.

(b) That, for purposes of determining any liability under the Securities Act of 1933, each filing of such registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of such registrant pursuant to the provisions referred to in Item 15 of this registration statement, or otherwise, such registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by such registrant of expenses incurred or paid by a director, officer or controlling person of such registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act (the "Act") in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NEW YORK AND STATE OF NEW YORK ON THE 28TH DAY OF JULY, 1998.

Merrill Lynch & Co., Inc.

/s/ David H. Komansky  
 By: \_\_\_\_\_  
 DAVID H. KOMANSKY  
 (CHAIRMAN OF THE BOARD, CHIEF  
 EXECUTIVE OFFICER AND DIRECTOR)

Know All Men by These Presents, that each person whose signature appears below constitutes and appoints David H. Komansky, Herbert M. Allison, Jr., E. Stanley O'Neal and Stephen L. Hammerman, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his name or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED ON THE 28TH DAY OF JULY, 1998.

SIGNATURE	TITLE
----- /s/ David H. Komansky ----- (DAVID H. KOMANSKY)	Chairman of the Board, Chief Executive Officer and Director
----- /s/ Herbert M. Allison, Jr. ----- (HERBERT M. ALLISON, JR.)	President, Chief Operating Officer and Director
----- /s/ E. Stanley O'Neal ----- (E. STANLEY O'NEAL)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
----- /s/ Michael J. Castellano ----- (MICHAEL J. CASTELLANO)	Senior Vice President and Controller (Principal Accounting Officer)

SIGNATURE	TITLE
----- /s/ W.H. Clark ----- (W.H. CLARK)	Director
----- /s/ Jill K. Conway ----- (JILL K. CONWAY)	Director
----- /s/ Stephen L. Hammerman ----- (STEPHEN L. HAMMERMAN)	Director
----- /s/ Earle H. Harbison, Jr. ----- (EARLE H. HARBISON, JR.)	Director
----- /s/ George B. Harvey ----- (GEORGE B. HARVEY)	Director
----- /s/ William R. Hoover ----- (WILLIAM R. HOOVER)	Director
----- /s/ Robert P. Luciano ----- (ROBERT P. LUCIANO)	Director
----- /s/ David K. Newbigging ----- (DAVID K. NEWBIGGING)	Director



/s/ Aulana L. Peters Director  
-----  
(AULANA L. PETERS)

/s/ John J. Phelan, Jr. Director  
-----  
(JOHN J. PHELAN, JR.)

/s/ John L. Steffens Director  
-----  
(JOHN L. STEFFENS)

/s/ William L. Weiss Director  
-----  
(WILLIAM L. WEISS)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th day of July, 1998.

Merrill Lynch Preferred Funding V,  
L.P.

By: Merrill Lynch & Co., Inc.,  
as General Partner

/s/ Theresa Lang  
By: \_\_\_\_\_  
Name: Theresa Lang  
Title: Senior Vice President and  
Treasurer

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th day of July, 1998.

Merrill Lynch Preferred Capital  
Trust V

/s/ Theresa Lang  
By: \_\_\_\_\_  
Name: Theresa Lang  
Title: Regular Trustee

/s/ Stanley Schaefer  
By: \_\_\_\_\_  
Name: Stanley Schaefer  
Title: Regular Trustee

EXHIBIT INDEX

<TABLE> <CAPTION> EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
-----	-----	-----
<C>	<S>	<C>
1(a)	--Form of Underwriting Agreement for Debt Securities and Debt, Currency and Index Warrants, including forms of Terms Agreement.*	
1(b)	--Form of Distribution Agreement, including form of Terms Agreement, relating to Medium-Term Notes, Series B (a series of Senior Debt Securities).	Exhibit 1(b) to Company's Registration Statement on Form S-3 (No. 33-51489).
1(c)	--Form of Underwriting Agreement for Preferred Stock and Common Stock Warrants, Preferred Stock, Depositary Shares and Common Stock.*	
1(d)	--Form of Purchase Agreement relating to the Trust Preferred Securities.	Exhibit 1.1 to Company's Registration Statement on Form S-3 (No. 333-42859).
4(a) (i)	--Senior Indenture, dated as of April 1, 1983, as amended and restated (the	Exhibit 99(c) to Company's Registration Statement on Form 8-A dated July 20, 1992.

	"1983 Senior Indenture"), between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	
4(a)(ii)	--Senior Indenture, dated as of October 1, 1993 (the "1993 Senior Indenture"), between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.).	Exhibit 4 to Company's Current Report on Form 8-K dated October 7, 1993.
4(a)(iii)	--Form of initial Subsequent Indenture with respect to Senior Debt Securities.*	
4(a)(iv)	--Form of Subsequent Indenture with respect to Senior Debt Securities.*	
4(b)(i)	--Supplemental Indenture to the 1983 Senior Indenture, dated March 15, 1990, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 99(c) to Company's Registration Statement on Form 8-A dated July 20, 1992.
4(b)(ii)	--Eighth Supplemental Indenture to the 1983 Senior Indenture, dated March 1, 1996, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 4(b) to Post-Effective Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-65135).

</TABLE>

\* Filed herewith

<TABLE> <CAPTION>		INCORPORATION BY REFERENCE TO FILINGS INDICATED
EXHIBIT NUMBER	DESCRIPTION	
-----	-----	-----
<C>	<S>	<C>
4(b)(iii)	--Ninth Supplemental Indenture to the 1983 Senior Indenture, dated June 1, 1996, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 4(b) to Post-Effective Amendment No. 4 to Company's Registration Statement on Form S-3 (No. 33-65135).
4(b)(iv)	--Tenth Supplemental Indenture to the 1983 Senior Indenture, dated July 1, 1996, between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company).	Exhibit 4(b) to Post-Effective Amendment No. 5 to Company's Registration Statement on Form S-3 (No. 33-65135).
4(b)(v)	--Supplemental Indenture to the 1983 Senior Indenture, dated October 25, 1993, between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.).	Exhibit 4(b)(ii) to Company's Registration Statement on Form S-3 (No. 33-61559).
4(b)(vi)	--First Supplemental Indenture to the 1993 Senior Indenture, dated as of June 1, 1998, between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank N.A.).	Exhibit 4(a) to Company's Current Report on Form 8-K dated July 2, 1998.
4(c)(i)	--Form of Subordinated Indenture between the Company and The Chase Manhattan Bank.	Exhibit 4.7 to Company's Registration Statement on Form S-3 (No. 333-16603).
4(c)(ii)	--Form of Subsequent	

	Indentures with respect to Subordinated Debt Securities.*	
4 (e)	--Form of S&P 500 Market Index Target-Term Security due July 31, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated January 28, 1993.
4 (f)	--Form of Global Telecommunications Portfolio Market Index Target-Term Security due October 15, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated September 13, 1993.
4 (g)	--Form of Global Bond Linked Security due December 31, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated February 22, 1993.
4 (h)	--Form of Currency Protected Note due December 31, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated July 7, 1993.
4 (i)	--Form of 10 3/8% Note due February 1, 1999.	Exhibit 4(y) to Company's Registration Statement on Form S-3 (No. 33-45327).
4 (j)	--Form of 7 3/4% Note due March 1, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated March 2, 1992.
4 (k)	--Form of 6 3/8% Note due March 30, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated March 30, 1994.
4 (l)	--Form of Equity Participation Security with Minimum Return Protection due June 30, 1999.	Exhibit 4(ooo) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).
4 (m)	--Form of European Portfolio Market Index Target-Term Security due June 30, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated December 30, 1993.

</TABLE>

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\* Filed herewith

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
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<C>	<S>	<C>
4 (n)	--Form of 8 1/4% Note due November 15, 1999.	Exhibit 4(cc) to Company's Registration Statement on Form S-3 (No. 33-45327).
4 (o)	--Form of Stock Market Annual Reset Term Note due December 31, 1999 (Series A).	Exhibit 4 to Company's Current Report on Form 8-K dated April 29, 1993.
4 (p)	--Form of Japan Index Equity Participation Security with Minimum Return Protection due January 31, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated January 27, 1994.
4 (q)	--Form of 8 3/8% Note due February 9, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated February 9, 1995.
4 (r)	--Form of 6.70% Note due August 1, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated August 1, 1995.
4 (s)	--Form of AMEX Oil Index Stock Market Annual Reset Term Note due December 29, 2000.	Exhibit 4 to Company's Current Report on Form 8-K dated March 31, 1994.
4 (t)	--Form of 8% Note due February 1, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated February 4, 1992.
4 (u)	--Form of Step-Up Note due April 30, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated April 30, 1992.
4 (v)	--Form of Step-Up Note due May 6, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated May 6, 1992.
4 (w)	--Form of 7 3/8% Note due August 17, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated August 17, 1992.
4 (x)	--Form of Major 8 European Index Market Index Target-Term Security due August 30, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated August 1, 1997.
4 (y)	--Form of 6.64% Note due September 19, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated September 19, 1995.
4 (z)	--Form of 8.30% Note due November 1, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated May 4, 1992.
4 (aa)	--Form of Major 11 European Market Index Target-Term Security due December 6, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated November 26, 1997.
4 (bb)	--Form of 6 7/8% Note due March 1, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated March 1, 1993.
4 (cc)	--Form of 7.05% Note due April 15, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated April 15, 1993.
4 (dd)	--Form of 6.55% Notes due August 1, 2004.	Exhibit 4 to Company's Current Report on Form 8-K dated August 1, 1997.
4 (ee)	--Form of Russell 2000 Index Market Index Target-Term Security due September 30, 2004.	Exhibit 4 to Company's Current Report on Form 8-K dated September 29, 1997.
4 (ff)	--Form of 6 1/4% Note due January 15, 2006.	Exhibit 4 to Company's Current Report on Form 8-K dated January 20, 1994.
4 (gg)	--Form of 6 3/8% Note due	Exhibit 4 to Company's Current Report

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
4(hh)	--Form of 8% Note due June 1, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated June 1, 1992.
4(ii)	--Form of S&P 500 Inflation Adjusted Market Index Target-Term Security due September 24, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated September 24, 1997.
4(jj)	--Form of 7% Note due April 27, 2008.	Exhibit 4 to Company's Current Report on Form 8-K dated April 27, 1993.
4(kk)	--Form of 6 1/4% Note due October 15, 2008.	Exhibit 4 to Company's Current Report on Form 8-K dated October 15, 1993.
4(ll)	--Form of 8.40% Note due November 1, 2019.	Exhibit 4(z) to Company's Registration Statement on Form S-3 (No. 33-35456).
4(mm)	--Form of Fixed Rate Medium-Term Note (without redemption provisions).	Exhibit 4(kk) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(nn)	--Form of Fixed Rate Medium-Term Note (with redemption provisions).	Exhibit 4(ll) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(oo)	--Form of Fixed Rate Medium-Term Note (without redemption provisions, minimum denomination \$1,000).	Exhibit 4(d) to Company's Registration Statement on Form S-3 (No. 33-38879).
4(pp)	--Form of Fixed Rate Medium-Term Note (with redemption provisions, minimum denomination \$1,000).	Exhibit 4(e) to Company's Registration Statement on Form S-3 (No. 33-38879).
4(qq)	--Form of Fixed Rate Medium-Term Note, Series B.	Exhibit 4(xiii) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4(rr)	--Form of Federal Funds Rate Medium-Term Note.	Exhibit 4(oo) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(ss)	--Form of Floating Rate Medium-Term Note, Series B.	Exhibit 4(xiv) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4(tt)	--Form of Commercial Paper Rate Medium-Term Note.	Exhibit 4(qq) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(uu)	--Form of Commercial Paper Index Rate Medium-Term Note.	Exhibit 4(i) to Company's Registration Statement on Form S-3 (File No. 33-38879).
4(vv)	--Form of Constant Maturity Treasury Rate Indexed Medium-Term Note, Series B.	Exhibit 4(ccc) to Company's Registration Statement on Form S-3 (No. 33-52647).
4(ww)	--Form of Constant Maturity Treasury Rate Indexed Medium-Term Note II, Series B.	Exhibit 4(xv) to Company's Annual Report on Form 10-K for the year ended December 30, 1994.
4(xx)	--Form of JPY Yield Curve Flattening Medium-Term Note, Series B.	Exhibit 4(ddd) to Company's Registration Statement on Form S-3 (No. 33-52647).
4(yy)	--Form of LIBOR Medium-Term Note.	Exhibit 4(pp) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(zz)	--Form of Multi-Currency Medium-Term Note, Series B.	Exhibit 4(fff) to Company's Registration Statement on Form S-3 (No. 33-52647).

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
<C>	<S>	<C>
4(aaa)	--Form of Nine Month Renewable Floating Rate Medium-Term Note, Series B.	Exhibit 4(ix) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4(bbb)	--Form of Treasury Rate Medium-Term Note.	Exhibit 4(aaa) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(ccc)	--Form of Collared LIBOR Medium-Term Note due February 14, 2000.	Exhibit 4(ww) to Company's Registration Statement on Form S-3 (No. 33-54218).
4(ddd)	--Form of Inverse Floating Rate Medium-Term Note due September 15, 1998.	Exhibit 4(vii) to Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993.
4(eee)	--Form of Inverse Floating Rate Medium-Term Note,	Exhibit 4(xii) to Company's Quarterly Report on Form 10-Q for the quarter

	Series B, due October 19, 1998.	ended September 24, 1993.
4(fff)	--Form of Japanese Yen Swap Rate Linked Medium-Term Note, Series B.	Exhibit 4(mmm) to Company's Registration Statement on Form S-3 (No. 33-52647).
4(ggg)	--Form of Step-Up Medium-Term Note due May 20, 2008.	Exhibit 4(ggg) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).
4(iii)	--Form of Warrant Agreement, including form of Warrant Certificate.	Exhibit 4(aa) to Company's Registration Statement on Form S-3 (No. 33-35456).
4(jjj)	--Form of Currency [Put/Call] Warrant Agreement, including form of Global Currency Warrant Certificate.	Exhibit 4 to Company's Registration Statement on Form S-3 (No. 33-17965).
4(kkk)	--Form of Index Warrant Agreement, including form of Global Index Warrant Certificate.	Exhibit 4(kkk) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).
4(lll)	--Form of Index Warrant Trust Indenture, including form of Global Index Warrant Certificate.	Exhibit 4(lll) to Amendment No. 1 to Company's Registration Statement on Form S-3 (No. 33-54218).
4(mmm)	--Form of Warrant Agreement, including form of Global Warrant Certificate, relating to Russell 2000 Index Call Warrants Expiring November 17, 1998.	Exhibit 4 to Company's Current Report on Form 8-K dated November 27, 1995.
4(nnn)	--Form of 6 1/2% Note due April 1, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated April 1, 1996.
4(ooo)	--Form of 6% Note due January 15, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated January 17, 1996.
4(ppp)	--Form of 6% Note due March 1, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated February 29, 1996.
4(qqq)	--Form of 7% Note due March 15, 2006.	Exhibit 4 to Company's Current Report on Form 8-K dated March 18, 1996.
4(rrr)	--Form of 7 3/8% Note due May 15, 2006.	Exhibit 4 to Company's Current Report on Form 8-K dated May 15, 1996.
4(sss)	--Form of 6% STRYPES due June 1, 1999.	Exhibit 4(c) to Company's Form 8-K/A dated June 7, 1996.

</TABLE>

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EXHIBIT NUMBER	DESCRIPTION	INCORPORATION BY REFERENCE TO FILINGS INDICATED
-----	-----	-----
<C>	<S>	<C>
4(ttt)	--Form of 7 1/4% STRYPES due June 15, 1999.	Exhibit 4(c) to Post-Effective Amendment No. 4 to Company's Registration Statement on Form S-3 (33-65135).
4(uuu)	--Form of 6 1/4% STRYPES due July 1, 2001.	Exhibit 4(c) to Company's Current Report on Form 8-K dated July 9, 1996.
4(vvv)	--Form of S&P 500 Market Index Target-Term Security due May 10, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated May 13, 1996.
4(www)	--Form of AMEX Hong Kong 30 Index Equity Participation Note due February 16, 1999.	Exhibit 4 to Company's Current Report on Form 8-K dated February 7, 1996.
4(xxx)	--Form of Technology Market Index Target-Term Security due August 15, 2001.	Exhibit 4(a) to Company's Current Report on Form 8-K dated August 12, 1996.
4(yyy)	--Form of Top Ten Yield Market Index Target-Term Security due August 15, 2006.	Exhibit 4(b) to Company's Current Report on Form 8-K dated August 12, 1996.
4(zzz)	--Form of Healthcare/Biotechnology Portfolio Market Index Target-Term Security due October 31, 2001.	Exhibit 4 to Company's Current Report on Form 8-K dated October 30, 1996.
4(aaaa)	--Form of 7% Note due January 15, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated January 13, 1997.
4(bbbb)	--Form of S&P 500 Market Index Target-Term Security due September 16, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated March 14, 1997.
4(cccc)	--Form of Nikkei 225 Market Index Target-Term Security due June 14, 2002.	Exhibit 4 to Company's Current Report on Form 8-K dated June 3, 1997.
4(dddd)	--Form of 6.56% Note due December 16, 2007.	Exhibit 4 to Company's Current Report on Form 8-K dated December 16, 1997.
4(eeee)	--Form of 7 7/8% STRYPES due February 1, 2001 Payable with Stock of CIBER, Inc.	Exhibit 4(c) to Company's Current Report on Form 8-K dated January 30, 1998.
4(ffff)	--Form of Floating Rate Note due February 4, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated February 4, 1998.
4(gggg)	--Form of 6% Note due February 12, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated February 12, 1998.
4(hhhh)	--Form of Oracle Corporation	Exhibit 4 to Company's Current Report

on Form 8-K dated March 19, 1998.

Indexed Callable Protected Growth Security due March 31, 2003.

- 4(iiii) --Form of Telebras Indexed Callable Protected Growth Security due May 19, 2005. Exhibit 4 to Company's Current Report on Form 8-K dated May 19, 1998.
- 4(jjjj) --Form of 6 3/4% Note due June 1, 2028. Exhibit 4 to Company's Current Report on Form 8-K dated June 3, 1998.
- 4(kkkk) --Form of Floating Rate Note due June 24, 2003. Exhibit 4 to Company's Current Report on Form 8-K dated June 24, 1998.

</TABLE>

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INCORPORATION BY REFERENCE  
TO FILINGS INDICATED

EXHIBIT NUMBER -----	DESCRIPTION -----	INCORPORATION BY REFERENCE TO FILINGS INDICATED -----
<C>	<S>	<C>
4(l111)	--Form of S&P 500 Market Index Target-Term Security due July 1, 2005.	Exhibit 4 to Company's Current Report on Form 8-K dated June 26, 1998.
4(mmmmm)	--Form of Medium-Term Notes, Series B, 3% Stock Linked Note due June 10, 2000 (Linked to the performance of Honda Motor Co., Ltd. Common Stock).	Exhibit 4 to Company's Current Report on Form 8-K dated June 10, 1998.
4(nnnnn)	--Form of Medium-Term Notes, Series B, 5% Stock Linked Note due July 3, 2000 (Linked to the performance of the Common Stock of Travelers Group, Inc.).	Exhibit 4(c) to Company's Current Report on Form 8-K dated July 2, 1998.
4(oooo)	--Form of 6% Note due July 15, 2003.	Exhibit (4) (a) to Company's Current Report on Form 8-K dated July 15, 1998.
4(pppp)	--Form of 6 1/2% Note due July 15, 2018.	Exhibit (4) (b) to Company's Current Report on Form 8-K dated July 15, 1998.
4(qqqq)	--Form of Preferred Stock and Common Stock Warrant Agreement, including forms of Preferred Stock and Common Stock Warrant Certificates.	Exhibit 4(eeee) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4(rrrr)	--Form of Deposit Agreement, including form of Depositary Receipt Certificate representing the Depositary Shares.	Exhibit 4(ffff) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4(ssss)	--Form of Certificate of Trust of Merrill Lynch Preferred Capital Trust V.	Exhibit 4.1 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4(tttt)	--Form of Amended and Restated Declaration of Trust of Merrill Lynch Preferred Capital Trust V, including form of Trust Preferred Security.	Exhibit 4.2 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4(uuuu)	--Form of Certificate of Limited Partnership of Merrill Lynch Preferred Funding V, L.P.	Exhibit 4.3 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4(vvvv)	--Form of Amended and Restated Limited Partnership Agreement of Merrill Lynch Preferred Funding V, L.P.	Exhibit 4.4 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4(wwww)	--Form of Trust Preferred Securities Guarantee Agreement, between the Company and The Chase Manhattan Bank, as guarantee trustee, including form of Partnership Preferred Security.	Exhibit 4.5 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4(xxxx)	--Form of Partnership Preferred Securities Guarantee Agreement between the Company and The Chase Manhattan Bank, as guarantee trustee.	Exhibit 4.6 to Company's Registration Statement on Form S-3 (File No. 333-42859).
4(yyyy)	--Form of Subordinated Debenture Indenture between the Company and The Chase Manhattan Bank, as trustee.	Exhibit 4 to Company's Registration Statement on Form S-3 (File No. 333-16603).

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<CAPTION> EXHIBIT NUMBER -----	DESCRIPTION -----	INCORPORATION BY REFERENCE TO FILINGS INDICATED -----
<C>	<S>	<C>
4 (zzzz)	--Form of Affiliate Debenture Guarantee Agreement between the Company and The Chase Manhattan Bank, as guarantee trustee.	Exhibit 4.8 to Company's Registration Statement on Form S-3 (File No. 333- 42859).
4 (aaaaa)	--Form of Subordinated Debenture.	Exhibit 4.11 to Company's Registration Statement on Form S-3 (File No. 333- 42859).
4 (bbbbb)	--Restated Certificate of Incorporation of the Company, dated April 28, 1998.	Exhibit 3(i) to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1998.
4 (ccccc)	--By-Laws of the Company, effective as of April 15, 1997.	Exhibit 3(ii) to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1997.
4 (dddd)	--Form of Certificate of Designations of the Company establishing the rights, preferences, privileges, qualifications, restrictions, and limitations relating to a series of the Preferred Stock.	Exhibit 4 (ssss) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (eeeee)	--Form of certificate representing Preferred Stock.	Exhibit 4 (d) to Company's Registration Statement on Form S-3 (File No. 33- 55363).
4 (fffff)	--Form of certificate representing Common Stock.	Exhibit 4 (uuuu) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (ggggg)	--Form of Liquid Yield Option Note Indenture.	Exhibit 4 (vvvv) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (hhhhh)	--Form of Subsequent Liquid Yield Option Note Indenture.	Exhibit 4 (www) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (iiii)	--Form of Market Index Target-Term Security based upon the Dow Jones Industrial Average due January 14, 2003.	Exhibit 4 to Company's Current Report on Form 8-K dated December 23, 1997.
4 (jjjjj)	--Form of Supplemental Indenture to the 1983 Senior Indenture, the 1993 Senior Indenture and the Subordinated Indenture between the Company and The Chase Manhattan Bank, as trustee.	Exhibit 4 (yyyy) to Company's Registration Statement on Form S-3 (File No. 333-44173).
4 (kkkkk)	--Form of Amended and Restated Rights Agreement, dated as of December 2, 1997, between the Company and ChaseMellon Shareholder Services, L.L.C., as Rights Agent.	Exhibit 4 to Company's Current Report on Form 8-K dated December 2, 1997.
4 (lllll)	--Certificate of Designations of the Company establishing the rights, preferences, privileges, qualifications, restrictions and limitations relating to the Company's Series A Junior Preferred Stock.	Exhibit 3 (f) to Company's Registration Statement on Form S-3 (File No. 33- 19975).
4 (mmmmm)	--Form of Amendment No. 1 to the Form of Distribution Agreement.	Exhibit 4 (bbbb) to Company's Registration Statement on Form S-3 (File No. 333-19975).

</TABLE>

<CAPTION> EXHIBIT NUMBER -----	DESCRIPTION -----	INCORPORATION BY REFERENCE TO FILINGS INDICATED -----
<C>	<S>	<C>
4 (nnnnn)	--Form of Supplemental Indenture to the 1983 Senior Indenture.*	
5 (a)	--Opinion of Brown & Wood LLP.*	
5 (b)	--Opinion of Brown & Wood LLP.*	

5(c)	--Opinion of Skadden, Arps, Slate, Meagher & Flom LLP.*	
5(d)	--Opinion of Brown & Wood LLP.*	
12(a)	--Computation of Ratio of Earnings to Fixed Charges of the Company.	Exhibit 12 to Company's Annual Report on Form 10-K for the year ended December 26, 1997 and Exhibit 12 to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1998.
12(b)	--Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends of the Company.	Exhibit 12 to Company's Annual Report on Form 10-K for the year ended December 26, 1997 and Exhibit 12 to Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1998.
15	--Letter re Unaudited Interim Financial Information.*	
23(a)	--Consents of Brown & Wood LLP. (included as part of Exhibit 5).*	
23(b)	--Consent of Deloitte & Touche LLP.*	
24	--Power of Attorney of the Company (included on page II-13).	
25(a)	--Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Chase Manhattan Bank.*	
25(b)	--Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Chase Manhattan Bank under the Declaration of Trust (contained in Exhibit 4(tttt)); Trust Preferred Securities Guarantee Agreement (contained in Exhibit 4(www)); Subordinated Indenture (contained in Exhibit 4(yyyy)); and Affiliate Debenture Guarantee Agreements (contained in Exhibit 4(zzzz)).*	
99(a)	--Opinion of Deloitte & Touche LLP with respect to certain financial data appearing in the Registration Statement.*	
99(b)	--Opinion of Deloitte & Touche LLP with respect to certain summary financial information and selected financial data incorporated by reference in the Registration Statement.*	

</TABLE>

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\* Filed herewith



MERRILL LYNCH & CO., INC.  
 (a Delaware corporation)

UNDERWRITING AGREEMENT FOR  
 DEBT SECURITIES AND WARRANTS

Dated: July \_\_, 1998

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MERRILL LYNCH & CO., INC.  
(a Delaware corporation)

Debt Securities and Warrants

UNDERWRITING AGREEMENT

July \_\_, 1998

MERRILL LYNCH & CO.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
North Tower  
World Financial Center  
New York, New York 10281-1332

Ladies and Gentlemen:

Merrill Lynch & Co., Inc., a Delaware corporation (the "Company"), proposes to issue and sell its (i) senior or subordinated debt securities (the "Debt Securities"), both of which may be convertible into common stock, par value \$1.33 per share, of the Company (the "Common Stock"), preferred stock, par value \$1.00 per share, of the Company (the "Preferred Stock") or Depositary Shares representing Preferred Stock (the "Depositary Shares"), (ii) warrants to purchase Debt Securities (the "Debt Security Warrants"), (iii) warrants entitling the holders thereof to receive from the Company a payment or delivery determined by reference to decreases or increases in the level of an index or portfolio based on one or more equity or debt securities (including, but not limited to, the price or yield of such securities), any statistical measure of economic or financial performance (including, but not limited to, any consumer price, currency or mortgage index) or the price or value of any commodity or any other item or index or a combination thereof (the "Index Warrants") or (iv) warrants to receive from the Company the cash value in U.S. dollars of the right to purchase (the "Currency Call Warrants") and/or to receive from the Company the cash value in U.S. dollars of the right to sell (the "Currency Put Warrants" and, together with the Currency Call Warrants, the "Currency Warrants") specified foreign currencies or units of two or more such currencies, or any combination thereof, as shall be designated by the Company from time to time in or pursuant to one or more offerings on terms to be determined at the time of sale. The Debt Security Warrants, the Index Warrants and the Currency Warrants are collectively referred to herein as the "Warrants". As of the date hereof, the Company has authorized the issuance and sale of up to \$ \_\_\_\_\_ aggregate initial

public offering price, or its equivalent based on the applicable exchange rate at the time of offering, in such foreign currencies or units of two or more thereof as the Company shall designate at the time of offering, of its Debt Securities and Warrants. It is understood, however, that the Company may from time to time authorize the issuance of additional Debt Securities and Warrants.

Unless otherwise specified in the applicable Terms Agreement (as defined below), the Debt Securities will be issued in one or more series as (i) senior indebtedness (the "Senior Debt Securities") under (x) an indenture, dated as of April 1, 1983, as amended and restated (the "1983 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 "1983 Trustee"), or (y) an indenture, dated as of October 1, 1993 (the "1993 Indenture", and together with the 1983 Indenture, the "Senior Indentures"), between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.), as trustee (the "1993 Trustee" and, together with the 1983 Trustee, the "Senior Trustees") or (ii) subordinated indebtedness (the "Subordinated Debt Securities") under an indenture (the "Subordinated Indenture"), between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank, as trustee (the "Subordinated Trustee"). The Senior Debt Securities and the Subordinated Debt Securities may also be issued under one or more other indentures (each, a "Subsequent Indenture") and have one or more other trustees (each, a "Subsequent Trustee"). Any Subsequent Indenture relating to Senior Debt Securities or Subordinated Debt Securities will have terms and conditions identical in all material respects to the above-referenced Senior Indentures or the Subordinated Indenture, as the case may be. Each series of Debt Securities may vary, as applicable, as to title, aggregate principal amount, rank, interest rate or formula and timing of payments thereof, stated maturity date, redemption and/or repayment provisions, sinking fund requirements, conversion provisions (and terms of the related Underlying Securities (as defined below)) and any other variable terms established by, or pursuant to, the applicable Indenture. Additionally, the Company may issue Subordinated Debt Securities under a separate indenture which provides for a single issue of zero coupon convertible Subordinated Debt Securities.

Unless otherwise specified in the applicable Terms Agreement, Index Warrants with a minimum value payable upon the expiration of the Index Warrants (the "Minimum Expiration Value") are to be issued under one or more indentures (the indenture relating to any issue of Index Warrants with a Minimum Expiration Value to be sold pursuant to this Underwriting Agreement to be identified in the applicable Terms Agreement and to be referred to herein as the "Index Warrant Indenture", and the Index Warrant Indentures, the Senior Indentures, the Subordinated Indenture and any Subsequent Indentures being collectively referred to herein as the "Indentures") between the Company and the index warrant trustee (the "Index Warrant Trustee", and together with the Senior Trustees, the Subordinated Trustee and any Subsequent Trustees, the "Trustees"). The Debt Security Warrants, Index Warrants and Currency Warrants which do not have a Minimum Expiration Value will be issued under one or more warrant agreements (the warrant agreement relating to any issue of Debt Security Warrants, Index Warrants or Currency Warrants without a Minimum Expiration Value to be sold pursuant to this

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Underwriting Agreement to be identified in the applicable Terms Agreement and to be referred to herein as the "Warrant Agreement") between the Company and the warrant agent identified therein (the "Warrant Agent"). The Warrants may vary, as applicable, as to, among other terms, title, type, specific number, exercise dates or periods, exercise price(s), expiration date(s) and terms of the related Underlying Securities (as hereinafter defined).

The Debt Securities and the Warrants may be offered either together or separately. As used herein, "Securities" shall mean the Senior Debt Securities or Subordinated Debt Securities or the Warrants or any combination thereof, initially issuable by the Company and "Underlying Securities" shall mean the Common Stock, Preferred Stock or Depositary Shares issuable upon conversion of the Debt Securities and the Senior Debt Securities or Subordinated Debt Securities issuable upon exercise of the Debt Security Warrants, as applicable.

The Preferred Stock will be issued in one or more series and each series of Preferred Stock may vary, as applicable, as to the title, specific number of shares, rank, stated value, liquidation preference, dividend rate or rates (or method of calculation), dividend payment dates, redemption provisions, sinking fund requirements, conversion provisions (and terms of the related Underlying Securities) and any other variable terms as set forth in the applicable certificate of designations (each, the "Certificate of Designations") relating to such series of Preferred Stock. A series of Preferred Stock may be represented by Depositary Shares that are evidenced by depositary receipts (the "Depositary Receipts") issued pursuant to a deposit agreement (each, a "Deposit Agreement") among the Company, the depositary identified therein (the "Depositary") and the registered holders of the Depositary Receipts issued thereunder.

Whenever the Company determines to make an offering of Securities through Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated

("Merrill Lynch"), or through an underwriting syndicate managed by Merrill Lynch, the Company will enter into an agreement (each, a "Terms Agreement") providing for the sale of such Securities to, and the purchase and offering thereof by, Merrill Lynch and such other underwriters, if any, selected by Merrill Lynch (the "Underwriters", which term shall include Merrill Lynch, whether acting as sole Underwriter or as a member of an underwriting syndicate, as well as any Underwriter substituted pursuant to Section 10 hereof). The Terms Agreement relating to each offering of Securities shall specify the aggregate principal amount or the number, as the case may be, of Securities to be issued (the "Underwritten Securities"), the name of each Underwriter participating in such offering (subject to substitution as provided in Section 10 hereof) and the name of any Underwriter other than Merrill Lynch acting as co-manager in connection with such offering, the aggregate principal amounts or the number of Warrants, as the case may be, of Underwritten Securities which each such Underwriter severally agrees to purchase, whether such offering is on a fixed or variable price basis and, if on a fixed price basis, the initial offering price, the price at which the Underwritten Securities are to be purchased by the Underwriters, the form, time, date and place of delivery of and payment for the Underwritten Securities and any other material variable terms of the Underwritten Securities, as well as the material variable terms of any related Underlying Securities. The Terms Agreement, which shall be substantially in the form of Exhibit A hereto, may take the form of an exchange of any standard form of written communication (including

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facsimile) between the Company and Merrill Lynch, acting for itself and, if applicable, as representatives of any other Underwriters. Each offering of Underwritten Securities through Merrill Lynch as sole Underwriter or through an underwriting syndicate managed by Merrill Lynch will be governed by this Underwriting Agreement, as supplemented by the applicable Terms Agreement.

The Company has filed with the Securities and Exchange Commission (the "Commission") two registration statements on Form S-3 (No. 333-44173 and pre-effective amendment No. 1 thereto and No. 333-\_\_\_\_\_ [and pre-effective amendment No. 1 thereto] (the "Initial Registration Statements") for the registration of the Securities and the Underlying Securities under the Securities Act of 1933, as amended (the "1933 Act"), and the offering thereof from time to time in accordance with Rule 415 of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"). The Initial Registration Statements have been declared effective by the Commission, and each Indenture in effect as of the date of this Underwriting Agreement has been duly qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"). The Company will have filed such post-effective amendments to the Initial Registration Statements as may be required, and any applicable Indenture will have been duly qualified under the 1939 Act, prior to the execution of the applicable Terms Agreement. The Initial Registration Statements (as so amended, if applicable), including the information, if any, deemed to be a part thereof pursuant to Rule 430A(b) of the 1933 Act Regulations (the "Rule 430A Information") or Rule 434(d) of the 1933 Act Regulations (the "Rule 434 Information"), are referred to herein as the "Registration Statement"; and the final prospectus and the final prospectus supplement relating to the offering of the Underwritten Securities, in the form first furnished to the Underwriters by the Company for use in connection with the offering of the Underwritten Securities, are collectively referred to herein as the "Prospectus"; provided,

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however, that all references to the "Registration Statement" and the

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"Prospectus" shall also be deemed to include all documents incorporated therein by reference which have been filed pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), prior to the execution of the applicable Terms Agreement; provided, further, that if the Company (i) files a registration

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statement with the Commission pursuant to Rule 462(b) of the 1933 Act Regulations (the "Rule 462 Registration Statement"), then, after such filing, all references to "Registration Statement" shall thereafter also be deemed to include the Rule 462 Registration Statement; (ii) files a registration statement or registration statements with the Commission registering additional securities under the 1933 Act which securities may be issued and sold pursuant to the terms of this Underwriting Agreement (each, a "Subsequent Registration Statement"), then after effectiveness of such Subsequent Registration Statement, all references to "Registration Statement" shall thereafter be deemed to refer to the Initial Registration Statement and/or the Subsequent Registration Statement (each as so amended, if applicable, and including any Rule 430A Information, Rule 434 Information or Rule 462 Registration Statement), as the case may be; and (iii) elects to rely upon Rule 434 of the 1933 Act Regulations, then all references to "Prospectus" shall also be deemed to include the final or preliminary prospectus and the applicable term sheet or abbreviated term sheet (the "Term Sheet"), as the case may be, in the form furnished to the Underwriters by the Company in reliance upon Rule 434 of the 1933 Act Regulations, and all references in this Underwriting Agreement to the date of the Prospectus

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shall mean the date of the Term Sheet. The term "preliminary prospectus" shall mean any prospectus used before the registration statement became effective and any prospectus that omitted, as applicable, the Rule 430A Information, the Rule 434 Information or other information to be included upon pricing in a form of prospectus filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations, that was used after such effectiveness and prior to the execution and delivery of the applicable Terms Agreement. For purposes of this Underwriting Agreement, all references to the Registration Statement, Prospectus, Term Sheet or preliminary prospectus or to any amendment or supplement to any of the foregoing shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

All references in this Underwriting Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" (or other references of like import) in the Registration Statement, Prospectus or preliminary prospectus shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be; and all references in this Underwriting Agreement to amendments or supplements to the Registration Statement, Prospectus or preliminary prospectus shall be deemed to mean and include the filing of any document under the 1934 Act which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be.

SECTION 1. Representations and Warranties.  
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(a) Representations and Warranties by the Company. The Company represents and warrants to Merrill Lynch, as of the date hereof, and to each Underwriter named in the applicable Terms Agreement, as of the date thereof, and as of the relevant Closing Time (as defined below) (in each case, a "Representation Date"), as follows:

(1) Compliance with Registration Requirements. The Company meets the  
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requirements for use of Form S-3 under the 1933 Act. The Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with. In addition, each Indenture in effect as of each Representation Date has been duly qualified under the 1939 Act.

At the respective times the Registration Statement and any post-effective amendments thereto (including the filing of the Company's most recent Annual Report on Form 10-K with the Commission subsequent to the date the Registration Statement became effective (the "Annual Report on Form 10-K")) became effective and at each Representation Date, the Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the

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1933 Act and the 1933 Act Regulations and the 1939 Act and the rules and regulations of the Commission under the 1939 Act (the "1939 Act Regulations"), and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. At the date of the Prospectus and at the Closing Time the Prospectus and any amendments and supplements thereto did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If Rule 434 is used, the Company will comply with the requirements of Rule 434. The representations and warranties in this subsection shall not apply to (A) statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Merrill Lynch expressly for use in the Registration Statement or the Prospectus or (B) that part of the Registration Statement that constitutes the Statement of Eligibility on Form T-1 (the "Form T-1") under the 1939 Act of the relevant Trustee.

Each preliminary prospectus and prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with the offering of Underwritten Securities will, at the time of such delivery, be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(2) Incorporated Documents. The documents incorporated or deemed to be

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incorporated by reference in the Registration Statement and the Prospectus, when they became effective or at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations") and, when read together with the other information in the Prospectus, at the date of the Prospectus and at the Closing Times, did not and will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(3) Independent Accountants. The accountants who certified the  
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financial statements and any supporting schedules thereto included in the Registration Statement and the Prospectus are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(4) Financial Statements. The financial statements of the Company  
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included in the Registration Statement and the Prospectus, together with the related schedules and notes, as well as the financial statements, schedules and notes of any other entity included therein, present fairly the financial position of the Company and its consolidated subsidiaries, or such other entity, as the case may be, at the dates indicated and the statements of consolidated earnings, consolidated stockholders' equity and consolidated cash flows of the Company and its consolidated

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subsidiaries, or such other entity, as the case may be, for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information, if any, included in the Registration Statement or the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements incorporated by reference in the Registration Statement and the Prospectus.

(5) No Material Adverse Change in Business. Since the respective dates  
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as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those arising in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise and (C) except for regular quarterly dividends on the Company's outstanding common stock and regular dividends on its outstanding preferred stock in amounts per share that are consistent with the terms of such preferred stock, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(6) Good Standing of the Company. The Company has been duly organized  
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and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under, or as contemplated under, this Underwriting Agreement and the applicable Terms Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect.

(7) Good Standing of Subsidiaries. Each subsidiary of the Company  
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which is a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the 1933 Act (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a

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foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement and the Prospectus, all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued and is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; and none of the outstanding shares of capital stock of any Subsidiary was issued in violation of preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are (A) the subsidiaries listed in Exhibit 21 to the Annual Report on Form 10-K of the Company filed with the Commission under Section 13 of the 1934 Act and (B) certain other subsidiaries which, considered in the aggregate as a single subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the 1933 Act.

(8) Capitalization. If the Prospectus contains a "Capitalization"

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section, the authorized, issued and outstanding shares of capital stock of the Company is as set forth therein (except for subsequent issuances thereof, if any, contemplated under this Underwriting Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). Such shares of capital stock have been duly authorized and validly issued by the Company and are fully paid and non-assessable, and none of such shares of capital stock was issued in violation of preemptive or similar rights of any securityholder of the Company.

(9) Authorization of this Underwriting Agreement and the Terms

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Agreement. This Underwriting Agreement has been, and the

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applicable Terms Agreement as of the date thereof will have been, duly authorized, executed and delivered by the Company.

(10) Authorization of Senior Debt Securities and/or Subordinated Debt

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Securities. If the Underwritten Securities being sold pursuant to the

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applicable Terms Agreement include Senior Debt Securities and/or Subordinated Debt Securities, such Underwritten Securities have been, or prior to issuance of such Underwritten Securities will have been, duly authorized by the Company for issuance and sale pursuant to this Underwriting Agreement and such Terms Agreement. Such Underwritten Securities, when issued and authenticated by the applicable Trustee in the manner provided for in the applicable Indenture and delivered against payment of the consideration therefor specified in such Terms Agreement, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and except further as

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enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States; and such Underwritten Securities will be in the form contemplated by, and each registered holder thereof will be entitled to the benefits of, the applicable Indenture.

(11) Authorization of Indentures. If the Underwritten Securities being

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sold pursuant to the applicable Terms Agreement include Senior Debt Securities and/or Subordinated Debt Securities, each applicable Indenture has been, or prior to the issuance of such Underwritten Securities will have been, duly authorized, executed and delivered by the Company and (assuming the due authorization, execution and delivery by the applicable Trustee), will constitute a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a

proceeding in equity or at law), and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States.

(12) Authorization of Warrants. If the Underwritten Securities being

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sold pursuant to the applicable Terms Agreement include Warrants, such Underwritten Securities have been, or prior to issuance of such Underwritten Securities will have been, duly authorized by the Company for issuance and sale pursuant to this Underwriting Agreement and such Terms Agreement. Such Underwritten Securities, when issued and authenticated in the manner provided for the applicable Index Warrant Indenture or Warrant Agreement and delivered against payment of the consideration therefor specified in such Terms Agreement, will constitute valid and legally binding obligations of the Company and enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Warrant payable other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States.

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Such Underwritten Securities will be in the form contemplated by, and each registered holder thereof will be entitled to the benefits of, the applicable Index Warrant Indenture or Warrant Agreement.

(13) Authorization of Index Warrant Indenture or Warrant Agreement. If

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the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Warrants, each applicable Index Warrant Indenture or Warrant Agreement has been, or prior to the issuance of such Underwritten Securities will have been, duly authorized, executed and delivered by the Company and, upon such authorization, execution and delivery (assuming the due authorization, execution and delivery by the applicable Trustee or Warrant Agent), will constitute a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Warrant payable other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States.

(14) Authorization of Underlying Securities. If the Underlying

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Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Senior Debt Securities and/or Subordinated Debt Securities, such Underlying Securities have been, or prior to issuance of such Underwritten Securities will have been, duly authorized for issuance by the Company upon the exercise of the Debt Security Warrants. Such Underlying Securities, when issued and authenticated in the manner provided for in the applicable Indenture and delivered in accordance with the terms of the Debt Security Warrant, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States. If the Underlying Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Common Stock, Preferred Stock or Depositary Shares, such Underlying Securities have been, or as of the date



of such Terms Agreement will have been, duly authorized and reserved for issuance by the Company upon conversion of the Debt Securities. If the Underlying Securities include Common Stock or

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Preferred Stock, such Underlying Securities, when issued upon such conversion will be validly issued, fully paid and non-assessable and will not be subject to preemptive or similar rights of any securityholder of the Company. If the Underlying Securities include Depositary Shares, such Underlying Securities, upon deposit by the Company of the Preferred Stock represented thereby with the applicable Depositary and the execution and delivery by such Depositary of the Depositary Receipts evidencing such Depositary Shares, in each case pursuant to the applicable Deposit Agreement, will represent legal and valid interests in such Preferred Stock. No holder of such Common Stock, Preferred Stock or Depositary Receipts evidencing Depositary Shares is or will be subject to personal liability by reason of being such a holder.

(15) Authorization of Deposit Agreement. If the Underlying Securities -----  
related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Depositary Shares, the applicable Deposit Agreement has been, or prior to the issuance of such Underwritten Securities will have been, duly authorized, executed and delivered by the Company and, upon such authorization, execution and delivery (assuming due authorization, execution and delivery by the applicable Depositary), will constitute a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). Each registered holder of a Depositary Receipt under the applicable Deposit Agreement will be entitled to the proportional rights, preferences and limitations of the Preferred Stock represented by the Depositary Shares evidenced by such Depositary Receipt and to such other rights as are granted to such registered holder in such Deposit Agreement.

(16) Description of the Underwritten Securities, Indentures, Warrant -----  
Agreements and Underlying Securities. The Underwritten Securities being -----  
sold pursuant to the applicable Terms Agreement and each applicable Indenture and Warrant Agreement, as of the date of the Prospectus, and any Underlying Securities, when issued and delivered in accordance with the terms of the related Underwritten Securities, will conform in all material respects to the respective statements relating thereto contained in the Prospectus and will be in substantially the respective forms filed or incorporated by reference, as the case may be, as an exhibit to the Registration Statement.

(17) Absence of Defaults and Conflicts. Neither the Company nor any of -----  
its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments"),

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except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance by the Company of this Underwriting Agreement, the applicable Terms Agreement, the Securities, each applicable Indenture and Warrant Agreement and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Registration Statement and the Prospectus and the consummation of the transactions contemplated herein and in the Registration Statement and the Prospectus (including the issuance and sale of the Underwritten Securities and the use of the proceeds from the sale of the Underwritten Securities as described under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder and thereunder do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or a default or Repayment Event (as defined below) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary of the Company pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults, events, liens, charges or encumbrances that would not result in a Material Adverse

Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their properties, assets or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness of the Company or any of its subsidiaries (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(18) Absence of Labor Dispute. No labor dispute with the employees of -----  
the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, which may reasonably be expected to result in a Material Adverse Effect.

(19) Absence of Proceedings. There is not any action, suit, proceeding, -----  
inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries which is required to be disclosed in the Registration Statement and the Prospectus (other than as stated therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the assets, properties, or operations thereof or the consummation of the transactions contemplated under this Underwriting Agreement, the applicable Terms Agreement, or any applicable Indenture or Warrant Agreement or the performance by the Company of its obligations hereunder and thereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or of which any of their respective assets, property, or operations is the subject which are not described in the

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Registration Statement and the Prospectus, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(20) Exhibits. There are no contracts or documents which are of a -----  
character required to be described in the Registration Statement, the Prospectus or the documents incorporated by reference therein or to be filed as exhibits thereto which have not been so described and filed as required.

(21) Absence of Further Requirements. No filing with, or authorization, -----  
approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by the Company of its obligations under this Underwriting Agreement or the applicable Terms Agreement or in connection with the transactions contemplated under this Underwriting Agreement, such Terms Agreement, or any applicable Indenture, Deposit Agreement or Warrant Agreement, except such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the 1939 Act, the 1939 Act Regulations or state securities or blue sky laws.

(22) Possession of Intellectual Property. The Company and its -----  
subsidiaries own or possess, or can acquire on reasonable terms, adequate trademarks, service marks, trade names and other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, except where the failure to own or possess or the lack of ability to acquire such Intellectual Property, singly or in the aggregate, would not result in a Material Adverse Effect, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(23) Possession of Licenses and Permits. The Company and its -----  
subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to so possess such Governmental Licenses would not, singly or in

the aggregate, have a Material Adverse Effect; the Company and its subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notice of

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proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(24) Title to Property. The Company and its subsidiaries have good and ----- marketable title to all real property owned by the Company and its subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind, except such as (A) are described in the Registration Statement and the Prospectus or (B) do not, singly or in the aggregate, materially affect the value of such property, do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries and do not, singly or in the aggregate have a Material Adverse Effect; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Prospectus, are in full force and effect, except where the failure of such leases or subleases to be in full force and effect would not have a Material Adverse Effect, and neither the Company nor any subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary of the continued possession of the leased or subleased premises under any such lease or sublease.

(25) Commodity Exchange Act. The Underwritten Securities being sold ----- pursuant to the applicable Terms Agreement and any Underlying Securities, upon issuance, will be excluded or exempted under, or beyond the purview of, the Commodity Exchange Act, as amended (the "Commodity Exchange Act"), and the rules and regulations of the Commodity Futures Trading Commission adopted under the Commodity Exchange Act.

(26) Compliance with Cuba Act. The Company has complied with, and is ----- and will be in compliance with, the provisions of that certain Florida act relating to disclosure of doing business with Cuba, codified as Section 517.075 of the Florida statutes, and the rules and regulations thereunder or is exempt therefrom.

(b) Officer's Certificates. Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to any Underwriter or to counsel for the Underwriters in connection with the offering of the Underwritten Securities shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby on the date of such certificate and, unless subsequently amended or supplemented, at each Representation Date subsequent thereto.

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## SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) Underwritten Securities. The several commitments of the Underwriters to purchase the Underwritten Securities pursuant to the applicable Terms Agreement shall be deemed to have been made on the basis of the representations and warranties herein contained and shall be subject to the terms and conditions herein set forth.

(b) Payment. Payment of the purchase price for, and delivery of, the Underwritten Securities shall be made (i) in the case of Securities in registered form, at the offices of Merrill Lynch, Pierce, Fenner & Smith Incorporated, World Financial Center, North Tower, New York, New York 10281, or (ii) in the case of Securities in bearer form, at the office of Merrill Lynch International, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, or at such other place as shall be agreed upon by Merrill Lynch and the Company, at 9:00 A.M. (Eastern time), on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date of the applicable Terms Agreement (unless postponed in accordance with the provisions of Section 10 hereof), or such other time not later than ten business days after such date as shall be agreed upon by Merrill Lynch and the Company (such time and date of

payment and delivery being herein called the "Closing Time").

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to Merrill Lynch for its account or, if applicable, for the respective accounts of the Underwriters of the Underwritten Securities to be purchased by them (unless such Underwritten Securities are issuable only in the form of one or more global securities registered in the name of a depository or a nominee of a depository, in which event the Underwriters' interest in such global certificate shall be noted in a manner satisfactory to the Underwriters and their counsel). It is understood that each Underwriter has authorized Merrill Lynch, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Underwritten Securities which it has severally agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Underwritten Securities to be purchased by any Underwriter whose funds have not been received by the Closing Time, but such payment shall not relieve such Underwriter from its obligations hereunder.

(c) Denominations; Registration. Certificates for the Underwritten Securities shall be in such denominations and registered in such names as Merrill Lynch may request in writing at least one full business day prior to the Closing Time. The certificates for the Underwritten Securities will be made available for examination and packaging by Merrill Lynch in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time.

SECTION 3. Covenants of the Company. The Company covenants with  
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Merrill Lynch, and with each Underwriter participating in the applicable offering of Underwritten Securities, as follows:

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(a) Compliance with Securities Regulations and Commission Requests. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A of the 1933 Act Regulations and/or Rule 434 of the 1933 Act Regulations, if and as applicable, and will notify Merrill Lynch immediately, and confirm the notice in writing, of (i) the effectiveness of any post-effective amendment to the Registration Statement or the filing of any supplement or amendment to the Prospectus, (ii) the receipt of any comments from the Commission, (iii) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Underwritten Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424 of the 1933 Act Regulations and will take such steps as it deems necessary to ascertain promptly whether the Prospectus transmitted for filing under Rule 424 was received for filing by the Commission and, in the event that it was not, it will promptly file the Prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Filing of Amendments. The Company will give Merrill Lynch notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b) of the 1933 Act Regulations), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish Merrill Lynch with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which Merrill Lynch or counsel for the Underwriters shall object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to Merrill Lynch and counsel for the Underwriters, without charge, upon request, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to Merrill Lynch, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. Copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company will deliver to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will

furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number

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of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Underwritten Securities as contemplated in this Underwriting Agreement and the applicable Terms Agreement and in the Registration Statement and the Prospectus. If at any time when the Prospectus is required by the 1933 Act or the 1934 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement in order that the Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or to amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters, without charge, such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Underwritten Securities and any related Underlying Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as Merrill Lynch may designate and to maintain such qualifications in effect for a period of not less than one year from the date of the applicable Terms Agreement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Underwritten Securities or any related Underlying Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the date of such Terms Agreement.

(g) Earnings Statement. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as

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practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) Reservation of Securities. If the applicable Terms Agreement specifies that any related Underlying Securities include Common Stock, Preferred Stock, Debt Securities and/or Depositary Shares, the Company will reserve and keep available at all times, free of preemptive or other similar rights, a sufficient number of shares of Common Stock, Preferred Stock and/or Debt Securities, as applicable, for the purpose of enabling the Company to satisfy any obligations to issue such Underlying Securities upon exercise of the related Warrants, as applicable, or upon conversion of the Debt Securities.

(i) Use of Proceeds. The Company will use the net proceeds received by it from the sale of the Underwritten Securities in the manner specified in the Prospectus under "Use of Proceeds".

(j) Listing. The Company will use its best efforts to effect the listing of the Underwritten Securities and any related Underlying Securities, prior to the Closing Time, on any national securities exchange or quotation system if and as specified in the applicable Terms Agreement.

(k) Restriction on Sale of Securities. Between the date of the applicable Terms Agreement and the later of termination of any trading restrictions or the Closing Time with respect to the Underwritten Securities,

the Company will not, without the prior written consent of Merrill Lynch, directly or indirectly, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any new issue of debt securities of the Company with a maturity of more than one year, including additional Debt Securities (except for (i) any debt securities issued upon exercise of warrants, (ii) medium-term notes of the Company issued in the ordinary course of business through MLPF&S (A) acting as agent for the Company, or (B) acting as principal and purchasing up to \$10 million aggregate principal amount of medium-term notes of the Company for resale, or (iii) any debt securities of the Company denominated in a currency other than the currency in which the Underwritten Securities subject to such Terms Agreement shall be denominated) or any warrants for the purchase of debt securities of the Company with a maturity of more than one year.

(1) Reporting Requirements. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the 1934 Act Regulations.

#### SECTION 4. Payment of Expenses.

(a) Expenses. The Company will pay all expenses incident to the performance of its obligations under this Underwriting Agreement or the applicable Terms Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and

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delivery to the Underwriters of this Underwriting Agreement, any Terms Agreement, any Agreement among Underwriters, the Indentures, any Warrant Agreement, any Deposit Agreement and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Underwritten Securities or any related Underlying Securities, (iii) the preparation, issuance and delivery of the Underwritten Securities and any related Underlying Securities, any certificates for the Underwritten Securities or such Underlying Securities, as applicable, to the Underwriters, including any transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Underwritten Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors or agents (including transfer agents and registrars), as well as the fees and disbursements of the Trustees, any Warrant Agent, and any Depositary and their respective counsel, (v) the qualification of the Underwritten Securities and any related Underlying Securities under state securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation, printing and delivery of the Blue Sky Survey and any Legal Investment Survey, and any amendment thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheet, and the Prospectus and any amendments or supplements thereto, (vii) the fees charged by nationally recognized statistical rating organizations for the rating of the Underwritten Securities and any related Underlying Securities, if applicable, (viii) the fees and expenses incurred with respect to the listing of the Underwritten Securities and any related Underlying Securities, if applicable, and (ix) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review, if any, by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Underwritten Securities and any related Underlying Securities.

(b) Termination of Agreement. If the applicable Terms Agreement is terminated by Merrill Lynch in accordance with the provisions of Section 5 or Section 9(b)(i) hereof, the Company shall reimburse the Underwriters named in such Terms Agreement for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

#### SECTION 5. Conditions of Underwriters' Obligations. The obligations

of the Underwriters to purchase and pay for the Underwritten Securities pursuant to the applicable Terms Agreement are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. The Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been initiated or be pending or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable

satisfaction of counsel to the Underwriters. A prospectus containing information relating to the description of the Underwritten Securities and any related Underlying Securities, the specific method of distribution and similar matters shall have been filed with the Commission in accordance with Rule 424(b) (1), (2), (3), (4) or (5), as applicable (or any required post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A), or, if the Company has elected to rely upon Rule 434 of the 1933 Act Regulations, a Term Sheet including the Rule 434 Information shall have been filed with the Commission in accordance with Rule 424(b) (7).

(b) Opinion of Counsel for Company. At Closing Time, Merrill Lynch shall have received the favorable opinion, dated as of Closing Time, of Brown & Wood LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, to the effect set forth in Exhibit B hereto and to such further effect as counsel to the Underwriters may reasonably request.

(c) Opinion of Counsel for Underwriters. At Closing Time, Merrill Lynch shall have received the favorable opinion, dated as of Closing Time, of Sullivan & Cromwell, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, with respect to the matters set forth in (1), (5), (6) to (12), as applicable, (13), (14) (solely as to the information in the Prospectus under "Description of Debt Securities", "Description of Debt Warrants", "Description of Currency Warrants", "Description of Index Warrants", "Description of Preferred Stock", "Description of Depositary Shares", "Description of Preferred Stock Warrants", "Description of Common Stock" and "Description of Common Stock Warrants", if any, or any caption purporting to describe any such Securities), (16), (17) and the penultimate paragraph of Exhibit B hereto. In giving such opinion, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to Merrill Lynch. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(d) Officers' Certificate. At Closing Time, there shall not have been, since the date of the applicable Terms Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and Merrill Lynch shall have received a certificate of the President, a Vice President, the Treasurer or the Controller of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1 are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of

the Registration Statement has been issued and no proceedings for that purpose have been initiated or threatened by the Commission.

(e) Accountant's Comfort Letter. At the date hereof and at Closing Time, Merrill Lynch shall have received from Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to Merrill Lynch, together with signed or reproduced copies for each of the other Underwriters, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(f) Ratings. At Closing Time, the Underwritten Securities shall have the ratings accorded by any "nationally recognized statistical rating organization", as defined by the Commission for purposes of Rule 436(g) (2) of the 1933 Act Regulations, if and as specified in the applicable Terms Agreement. Since the time of execution of such Terms Agreement, there shall not have occurred a downgrading in the rating assigned to the Underwritten Securities or any of the Company's other securities by any such rating organization, and no such rating organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Underwritten Securities or any of the Company's other securities.

(g) Approval of Listing. At Closing Time, the Underwritten Securities shall have been approved for listing, subject only to official notice of issuance, if and as specified in the applicable Terms Agreement.

(h) No Objection. If the Registration Statement or an offering of Underwritten Securities has been filed with the NASD for review, the NASD shall not have raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) Additional Documents. At Closing Time, counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Underwritten Securities as herein contemplated and, if applicable, certain matters relating to the Underlying Securities, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Underwritten Securities as herein contemplated shall be satisfactory in form and substance to Merrill Lynch and counsel for the Underwriters.

(j) Termination of Terms Agreement. If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, the applicable Terms Agreement may be terminated by Merrill Lynch by notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

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SECTION 6. Indemnification.

(a) Indemnification of Underwriters. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

Insofar as this indemnity agreement may permit indemnification for liabilities under the 1933 Act of any person who is a partner of an Underwriter or who controls an Underwriter within the meaning of Section 15 of

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the 1933 Act or Section 20 of the 1934 Act and who is a director or officer of the Company or controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, such indemnity agreement is subject to the undertaking of the Company in the Registration Statement under Item 13 of Form



(b) Indemnification of Company, Directors and Officers. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Documentary Stamp or Similar Issue Tax Indemnification. The Company agrees to indemnify and hold harmless each Underwriter against any documentary stamp or similar issue tax and any related interest or penalties on the issue or sale of the Underwritten Securities to the Underwriters which are due in the United States of America, the United Kingdom or any other jurisdiction.

(d) Actions against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, except that the Company shall be liable for the fees and expenses of one counsel representing Merrill Lynch and the persons controlling Merrill Lynch and one counsel representing all other Underwriters and the persons controlling them. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or

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any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(2) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification provided for in

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Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, from the offering of the Underwritten Securities pursuant to the applicable Terms

Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and of the Underwriters, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Underwritten Securities pursuant to the applicable Terms Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of such Underwritten Securities (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet bear to the aggregate initial public offering price of such Underwritten Securities as set forth on such cover.

The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative

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intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Underwritten Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number or aggregate principal amount, as the case may be, of Initial Underwritten Securities set forth opposite their respective names in the applicable Terms Agreement, and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive

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Delivery. All representations, warranties and agreements contained in this  
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Underwriting Agreement or the applicable Terms Agreement or in certificates of officers of the Company submitted pursuant hereto or thereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of and payment for the Underwritten Securities.

SECTION 9. Termination.  
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(a) Underwriting Agreement. This Underwriting Agreement (excluding the applicable Terms Agreement) may be terminated for any reason at any time by the Company or Merrill

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Lynch upon the giving of 30 days' prior written notice of such termination to the other party hereto.

(b) Terms Agreement. Merrill Lynch may terminate the applicable Terms Agreement, by notice to the Company, at any time at or prior to the Closing Time, if (i) there has been, since the time of execution of such Terms Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) there has occurred any material adverse change in the financial markets in the United States or, if the Underwritten Securities or any related Underlying Securities include Debt Securities denominated or payable in, or indexed to, one or more foreign or composite currencies, in the international financial markets, or any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of Merrill Lynch, impracticable to market the Underwritten Securities or to enforce contracts for the sale of the Underwritten Securities, or (iii) trading in any securities of the Company has been suspended or limited by the Commission or the New York Stock Exchange, or if trading generally on the New York Stock Exchange or the American Stock Exchange or in the Nasdaq National Market System has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by either of said exchanges or by such system or by order of the Commission, the NASD or any other governmental authority, or (iv) a banking moratorium has been declared by either Federal or New York authorities or, if the Underwritten Securities or any related Underlying Securities include Debt Securities denominated or payable in, or indexed to, one or more foreign or composite currencies, by the relevant authorities in the related foreign country or countries.

(c) Liabilities. If this Underwriting Agreement or the applicable Terms Agreement is terminated pursuant to this Section 9, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more  
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of the Underwriters shall fail at the Closing Time to purchase the Underwritten Securities which it or they are obligated to purchase under the applicable Terms Agreement (the "Defaulted Securities"), then Merrill Lynch shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, Merrill Lynch shall not have completed such arrangements within such 24-hour period, then:

(a) if the number or aggregate principal amount, as the case may be, of Defaulted Securities does not exceed 10% of the aggregate principal amount or number, as the case may be,

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of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations under such Terms Agreement bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the aggregate principal amount or number, as the case may be, of Defaulted Securities exceeds 10% of the aggregate principal amount or number, as the case may be, of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, such Terms Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section 10 shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of the applicable Terms Agreement either Merrill Lynch or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or the Prospectus or in any other documents or arrangements.

SECTION 11. Notices. All notices and other communications hereunder  
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shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to Merrill Lynch at World Financial Center, North Tower, New York, New York 10281-1332, attention of Patricia A. Verrilli, Managing Director, or, in respect of any Terms Agreement, to such other person

and place as may be specified therein; and notices to the Company shall be directed to it at 100 Church Street, 12th Floor, New York, New York 10080-6512, attention of the Secretary with a copy to the Treasurer at World Financial Center, South Tower, 225 Liberty Street, New York, New York 10080-6105.

SECTION 12. Parties. This Underwriting Agreement and the applicable

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Terms Agreement shall each inure to the benefit of and be binding upon the Company, Merrill Lynch and, upon execution of such Terms Agreement, any other Underwriters and their respective successors. Nothing expressed or mentioned in this Underwriting Agreement or such Terms Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Underwriting Agreement or such Terms Agreement or any provision herein or therein contained. This Underwriting Agreement and such Terms Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and thereto and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Underwritten Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

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SECTION 13. GOVERNING LAW. THIS UNDERWRITING AGREEMENT AND ANY

-----  
APPLICABLE TERMS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE.

SECTION 14. Effect of Headings. The Article and Section headings

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herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this Underwriting Agreement, along with all counterparts, will become a binding agreement between Merrill Lynch and the Company in accordance with its terms.

Very truly yours,  
  
MERRILL LYNCH & CO., INC.

By: \_\_\_\_\_  
Name: Theresa Lang  
Title: Senior Vice President  
and Treasurer

CONFIRMED AND ACCEPTED,  
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: \_\_\_\_\_  
Authorized Signatory

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Exhibit A

MERRILL LYNCH & CO., INC.  
(a Delaware corporation)  
  
Debt Securities and Warrants

TERMS AGREEMENT  
-----

Dated: \_\_\_\_\_, 19\_\_

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

Ladies and Gentlemen:

We understand that Merrill Lynch & Co., Inc., a Delaware corporation (the

"Company"), proposes to issue and sell [\$ aggregate principal amount of its [senior] [subordinated] debt securities (the "Debt Securities") [ warrants (the "Debt Security Warrants") to purchase \$ aggregate principal amount of [senior] [subordinated] debt securities] [title of Index Warrants or Currency Warrants being purchased] (such securities also being hereinafter referred to as the "Underwritten Securities"). Subject to the terms and conditions set forth or incorporated by reference herein, we [the underwriters named below (the "Underwriters")] offer to purchase [, severally and not jointly,] the [principal amount] [number] of Underwritten Securities [opposite their names set forth below] at the purchase price set forth below.

[Principal Amount]  
Underwriter [Number] of Underwritten Securities  
-----

Total -----  
[\$]  
=====

The Underwritten Securities shall have the following terms:

[Debt Securities]  
-----

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Title:  
Rank:  
Aggregate principal amount:  
Denominations:  
Currency of payment:  
Interest rate or formula:  
Interest payment dates:  
Regular record dates:  
Stated maturity date:  
Redemption provisions:  
Sinking fund requirements:  
Conversion provisions:  
Listing requirements:  
Rating requirements:  
Black-out provisions:  
Fixed or Variable Price Offering: [Fixed] [Variable] Price Offering  
If Fixed Price Offering, initial public offering price per share: % of the principal amount, plus accrued interest [amortized original issue discount], if any, from \_\_\_\_\_.  
Purchase price: \_\_\_% of principal amount, plus accrued interest [amortized original issue discount], if any, from \_\_\_\_\_.  
Form:  
Other terms and conditions:  
Closing date and location:

Debt Security Warrants  
-----

Title:  
Type:  
Number:  
Warrant Agreement:  
Warrant Agent:  
Issuable jointly with Debt Securities: [Yes] [No]  
[Number of Debt Security Warrants issued with each \$ \_\_\_\_\_ principal amount of Debt Securities:]  
[Detachable Date:]  
Date(s) from which or period(s) during which Debt Security Warrants are exercisable:  
Date(s) on which Debt Security Warrants expire:  
Exercise price(s):  
Initial public offering price: \$  
Purchase price: \$  
Title of Underlying Securities:  
Principal amount purchasable upon exercise of one Debt Security Warrant:  
Terms of Underlying Securities:  
Form: [Registered] [Bearer]

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Listing requirements:  
Rating requirements:  
Other terms and conditions:  
Closing date and location:

Index Warrants  
-----

Title:  
Number:  
[Warrant Agreement] [Index Warrant Indenture]:  
Issuable jointly with Debt Securities: [Yes] [No]  
[Number of Index Warrants issued with each \$      principal amount of  
Debt Securities:]  
[Detachable Date:]

Date(s) from which or period(s) during which Index Warrants are exercisable:  
Date(s) on which Index Warrants expire:  
Circumstances causing automatic exercise:  
Strike price(s) of Index Warrants:  
Initial public offering price: \$  
Purchase price: \$  
Cash Settlement Value formula:  
Listing requirements:  
Rating requirements:  
Other terms and conditions:  
Closing date and location:

Currency Warrants  
-----

Title:  
Number:  
Warrant Agreement:  
Issuable jointly with Debt Securities: [Yes] [No]  
[Number of Currency Warrants issued with each \$      principal amount of  
Debt Securities:]  
[Detachable Date:]

Date(s) from which or period(s) during which Currency Warrants are exercisable:  
Date(s) on which Currency Warrants expire:  
Circumstances causing automatic exercise:  
Strike price(s) of Currency Warrants:  
Initial Public offering price: \$  
Purchase price: \$  
Cash Settlement Value formula:  
Listing requirements:  
Rating requirements:

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Other terms and conditions:  
Closing date and location:

All of the provisions contained in the document attached as Annex I hereto entitled "MERRILL LYNCH & CO., INC.-- Debt Securities and Warrants -- Underwriting Agreement" (the "Underwriting Agreement") are hereby incorporated by reference in their entirety herein and shall be deemed to be a part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Terms defined in such document are used herein as therein defined. Each reference to Underwriters in the Underwriting Agreement so incorporated herein by reference shall be deemed to refer to the Underwriters as defined in this Terms Agreement.

[The Underwriter(s) hereby expressly [waives] [waive] Company's compliance with Section 3(k) of the Underwriting Agreement.]

Please accept this offer no later than \_\_\_\_ o'clock P.M. (New York City time) on \_\_\_\_\_ by signing a copy of this Terms Agreement in the space set forth below and returning the signed copy to us.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH

INCORPORATED

By \_\_\_\_\_

Authorized Signatory  
[Acting on behalf of itself and the other named  
Underwriters.]

Accepted:

MERRILL LYNCH & CO., INC.

By \_\_\_\_\_  
Name:  
Title:

FORM OF OPINION OF COMPANY'S COUNSEL  
TO BE DELIVERED PURSUANT TO  
SECTION 5(b)

(1) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware.

(2) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under, [or as contemplated under,] the Underwriting Agreement and the applicable Terms Agreement.

(3) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect (as defined in Section 1(a)(5) of the Underwriting Agreement).

(4) Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in the State of New York; all of the issued and outstanding capital stock of MLPF&S has been duly authorized and validly issued, is fully paid and non-assessable and, to the best of our knowledge, is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; and none of the outstanding shares of capital stock of MLPF&S was issued in violation of preemptive or similar rights of any securityholder of MLPF&S.

(5) The Underwriting Agreement and the applicable Terms Agreement have been duly authorized, executed and delivered by the Company.

(6) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Senior Debt Securities and/or Subordinated Debt Securities --] The Underwritten Securities have been duly authorized by the Company for issuance and sale pursuant to the Underwriting Agreement and the applicable Terms Agreement. The Underwritten Securities, when issued and authenticated by the respective Trustee in the manner provided for in the applicable Indenture and delivered against payment of the consideration therefor specified in such Terms Agreement, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether the enforcement is considered in a proceeding in equity or at law), and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in

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U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States; and the Underwritten Securities are in the form contemplated by, and each registered holder thereof is entitled to the benefits of, the applicable Indenture.

(7) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Senior Debt Securities and/or Subordinated Debt Securities --]. The [Each] applicable Indenture has been duly authorized, executed and delivered by the Company and (assuming due authorization, execution and delivery thereof by the respective Trustee) constitutes a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law)[, and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States].

(8) [Include if the Underwritten Securities being sold pursuant to the

applicable Terms Agreement include Warrants --] The Underwritten Securities have been duly authorized by the Company for issuance and sale pursuant to the Underwriting Agreement and the applicable Terms Agreement. The Underwritten Securities, when issued and authenticated in the manner provided for in the applicable Index Warrant Indenture or Warrant Agreement and delivered against payment of the consideration therefor specified in such Terms Agreement, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) [, and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Warrant payable other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limited, delay or prohibit the making of payments outside the United States; and the Underwritten Securities are in the form contemplated by and each registered holder thereof is entitled to the benefits of, the applicable Index Warrant Indenture or Warrant Agreement].

(9) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Warrants --] The [Each] applicable Index Warrant Indenture or Warrant Agreement has been duly authorized, executed and delivered by the Company and (assuming due authorization, execution and delivery thereof by the applicable Trustee or Warrant Agent) constitutes a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization,

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moratorium or other similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) [, and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Warrant payable other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limited, delay or prohibit the making of payments outside the United States].

(10) [Include if the Underlying Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Senior Debt Securities and/or Subordinated Debt Securities -- ] The Underlying Securities have been duly authorized for issuance upon exercise of the Debt Security Warrants. The Underlying Securities, when issued and authenticated in the manner provided for in the applicable Indenture and delivered against payment of the consideration therefor in accordance with the terms of the Debt Security Warrants, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) [, and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States]. [Include if the Underlying Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Common Stock, Preferred Stock or Depositary Shares --] The Underlying Securities have been duly authorized and reserved for issuance by the Company [upon exercise of the [Common Stock] [Preferred Stock] Warrants] [upon conversion of the related [Preferred Stock] [Depositary Shares]. The Underlying Securities, when issued upon such [exercise] [conversion], will be validly issued, fully paid and non-assessable and will not be subject to preemptive or other similar rights of any securityholder of the Company. No holder of the Underlying Securities is or will be subject to personal liability by reason of being such a holder. [In addition, the Underlying Securities, upon deposit by the Company of the Preferred Stock represented thereby with the applicable Depositary and the execution and delivery by such Depositary of the Depositary Receipts evidencing such Underlying Securities, in each case pursuant to the applicable Deposit Agreement, will represent legal and valid interests in such Preferred Stock.]

(11) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Depositary Shares --] The applicable Deposit Agreement has been duly authorized, executed and delivered by the Company and (assuming due authorization, execution and delivery thereof by the applicable Depositary) constitutes a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the



enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in the proceeding in equity or at law). Each registered holder of a

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Depository Receipt under the applicable Deposit Agreement will be entitled to the proportional rights, preferences and limitations of the Preferred Stock represented by the Depository Shares evidenced by such Depository Receipt and to such other rights as are granted to such registered holder in such Deposit Agreement.

(12) [Include if the Prospectus contains a "Capitalization" section --] The authorized, issued and outstanding shares of capital stock of the Company is as set forth in the Prospectus under the caption "Capitalization" (except for subsequent issuances thereof, if any, contemplated under the Underwriting Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). Such shares of capital stock have been duly authorized and validly issued by the Company and are fully paid and non-assessable, and none of such shares of capital stock was issued in violation of preemptive or similar rights of any securityholder of the Company.

(13) The Underwritten Securities being sold pursuant to the applicable Terms Agreement and the [each] applicable [Indenture] [Warrant Agreement] conform, and any Underlying Securities, when issued and delivered in accordance with the terms of the related Underwritten Securities, will conform, in all material respects to the statements relating thereto contained in the Prospectus and are in substantially the form filed or incorporated by reference, as the case may be, as an exhibit to the Registration Statement.

(14) The information in the Prospectus under "Description of Debt Securities", "Description of Debt Warrants", "Description of Currency Warrants", "Description of Index Warrants", "Description of Preferred Stock", "Description of Depository Shares", "Description of Preferred Stock Warrants", "Description of Common Stock" and "Description of Common Stock Warrants" or any caption purporting to describe any such Securities, and in the Registration Statement under Item 15, to the extent that it constitutes matters of law, summaries of legal matters, the Company's charter and by-laws or legal proceedings, or legal conclusions, has been reviewed by us and is correct in all material respects.

(15) The execution, delivery and performance of the Underwriting Agreement, the applicable Terms Agreement and the [each] applicable [Indenture] [Warrant Agreement] and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated in the Registration Statement and the Prospectus and the consummation of the transactions contemplated in the Underwriting Agreement and such Terms Agreement and in the Registration Statement and the Prospectus (including the issuance and sale of the Underwritten Securities and the use of the proceeds from the sale of the Underwritten Securities as described under the caption "Use of Proceeds") and compliance by the Company with its obligations thereunder do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or a default or Repayment Event (as defined in Section 1(a)(16) of the Underwriting Agreement) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary of the Company pursuant to, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument, known to us, to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or its

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subsidiaries is subject, except for such conflicts, breaches, defaults, liens, events, charges or encumbrances that would not result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary, or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to us, of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their assets properties, assets or operations.

(16) The Registration Statement has been declared effective under the 1933 Act. Any required filing of the Prospectus pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been initiated or are pending or threatened by the Commission. Each applicable Indenture is qualified under the 1939 Act.

(17) The Registration Statement and the Prospectus, excluding the documents incorporated by reference therein, and each amendment or supplement to

the Registration Statement and Prospectus, excluding the documents incorporated by reference therein, as of their respective effective or issue dates (other than the financial statements and supporting schedules included therein or omitted therefrom and each Trustee's Statement of Eligibility on Form T-1 (the "Form T-1s"), as to which we express no opinion) complied as to form in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations.

(18) The documents incorporated by reference in the Prospectus (other than the financial statements and supporting schedules therein or omitted therefrom, as to which we express no opinion), when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the 1933 Act or the 1934 Act, as applicable, and the rules and regulations of the Commission thereunder.

(19) No filing with, or authorization, approval, consent, license, order registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by the Company of its obligations under the Underwriting Agreement or the applicable Terms Agreement or in connection with the transactions contemplated under the Underwriting Agreement, such Terms Agreement or the [any] applicable [Indenture] [Warrant Agreement] other than under the 1933 Act, the 1933 Act Regulations, the 1939 Act and the 1939 Act Regulations, which have been obtained, or as may be required under the 1933 Act, the 1933 Act Regulations, the 1939 Act, the 1939 Act Regulations or state securities or blue sky laws.

[(20)] [Include if required in Terms Agreement] The Underwritten Securities [and any Underlying Securities], upon issuance, will be excluded or exempted under, or beyond the purview of, the Commodity Exchange Act, as amended (the "Commodity Exchange Act") and the rules and regulations of the Commodity Futures Trading Commission adopted under the Commodity Exchange Act.]

We have participated in conferences with officers and representatives of the Company, representatives of the independent accountants of the Company and the Underwriters at which the

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contents of the Registration Statement and Prospectus and related matters were discussed and, although we are not passing upon or assuming responsibility for the accuracy, completeness or fairness of the statements contained or incorporated by reference in the Registration Statement and Prospectus and have made no independent check or verification thereof, on the basis of the foregoing, nothing has come to our attention that would lead us to believe that the Registration Statement or any post-effective amendment thereto (except for financial statements and schedules and other financial data included or incorporated by reference therein or omitted therefrom and the Form T-1s, as to which we make no statement), at the time the Registration Statement or any post-effective amendment thereto (including the filing of the Company's Annual Report on Form 10-K with the Commission) became effective or at the date of the applicable Terms Agreement, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any amendment or supplement thereto (except for financial statements and schedules and other financial data included or incorporated therein or omitted therefrom, as to which we make no statement), at the time the Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely, as to matters of fact (but not as to legal conclusions), to the extent they deem proper, on certificates of responsible officers of the Company and public officials.

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MERRILL LYNCH & CO., INC.

(a Delaware corporation)

UNDERWRITING AGREEMENT FOR

COMMON STOCK, COMMON STOCK WARRANTS,  
PREFERRED STOCK, PREFERRED STOCK WARRANTS  
AND DEPOSITARY SHARES

Dated: July\_\_, 1998

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MERRILL LYNCH & CO., INC.  
(a Delaware corporation)

Common Stock, Warrants to Purchase Common Stock,  
Preferred Stock, Warrants to Purchase Preferred Stock, and  
Depository Shares

UNDERWRITING AGREEMENT

July \_\_, 1998

MERRILL LYNCH & CO.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
North Tower  
World Financial Center  
New York, New York 10281-1332

Ladies and Gentlemen:

Merrill Lynch & Co., Inc., a Delaware corporation (the "Company"), proposes to issue and sell up to \$\_\_\_\_\_ aggregate initial public offering price of its (i) shares of common stock, par value \$1.33 per share, including any preferred share purchase Rights attached thereto (the "Common Stock"), (ii) warrants to purchase shares of Common Stock (the "Common Stock Warrants"), (iii) shares of preferred stock, par value \$1.00 per share (the "Preferred Stock"), that may be represented by depository shares (the "Depository Shares") or (iv) warrants to purchase shares of Preferred Stock (the "Preferred Stock Warrants") or any combination thereof, from time to time, in or pursuant to one or more offerings on terms to be determined at the time of sale. It is understood that the Company may from time to time authorize the issuance of additional shares of Common Stock, Preferred Stock, Common Stock Warrants, Preferred Stock Warrants or Depository Shares.

The Preferred Stock will be issued in one or more series and each series of Preferred Stock may vary, as applicable, as to the title, specific number of shares, rank, stated value, liquidation preference, dividend rate or rates (or method of calculation), dividend payment dates, redemption provisions, sinking fund requirements, conversion provisions (and terms of the related Underlying Securities (as defined below)) and any other variable terms as set forth in the applicable certificate of designations (each, the "Certificate of Designations") relating to such series of Preferred Stock. A series of Preferred Stock may be represented by Depository Shares that are evidenced by depository receipts (the "Depository Receipts") issued pursuant to a deposit

agreement (each, a "Deposit Agreement") among the Company, the depository identified therein (the "Depository") and the registered holders of the Depository Receipts issued thereunder.

Each issue of Common Stock Warrants and Preferred Stock Warrants (collectively, the "Warrants") will be issued pursuant to a separate warrant agreement (each, a "Warrant Agreement") between the Company and the warrant

agent identified therein (each, a "Warrant Agent"). The Warrants may vary, as applicable, as to, among other terms, title, type, specific number, exercise dates or periods, exercise price(s), expiration date(s) and terms of the related Underlying Securities.

As used herein, "Securities" shall mean the Common Stock, Common Stock Warrants, Preferred Stock, Preferred Stock Warrants or Depositary Shares, or any combination thereof, initially issuable by the Company which may be sold hereunder and "Underlying Securities" shall mean the Common Stock, Preferred Stock or Depositary Shares issuable upon exercise of the Warrants, as applicable, or and any Common Stock, Preferred Stock, Depositary Shares or senior or subordinated debt securities (the "Debt Securities") issuable upon conversion or exchange of such Preferred Stock or Depositary Shares, as applicable.

Unless otherwise specified in the applicable Terms Agreement (as defined below), if the Underlying Securities include Debt Securities, such Debt Securities will be issued in one or more series as (i) senior indebtedness (the "Senior Debt Securities") under (x) an indenture, dated as of April 1, 1983, as amended and restated (the "1983 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 "1983 Trustee"), or (y) an indenture, dated as of October 1, 1993 (the "1993 Indenture", and together with the 1983 Indenture, the "Senior Indentures"), between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.), as trustee (the "1993 Trustee" and, together with the 1983 Trustee, the "Senior Trustees") or (ii) subordinated indebtedness (the "Subordinated Debt Securities") under an indenture (the "Subordinated Indenture"), between the Company and The Chase Manhattan Bank, formerly known as Chemical Bank, as trustee (the "Subordinated Trustee"). The Senior Debt Securities and the Subordinated Debt Securities may also be issued under one or more other indentures (each, a "Subsequent Indenture") and have one or more other trustees (each, a "Subsequent Trustee"). Any Subsequent Indenture relating to Senior Debt Securities or Subordinated Debt Securities will have terms and conditions identical in all material respects to the above-referenced Senior Indentures or the Subordinated Indenture, as the case may be. Each series of Debt Securities may vary, as applicable, as to title, aggregate principal amount, rank, interest rate or formula and timing of payments thereof, stated maturity date, redemption and/or repayment provisions, sinking fund requirements, conversion provisions (and terms of the securities issuable upon conversion) and any other variable terms established by, or pursuant to, the applicable Indenture. Additionally, the Company may issue Subordinated Debt Securities under a separate indenture which provides for a single issue of zero coupon convertible Subordinated Debt Securities.

Whenever the Company determines to make an offering of Securities through Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), or through an underwriting syndicate managed by Merrill Lynch, the Company will enter into an agreement

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(each, a "Terms Agreement") providing for the sale of such Securities to, and the purchase and offering thereof by, Merrill Lynch and such other underwriters, if any, selected by Merrill Lynch (the "Underwriters", which term shall include Merrill Lynch, whether acting as sole Underwriter or as a member of an underwriting syndicate, as well as any Underwriter substituted pursuant to Section 10 hereof). The Terms Agreement relating to the offering of Securities shall specify the number of Securities to be initially issued (the "Initial Underwritten Securities"), the name of each Underwriter participating in such offering (subject to substitution as provided in Section 10 hereof) and the name of any Underwriter other than Merrill Lynch acting as co-manager in connection with such offering, the number of Initial Underwritten Securities which each such Underwriter severally agrees to purchase, whether such offering is on a fixed or variable price basis and, if on a fixed price basis, the initial offering price, the price at which the Initial Underwritten Securities are to be purchased by the Underwriters, the form, time, date and place of delivery and payment of the Initial Underwritten Securities and any other material variable terms of the Initial Underwritten Securities, as well as the material variable terms of any related Underlying Securities. In addition, if applicable, such Terms Agreement shall specify whether the Company has agreed to grant to the Underwriters an option to purchase additional Securities to cover over-allotments, if any, and the number of Securities subject to such option (the "Option Underwritten Securities"). As used herein, the term "Underwritten Securities" shall include the Initial Underwritten Securities and all or any portion of any Option Underwritten Securities. The Terms Agreement, which shall be substantially in the form of Exhibit A hereto, may take the form of an exchange of any standard form of written telecommunication between the Company and Merrill Lynch, acting for itself and, if applicable, as representative of any other Underwriters. Each offering of Underwritten Securities through Merrill Lynch as sole Underwriter or through an underwriting syndicate managed by Merrill Lynch will be governed by this Underwriting Agreement, as supplemented by the applicable Terms Agreement.

The Company has filed with the Securities and Exchange Commission (the

"Commission") two registration statements on Form S-3 (No. 333-44173 and pre-effective amendment No. 1 thereto and No. 333-\_\_\_\_\_ [and pre-effective amendment No. 1 thereto]) (the "Initial Registration Statements") for the registration of the Securities and the Underlying Securities under the Securities Act of 1933, as amended (the "1933 Act"), and the offering thereof from time to time in accordance with Rule 415 of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"). The Initial Registration Statements have been declared effective by the Commission, and each Indenture in effect as of the date of this Underwriting Agreement has been duly qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"). The Company will have filed such post-effective amendments to the Initial Registration Statements as may be required, and any applicable Indenture will have been duly qualified under the 1939 Act, prior to the execution of the applicable Terms Agreement. The Initial Registration Statement (as so amended, if applicable), including the information, if any, deemed to be a part thereof pursuant to Rule 430A(b) of the 1933 Act Regulations (the "Rule 430A Information") or Rule 434(d) of the 1933 Act Regulations (the "Rule 434 Information"), are referred to herein as the "Registration Statement"; and the final prospectus and the final prospectus supplement relating to the offering of the Underwritten Securities, in the form first furnished to the Underwriters by the Company for use in connection with the offering of the Underwritten Securities, are collectively referred to herein as the "Prospectus"; provided,

however, that all references to the "Registration Statement" and

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the "Prospectus" shall also be deemed to include all documents incorporated therein by reference which have been filed pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), prior to the execution of the applicable Terms Agreement; provided, further, that if the Company (i) files a

registration statement with the Commission pursuant to Rule 462(b) of the 1933 Act Regulations (the "Rule 462 Registration Statement"), then, after such filing, all references to "Registration Statement" shall thereafter also be deemed to include the Rule 462 Registration Statement; (ii) files a registration statement or registration statements with the Commission registering additional securities under the 1933 Act which securities may be issued and sold pursuant to the terms of this Underwriting Agreement (each, a "Subsequent Registration Statement"), then after effectiveness of such Subsequent Registration Statement, all references to "Registration Statement" shall thereafter be deemed to refer to the Initial Registration Statement and/or the Subsequent Registration Statement (each as so amended, if applicable, and including any Rule 430A Information, Rule 434 Information or Rule 462 Registration Statement), as the case may be; and (iii) elects to rely upon Rule 434 of the 1933 Act Regulations, then all references to "Prospectus" shall also be deemed to include the final or preliminary prospectus and the applicable term sheet or abbreviated term sheet (the "Term Sheet"), as the case may be, in the form first furnished to the Underwriters by the Company in reliance upon Rule 434 of the 1933 Act Regulations, and all references in this Underwriting Agreement to the date of the Prospectus shall mean the date of the Term Sheet. The term "preliminary prospectus" shall mean any prospectus used before the registration statement became effective and any prospectus that omitted, as applicable, the Rule 430A Information, the Rule 434 Information or other information to be included upon pricing in a form of prospectus filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations, that was used after such effectiveness and prior to the execution and delivery of the applicable Terms Agreement. For purposes of this Underwriting Agreement, all references to the Registration Statement, Prospectus, Term Sheet or preliminary prospectus or to any amendment or supplement to any of the foregoing shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

All references in this Underwriting Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" (or other references of like import) in the Registration Statement, Prospectus or preliminary prospectus shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be; and all references in this Underwriting Agreement to amendments or supplements to the Registration Statement, Prospectus or preliminary prospectus shall be deemed to mean and include the filing of any document under the 1934 Act which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be.

SECTION 1. Representations and Warranties.

(a) Representations and Warranties by the Company. The Company represents and warrants to Merrill Lynch, as of the date hereof, and to each Underwriter named in the applicable Terms Agreement, as of the date thereof, as of the Closing Time (as defined below) and, if

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applicable, as of each Date of Delivery (as defined below) (in each case, a "Representation Date"), as follows:

(1) Compliance with Registration Requirements. The Company meets the ----- requirements for use of Form S-3 under the 1933 Act. The Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with. In addition, each Indenture in effect as of each Representation Date has been duly qualified under the 1939 Act.

At the respective times the Registration Statement and any post-effective amendments thereto (including the filing of the Company's most recent Annual Report on Form 10-K with the Commission (the "Annual Report on Form 10-K")) became effective and at each Representation Date, the Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and the 1939 Act and the rules and regulations of the Commission under the 1939 Act (the "1939 Act Regulations"), and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. At the date of the Prospectus, at the Closing Time and at each Date of Delivery, if any, the Prospectus and any amendments and supplements thereto did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If Rule 434 is used, the Company will comply with the requirements of Rule 434. The representations and warranties in this subsection shall not apply to (A) statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Merrill Lynch expressly for use in the Registration Statement or the Prospectus or (B) that part of the Registration Statement that constitutes the Statement of Eligibility on Form T-1 (the "Form T-1") under the 1939 Act of the relevant Trustee.

Each preliminary prospectus and prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with the offering of Underwritten Securities will, at the time of such delivery, be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(2) Incorporated Documents. The documents incorporated or deemed to be ----- incorporated by reference in the Registration Statement and the Prospectus, when they became effective or at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act

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and the rules and regulations of the Commission thereunder (the "1934 Act Regulations") and, when read together with the other information in the Prospectus, at the date of the Prospectus, at the Closing Time and at each Date of Delivery, if any, did not and will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(3) Independent Accountants. The accountants who certified the ----- financial statements and any supporting schedules thereto included in the Registration Statement and the Prospectus are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(4) Financial Statements. The financial statements of the Company ----- included in the Registration Statement and the Prospectus, together with the related schedules and notes, as well as those financial statements, schedules and notes of any other entity included therein, present fairly the financial position of the Company and its consolidated subsidiaries, or such other entity, as the case may be, at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries, or such other entity, as the case may be, for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP")

applied on a consistent basis throughout the periods involved. The supporting schedules, if any, included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information, if any, included in the Registration Statement or the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements incorporated by reference or included in the Registration Statement and the Prospectus.

(5) No Material Adverse Change in Business. Since the respective

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dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those arising in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise and (C) except for regular quarterly dividends on the Company's outstanding common stock and regular dividends on its outstanding preferred stock in amounts per share that are consistent with the terms of such preferred stock, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(6) Good Standing of the Company. The Company has been duly organized

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and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties

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and to conduct its business as described in the Prospectus and to enter into and perform its obligations under, or as contemplated under, this Underwriting Agreement and the applicable Terms Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect.

(7) Good Standing of Subsidiaries. Each subsidiary of the Company

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which is a "significant subsidiary" as defined in Regulation S-X under the 1933 Act (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement and Prospectus, all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued and is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; and none of the outstanding shares of capital stock of any Subsidiary was issued in violation of preemptive or similar rights of any security holder of such Subsidiary. The only subsidiaries of the Company are (A) the subsidiaries listed in Exhibit 21 to the Annual Report on Form 10-K of the Company filed with the Commission under Section 13 of the 1934 Act and (B) certain other subsidiaries which, considered in the aggregate as a single subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the 1933 Act.

(8) Capitalization. If the Prospectus contains a "Capitalization"

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section, the authorized, issued and outstanding shares of capital stock of the Company is as set forth therein (except for subsequent issuances thereof, if any, contemplated under this Underwriting Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). Such shares of capital stock have been duly authorized and validly issued by the Company and are fully paid and non-assessable, and none of such shares of capital stock was issued in violation of preemptive or similar rights of any securityholder of the Company.



(9) Authorization of this Underwriting Agreement and Terms Agreement.

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This Underwriting Agreement has been, and the applicable Terms Agreement as of the date thereof will have been, duly authorized, executed and delivered by the Company.

(10) Authorization of Common Stock. If the Underwritten Securities

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being sold pursuant to the applicable Terms Agreement include Common Stock, such Underwritten

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Securities have been, or as of the date of such Terms Agreement will have been, duly authorized by the Company for issuance and sale pursuant to this Underwriting Agreement and such Terms Agreement. Such Underwritten Securities, when issued and delivered by the Company pursuant to this Underwriting Agreement and such Terms Agreement against payment of the consideration therefor specified in such Terms Agreement, will be validly issued, fully paid and non-assessable and will not be subject to preemptive or similar rights of any securityholder of the Company. No holder of such Underwritten Securities is or will be subject to personal liability by reason of being such a holder.

(11) Authorization of Preferred Stock and/or Depositary Shares. If the

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Underwritten Securities being sold pursuant to the applicable Terms Agreement include Preferred Stock and/or Depositary Shares, such Underwritten Securities have been, or as of the date of such Terms Agreement will have been, duly authorized by the Company for issuance and sale pursuant to this Underwriting Agreement and such Terms Agreement. The applicable Preferred Stock, when issued and delivered by the Company pursuant to this Underwriting Agreement and such Terms Agreement against payment of the consideration therefor, or for the related Depositary Shares, as the case may be, specified in such Terms Agreement, will be validly issued, fully paid and non-assessable and will not be subject to preemptive or similar rights of any securityholder of the Company. In addition, upon deposit by the Company of any Preferred Stock represented by Depositary Shares with the applicable Depositary and the execution and delivery by such Depositary of the Depositary Receipts evidencing such Depositary Shares, in each case pursuant to the applicable Deposit Agreement, such Depositary Shares will represent legal and valid interests in such Preferred Stock. No holder of such Preferred Stock or Depositary Receipts evidencing Depositary Shares is or will be subject to personal liability by reason of being such a holder. The applicable Certificate of Designations will be in full force and effect prior to the Closing Time.

(12) Authorization of Deposit Agreement. If the Underwritten

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Securities being sold pursuant to the applicable Terms Agreement include Depositary Shares, the applicable Deposit Agreement has been, or prior to the issuance of such Depositary Shares will have been, duly authorized, executed and delivered by the Company and, upon such authorization, execution and delivery (assuming due authorization, execution and delivery by the applicable Depositary), will constitute a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). Each registered holder of a Depositary Receipt under the applicable Deposit Agreement will be entitled to the proportional rights, preferences and limitations of the Preferred Stock represented by the Depositary Shares evidenced by such Depositary Receipt and to such other rights as are granted to such registered holder in such Deposit Agreement.

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(13) Authorization of Warrants. If the Underwritten Securities being

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sold pursuant to the applicable Terms Agreement include Warrants, such Underwritten Securities have been, or prior to issuance of such Underwritten Securities will have been, duly authorized by the Company for issuance and sale pursuant to this Underwriting Agreement and such Terms Agreement. Such Underwritten Securities, when issued and authenticated in the manner provided for the applicable Warrant Agreement and delivered against payment of the consideration therefor specified in such Terms Agreement, will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by such Warrant Agreement and enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a

proceeding in equity or at law).

(14) Authorization of Warrant Agreement. If the Underwritten

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Securities being sold pursuant to the applicable Terms Agreement include Warrants, each applicable Warrant Agreement has been, or prior to the issuance of such Underwritten Securities will have been, duly authorized, executed and delivered by the Company and, upon such authorization, execution and delivery (assuming due authorization, execution and delivery by the applicable Warrant Agent), will constitute a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(15) Authorization of Underlying Securities. If the Underlying

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Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Common Stock, Preferred Stock or Depositary Shares, such Underlying Securities have been, or as of the date of such Terms Agreement will have been, duly authorized and reserved for issuance by the Company upon exercise of the Warrants, as applicable, or upon conversion of the related Preferred Stock or Depositary Shares, as applicable. If the Underlying Securities include Common Stock or Preferred Stock, such Underlying Securities, when issued upon such exercise or conversion, as applicable, will be validly issued, fully paid and non-assessable and will not be subject to preemptive or similar rights of any securityholder of the Company. If the Underlying Securities include Depositary Shares, such Underlying Securities, upon deposit by the Company of the Preferred Stock represented thereby with the applicable Depositary and the execution and delivery by such Depositary of the Depositary Receipts evidencing such Depositary Shares, in each case pursuant to the applicable Deposit Agreement, will represent legal and valid interests in such Preferred Stock. No holder of such Common Stock, Preferred Stock or Depositary Receipts evidencing Depositary Shares is or will be subject to personal liability by reason of being such a holder. If the Underlying Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Debt Securities, such Underlying Securities have been, or as of the date of such Terms Agreement will have been, duly authorized for issuance by the Company upon

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conversion or exchange of the related Preferred Stock or Depositary Shares, as applicable. Such Underlying Securities, when issued and authenticated in the manner provided for in the applicable Indenture and delivered in accordance with the terms of the related Preferred Stock or Depositary Shares, as applicable, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and except as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States.

(16) Authorization of Indentures. If the Underlying Securities related

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to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Debt Securities, each applicable Indenture has been, or prior to issuance of such Underwritten Securities will have been, duly authorized, executed and delivered by the Company and, upon such authorization, execution and delivery (assuming the due authorization, execution and delivery by the respective Trustee), will constitute a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Security denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States.

(17) Descriptions of the Underwritten Securities, Warrant Agreements,

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Deposit Agreements, Indentures and Underlying Securities.  
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The Underwritten Securities being sold pursuant to the applicable Terms Agreement and each applicable Warrant Agreement, Deposit Agreement and Indenture, as of the date of the Prospectus, and any Underlying Securities, when issued and delivered in accordance with the terms of the related Underwritten Securities, will conform in all material respects to the respective statements relating thereto contained in the Prospectus and will be in substantially the respective forms filed or incorporated by reference, as the case may be, as an exhibit to the Registration Statement.

(18) Absence of Defaults and Conflicts. Neither the Company nor any of  
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its subsidiaries is in violation of its charter or by-laws or in default in the performance or

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observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments"), except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Underwriting Agreement, the applicable Terms Agreement, each applicable Warrant Agreement, Deposit Agreement and Indenture and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Registration Statement and the Prospectus and the consummation of the transactions contemplated herein and in the Registration Statement and the Prospectus (including the issuance and sale of the Underwritten Securities and the use of the proceeds from the sale of the Underwritten Securities as described under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder and thereunder do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or a default or Repayment Event (as defined below) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary of the Company pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults, events or liens, charges or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their properties, assets or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness of the Company or any of its subsidiaries (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(19) Absence of Labor Dispute. No labor dispute with the employees  
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of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, which may reasonably be expected to result in a Material Adverse Effect.

(20) Absence of Proceedings. There is not any action, suit,  
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proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries which is required to be disclosed in the Registration Statement and the Prospectus (other than as stated therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the assets, properties, or operations thereof or the consummation of the transactions contemplated in this Underwriting Agreement, the applicable Terms Agreement or any applicable Warrant Agreement, Deposit Agreement or Indenture or the performance by the Company of its obligations hereunder

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and thereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or of which any of their respective assets, property, or operations is the subject which are not described in the Registration Statement and the Prospectus, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse

Effect.

(21) Exhibits. There are no contracts or documents which are of a  
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character required to be described in the Registration Statement, the Prospectus or the documents incorporated by reference therein or to be filed as exhibits thereto which have not been so described and filed as required.

(22) Absence of Further Requirements. No filing with, or authorization,  
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approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by the Company of its obligations under this Underwriting Agreement or the applicable Terms Agreement or in connection with the transactions contemplated under this Underwriting Agreement, such Terms Agreement or any applicable Warrant Agreement, Deposit Agreement or Indenture, except such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the 1939 Act, the 1939 Act Regulations or state securities or blue sky laws.

(23) Possession of Intellectual Property. The Company and its  
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subsidiaries own or possess, or can acquire on reasonable terms, adequate trademarks, service marks, trade names and other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, except where the failure to own or possess or the lack of ability to acquire such Intellectual Property, singly or in the aggregate, would not result in a Material Adverse Effect, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(24) Possession of Licenses and Permits. The Company and its  
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subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them except where the failure to so possess such Governmental Licenses would not, singly or in the aggregate, have a Material Adverse Effect; the Company and its subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse

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Effect; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(25) Title to Property. The Company and its subsidiaries have good and  
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marketable title to all real property owned by the Company and its subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind, except such as (A) are described in the Registration Statement and the Prospectus or (B) do not, singly or in the aggregate, materially affect the value of such property, do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries and do not singly or in the aggregate have a Material Adverse Effect; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Prospectus, are in full force and effect, except where the failure of such leases or subleases to be in full force and effect would not have a Material Adverse Effect, and neither the Company nor any subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary of the continued possession of the leased or subleased premises under any such lease or sublease.

(26) Commodity Exchange Act. If any related Underlying Securities

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include Debt Securities, such Debt Securities, upon issuance, will be excluded or exempted under, or beyond the purview of, the Commodity Exchange Act, as amended (the "Commodity Exchange Act"), and the rules and regulations of the Commodity Futures Trading Commission adopted under the Commodity Exchange Act.

(27) Compliance with Cuba Act. The Company has complied with, and is

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and will be in compliance with, the provisions of that certain Florida act relating to disclosure of doing business with Cuba, codified as Section 517.075 of the Florida statutes, and the rules and regulations thereunder or is exempt therefrom.

(b) Officers' Certificates. Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to any Underwriter or to counsel for the Underwriters in connection with the offering of the Underwritten Securities shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby on the date of such certificate and, unless subsequently amended or supplemented, at each Representation Date subsequent thereto.

SECTION 2. Sale and Delivery to Underwriters; Closing.

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(a) Underwritten Securities. The several commitments of the Underwriters to purchase the Underwritten Securities pursuant to the applicable Terms Agreement shall be

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deemed to have been made on the basis of the representations and warranties herein contained and shall be subject to the terms and conditions herein set forth.

(b) Option Underwritten Securities. In addition, subject to the terms and conditions herein set forth, the Company may grant, if so provided in the applicable Terms Agreement, an option to the Underwriters, severally and not jointly, to purchase up to the number of the Option Underwritten Securities set forth therein at a price per Option Underwritten Security equal to the price per Initial Underwritten Security, less an amount equal to any dividends or distributions declared by the Company and paid or payable on the Initial Underwritten Securities but not payable on the Option Underwritten Securities. Such option, if granted, will expire 30 days after the date of such Terms Agreement, and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Underwritten Securities upon notice by Merrill Lynch to the Company setting forth the number of Option Underwritten Securities as to which the several Underwriters are then exercising the option and the time, date and place of payment and delivery for such Option Underwritten Securities. Any such time and date of payment and delivery (each, a "Date of Delivery") shall be determined by Merrill Lynch, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, unless otherwise agreed upon by Merrill Lynch and the Company. If the option is exercised as to all or any portion of the Option Underwritten Securities, each of the Underwriters, severally and not jointly, will purchase that proportion of the total number of Option Underwritten Securities then being purchased which the number of Initial Underwritten Securities each such Underwriter has severally agreed to purchase as set forth in such Terms Agreement bears to the total number of Initial Underwritten Securities, subject to such adjustments as Merrill Lynch in its discretion shall make to eliminate any sales or purchases of a fractional number of Option Underwritten Securities.

(c) Payment. Payment of the purchase price for, and delivery of, the Initial Underwritten Securities shall be made at the offices of Merrill Lynch, Pierce, Fenner & Smith Incorporated, World Financial Center, North Tower, New York, New York 10281, or at such other place as shall be agreed upon by Merrill Lynch and the Company, at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date of the applicable Terms Agreement (unless postponed in accordance with the provisions of Section 10 hereof), or such other time not later than ten business days after such date as shall be agreed upon by Merrill Lynch and the Company (such time and date of payment and delivery being herein called the "Closing Time"). In addition, in the event that the Underwriters have exercised their option, if any, to purchase any or all of the Option Underwritten Securities, payment of the purchase price for, and delivery of such Option Underwritten Securities, shall be made at the above-mentioned offices of Merrill Lynch, Pierce, Fenner & Smith Incorporated, World Financial Center, North Tower, New York, New York 10281, or at such other place as shall be agreed upon by Merrill Lynch and the Company, on the relevant Date of Delivery as specified in the notice from Merrill Lynch to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to

be purchased by them (unless such Underwritten Securities are issuable only in the form of one or more global securities registered in the name of a depository or a nominee of a depository, in which event the Underwriters' interest in such global certificate shall be noted in a manner satisfactory to the Underwriters and their counsel). It is understood that each Underwriter has authorized Merrill Lynch, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Underwritten Securities which it has severally agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Underwritten Securities to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) Denominations; Registration. The Underwritten Securities, certificates for the Underwritten Securities or Depositary Receipts evidencing the Depositary Shares, as applicable, shall be in such denominations and registered in such names as Merrill Lynch may request in writing at least one full business day prior to the Closing Time or the relevant Date of Delivery, as the case may be. The Underwritten Securities, certificates for the Underwritten Securities or Depositary Receipts evidencing the Depositary Shares, as applicable, will be made available for examination and packaging by Merrill Lynch in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with  
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Merrill Lynch, and with each Underwriter participating in the applicable offering of Underwritten Securities, as follows:

(a) Compliance with Securities Regulations and Commission Requests. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A of the 1933 Act Regulations and/or Rule 434 of the 1933 Act Regulations, if and as applicable, and will notify Merrill Lynch immediately, and confirm the notice in writing, of (i) the effectiveness of any post-effective amendment to the Registration Statement or the filing of any supplement or amendment to the Prospectus, (ii) the receipt of any comments from the Commission, (iii) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Underwritten Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424 of the 1933 Act Regulations and will take such steps as it deems necessary to ascertain promptly whether the Prospectus transmitted for filing under Rule 424 was received for filing by the Commission and, in the event that it was not, it will promptly file the Prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Filing of Amendments. The Company will give Merrill Lynch notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b) of the 1933 Act Regulations), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish Merrill Lynch with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which Merrill Lynch or counsel for the Underwriters shall object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to Merrill Lynch and counsel for the Underwriters, without charge, upon request, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to Merrill Lynch, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. Copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company will deliver to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Underwritten Securities as contemplated in this Underwriting Agreement and the applicable Terms Agreement and in the Registration Statement and the Prospectus. If at any time when the Prospectus is required by the 1933 Act or the 1934 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement in order that the Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or to amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of

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the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters, without charge, such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Underwritten Securities and any related Underlying Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as Merrill Lynch may designate and to maintain such qualifications in effect for a period of not less than one year from the date of the applicable Terms Agreement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Underwritten Securities or any related Underlying Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the date of such Terms Agreement.

(g) Earnings Statement. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) Reservation of Securities. If the applicable Terms Agreement specifies that any related Underlying Securities include Common Stock, Preferred Stock, Debt Securities and/or Depositary Shares, the Company will reserve and keep available at all times, free of preemptive or other similar rights, a sufficient number of shares of Common Stock, Preferred Stock and/or Debt Securities, as applicable, for the purpose of enabling the Company to satisfy any obligations to issue such Underlying Securities upon exercise of the related Warrants, as applicable, or upon conversion of the Preferred Stock or Depositary Shares, as applicable.

(i) Use of Proceeds. The Company will use the net proceeds received by it from the sale of the Underwritten Securities in the manner specified in the Prospectus under "Use of Proceeds".

(j) Listing. The Company will use its best efforts to effect the listing of the Underwritten Securities and any related Underlying Securities, prior to the Closing Time, on any national securities exchange or quotation system if and as specified in the applicable Terms Agreement.

(k) Restriction on Sale of Securities. Between the date of the applicable Terms Agreement and the later of termination of any trading

restrictions or the Closing Time, the Company will not, without the prior written consent of Merrill Lynch, directly or indirectly,

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issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, the securities specified in such Terms Agreement.

(1) Reporting Requirements. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the 1934 Act Regulations.

SECTION 4. Payment of Expenses.  
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(a) Expenses. The Company will pay all expenses incident to the performance of its obligations under this Underwriting Agreement or the applicable Terms Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Underwriting Agreement, any Terms Agreement, any Agreement among Underwriters, any Warrant Agreement, any Deposit Agreement, any Indenture and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Underwritten Securities or any related Underlying Securities, (iii) the preparation, issuance and delivery of the Underwritten Securities and any related Underlying Securities, any certificates for the Underwritten Securities or such Underlying Securities or Depositary Receipts evidencing the Depositary Shares, as applicable, to the Underwriters, including any transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Underwritten Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors or agents (including transfer agents and registrars), as well as the fees and disbursements of any Warrant Agent, any Depositary and any Trustee and their respective counsel, (v) the qualification of the Underwritten Securities and any related Underlying Securities under state securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation, printing and delivery of the Blue Sky Survey and any Legal Investment Survey, and any amendment thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheet, and the Prospectus and any amendments or supplements thereto, (vii) the fees charged by nationally recognized statistical rating organizations for the rating of the Underwritten Securities and any related Underlying Securities, if applicable, (viii) the fees and expenses incurred with respect to the listing of the Underwritten Securities and any related Underlying Securities, if applicable, and (ix) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review, if any, by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Underwritten Securities and any related Underlying Securities.

(b) Termination of Agreement. If the applicable Terms Agreement is terminated by Merrill Lynch in accordance with the provisions of Section 5 or Section 9(b)(i) hereof, the Company shall reimburse the Underwriters named in such Terms Agreement for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

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SECTION 5. Conditions of Underwriters' Obligations. The obligations  
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of the Underwriters to purchase and pay for the Underwritten Securities pursuant to the applicable Terms Agreement are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. The Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been initiated or be pending or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing information relating to the description of the Underwritten Securities and any related Underlying Securities, the specific method of distribution and similar matters shall have been filed with the Commission in accordance with Rule 424(b)(1), (2), (3), (4) or (5), as applicable (or any required post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A), or, if the Company has elected to rely upon Rule 434 of the 1933 Act Regulations, a Term Sheet



including the Rule 434 Information shall have been filed with the Commission in accordance with Rule 424(b)(7).

(b) Opinion of Counsel for Company. At Closing Time, Merrill Lynch shall have received the favorable opinion, dated as of Closing Time, of Brown & Wood LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, to the effect set forth in Exhibit B hereto and to such further effect as counsel to the Underwriters may reasonably request.

(c) Opinion of Counsel for Underwriters. At Closing Time, Merrill Lynch shall have received the favorable opinion, dated as of Closing Time, of Sullivan & Cromwell, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, with respect to the matters set forth in (1), (5), (6) to (13), as applicable, (14), (15) (solely as to the information in the Prospectus under "Description of Debt Securities", "Description of Debt Warrants", "Description of Currency Warrants", "Description of Index Warrants", "Description of Preferred Stock", "Description of Depositary Shares", "Description of Preferred Stock Warrants", "Description of Common Stock" and "Description of Common Stock Warrants", if any, or any caption purporting to describe any such Securities), (17), (18) and the penultimate paragraph of Exhibit B hereto. In giving such opinion, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to Merrill Lynch. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(d) Officers' Certificate. At Closing Time, there shall not have been, since the date of the applicable Terms Agreement or since the respective dates as of which information is given

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in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and Merrill Lynch shall have received a certificate of the President, a Vice President, the Treasurer or the Controller of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1 are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been initiated or threatened by the Commission.

(e) Accountant's Comfort Letter. At the date hereof and at Closing Time, Merrill Lynch shall have received from Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to Merrill Lynch, together with signed or reproduced copies for each of the other Underwriters, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(f) Ratings. If the Underlying Securities related to the Underwritten Securities being sold to the particular Terms Agreement include Debt Securities, at Closing Time, such Debt Securities shall have the ratings accorded by any "nationally recognized statistical rating organization", as defined by the Commission for purposes of Rule 436(g)(2) of the 1933 Act Regulations, if and as specified in the applicable Terms Agreement. Since the time of execution of such Terms Agreement, there shall not have occurred a downgrading in the rating assigned to such Debt Securities or any of the Company's other securities by any such rating organization, and no such rating organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of such Debt Securities or any of the Company's other securities.

(g) Approval of Listing. At Closing Time, the Underwritten Securities shall have been approved for listing, subject only to official notice of issuance, if and as specified in the applicable Terms Agreement.

(h) No Objection. If the Registration Statement or an offering of Underwritten Securities has been filed with the NASD for review, the NASD shall not have raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) Lock-up Agreements. On the date of the applicable Terms Agreement, Merrill Lynch shall have received, in form and substance satisfactory to it,

each lock-up agreement, if any, specified in such Terms Agreement as being required to be delivered by the persons listed therein.

(j) Over-Allotment Option. In the event that the Underwriters are granted an over-allotment option by the Company in the applicable Terms Agreement and the Underwriters

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exercise their option to purchase all or any portion of the Option Underwritten Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any of its subsidiaries hereunder shall be true and correct as of each Date of Delivery, and, at the relevant Date of Delivery, Merrill Lynch shall have received:

(1) A certificate, dated such Date of Delivery, of the President, a Vice President, the Treasurer or the Controller of the Company, confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof remains true and correct as of such Date of Delivery.

(2) The favorable opinion of Brown & Wood LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Underwritten Securities and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(3) The favorable opinion of Sullivan & Cromwell, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Underwritten Securities and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(4) A letter from Deloitte & Touche LLP, in form and substance satisfactory to Merrill Lynch and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to Merrill Lynch pursuant to Section 5(e) hereof, except that the "specified date" on the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(k) Additional Documents. At Closing Time and at each Date of Delivery, counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Underwritten Securities as herein contemplated and, if applicable, certain matters relating to the Underlying Securities, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Underwritten Securities as herein contemplated shall be satisfactory in form and substance to Merrill Lynch and counsel for the Underwriters.

(l) Termination of Terms Agreement. If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, the applicable Terms Agreement (or, with respect to the Underwriters' exercise of any applicable over-allotment option for the purchase of Option Underwritten Securities on a Date of Delivery after the Closing Time, the obligations of the Underwriters to purchase the Option Underwritten Securities on such Date of Delivery) may be terminated by Merrill Lynch by notice to the Company at any time at or prior to the Closing Time (or such Date of Delivery, as applicable), and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

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SECTION 6. Indemnification.  
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(a) Indemnification of Underwriters. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(1) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(2) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in

settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(3) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (1) or (2) above;

provided, however, that this indemnity agreement shall not apply to any loss,

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liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

Insofar as this indemnity agreement may permit indemnification for liabilities under the 1933 Act of any person who is a partner of an Underwriter or who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and who is a director or officer of the Company or controls the Company within the meaning of Section 15 of

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the 1933 Act or Section 20 of the 1934 Act, such indemnity agreement is subject to the undertaking of the Company in the Registration Statement under Item 13 of Form S-3.

(b) Indemnification of Company, Directors and Officers. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Documentary Stamp or Similar Issue Tax Indemnification. The Company agrees to indemnify and hold harmless each Underwriter against any documentary stamp or similar issue tax and any related interest or penalties on the issue or sale of the Underwritten Securities to the Underwriters which are due in the United States of America, the United Kingdom or any other jurisdiction.

(d) Actions Against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, except that the Company shall be liable for the fees and expenses of one counsel representing Merrill Lynch and the persons controlling Merrill Lynch and one counsel representing all other Underwriters and the persons controlling them. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or

body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential

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parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(2) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification provided for in  
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Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, from the offering of the Underwritten Securities pursuant to the applicable Terms Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and of the Underwriters, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Underwritten Securities pursuant to the applicable Terms Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of such Underwritten Securities (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet bear to the aggregate initial public offering price of such Underwritten Securities as set forth on such cover.

The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the

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Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Underwritten Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of

Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number or aggregate principal amount, as the case may be, of Initial Underwritten Securities set forth opposite their respective names in the applicable Terms Agreement, and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive  
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Delivery. All representations, warranties and agreements contained in this  
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Underwriting Agreement or the applicable Terms Agreement or in certificates of officers of the Company submitted pursuant hereto or thereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of and payment for the Underwritten Securities.

SECTION 9. Termination.  
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(a) Underwriting Agreement. This Underwriting Agreement (excluding the applicable Terms Agreement) may be terminated for any reason at any time by the Company or by Merrill Lynch upon the giving of 30 days' prior written notice of such termination to the other party hereto.

(b) Terms Agreement. Merrill Lynch may terminate the applicable Terms Agreement, by notice to the Company, at any time at or prior to the Closing Time or any relevant Date of Delivery, if (i) there has been, since the time of execution of such Terms Agreement or

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since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) there has occurred any material adverse change in the financial markets in the United States or, if the Underwritten Securities or any related Underlying Securities include Debt Securities denominated or payable in, or indexed to, one or more foreign or composite currencies, in the international financial markets, or any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of Merrill Lynch, impracticable to market the Underwritten Securities or to enforce contracts for the sale of the Underwritten Securities, or (iii) trading in any securities of the Company has been suspended or limited by the Commission or the New York Stock Exchange, or if trading generally on the New York Stock Exchange or the American Stock Exchange or in the Nasdaq National Market has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by either of said exchanges or by such system or by order of the Commission, the NASD or any other governmental authority, or (iv) a banking moratorium has been declared by either Federal or New York authorities or, if the Underwritten Securities or any related Underlying Securities include Debt Securities denominated or payable in, or indexed to, one or more foreign or composite currencies, by the relevant authorities in the related foreign country or countries.

(c) Liabilities. If this Underwriting Agreement or the applicable Terms Agreement is terminated pursuant to this Section 9, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or  
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more of the Underwriters shall fail at the Closing Time or the relevant Date of Delivery, as the case may be, to purchase the Underwritten Securities which it or they are obligated to purchase under the applicable Terms Agreement (the "Defaulted Securities"), then Merrill Lynch shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, Merrill Lynch shall not have completed such arrangements within such 24-hour period, then:

(a) if the number or aggregate principal amount, as the case may be, of Defaulted Securities does not exceed 10% of the number of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations under such Terms Agreement bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, such Terms

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Agreement (or, with respect to the Underwriters' exercise of any applicable over-allotment option for the purchase of Option Underwritten Securities on a Date of Delivery after the Closing Time, the obligations of the Underwriters to purchase, and the Company to sell, such Option Underwritten Securities on such Date of Delivery) shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section 10 shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in (i) a termination of the applicable Terms Agreement or (ii) in the case of a Date of Delivery after the Closing Time, a termination of the obligations of the Underwriters and the Company with respect to the related Option Underwritten Securities, as the case may be, either Merrill Lynch or the Company shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or the Prospectus or in any other documents or arrangements.

SECTION 11. Notices. All notices and other communications hereunder

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shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to Merrill Lynch at World Financial Center, North Tower, New York, New York 10281-1332, attention of Patricia A. Verrilli, Managing Director, or in respect of any Terms Agreement, to such other person and place as may be specified therein; and notices to the Company shall be directed to it at 100 Church Street, 12th Floor, New York, New York 10080-6512, attention of the Secretary with a copy to the Treasurer at World Financial Center, South Tower, 225 Liberty Street, New York, New York 10080-6105.

SECTION 12. Parties. This Underwriting Agreement and the applicable

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Terms Agreement shall each inure to the benefit of and be binding upon the Company, Merrill Lynch and, upon execution of such Terms Agreement, any other Underwriters and their respective successors. Nothing expressed or mentioned in this Underwriting Agreement or such Terms Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Underwriting Agreement or such Terms Agreement or any provision herein or therein contained. This Underwriting Agreement and such Terms Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and thereto and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Underwritten Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. GOVERNING LAW. THIS UNDERWRITING AGREEMENT AND ANY

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APPLICABLE TERMS AGREEMENT SHALL BE GOVERNED BY AND

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CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE.

SECTION 14. Effect of Headings. The Article and Section headings

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herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this Underwriting Agreement, along with all counterparts, will become a binding agreement between Merrill Lynch and the Company in accordance with its terms.

Very truly yours,

MERRILL LYNCH & CO., INC.

By: \_\_\_\_\_  
Name:  
Title:

CONFIRMED AND ACCEPTED,  
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: \_\_\_\_\_  
Authorized Signatory

Exhibit A

MERRILL LYNCH & CO., INC.  
(a Delaware corporation)

Common Stock, Warrants to Purchase Common Stock,  
Preferred Stock, Warrants to Purchase Preferred Stock,  
and Depositary Shares

TERMS AGREEMENT  
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[Date]

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

Ladies and Gentlemen:

We understand that Merrill Lynch & Co., Inc., a Delaware corporation (the "Company"), proposes to issue and sell [ ] shares of its common stock, par value \$1.33 per share, including any preferred share purchase Rights attached thereto (the "Common Stock") [ ] shares of its preferred stock, par value \$1.00 per share (the "Preferred Stock") [in the form of depositary shares (the "Depositary Shares") each representing of a share of Preferred Stock] [ ] warrants (the "Common Stock Warrants") to purchase common stock, par value \$1.33 per share [ ] warrants (the "Preferred Stock Warrants") to purchase preferred stock, par value \$1.00 per share] ([such securities also being hereinafter referred to as] the "[Initial] Underwritten Securities"). Subject to the terms and conditions set forth or incorporated by reference herein, we [the underwriters named below (the "Underwriters")] offer to purchase [, severally and not jointly,] the number of Underwritten Securities [opposite their names set forth below] at the purchase price set forth below [, and a proportionate share of Option Underwritten Securities set forth below, to the extent any are purchased].

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Underwriter [Number] of [Initial] Underwritten Securities  
- - - - -

Total \_\_\_\_\_  
=====

The Underwritten Securities shall have the following terms:

[Common Stock]  
-----

Title:  
Number of shares:  
Number of Option Underwritten Securities:  
Initial public offering price per share: \$  
Purchase price per share: \$  
Listing requirements:  
Black-out provisions:

Lock-up provisions:  
Other terms and conditions:  
Closing date and location:

[Preferred Stock]  
-----

Title:  
Rank:  
Ratings:  
Number of shares:  
Number of Option Underwritten Securities:  
Dividend rate (or formula) per share: \$  
Dividend payment dates:  
Stated value: \$  
Liquidation preference per share: \$  
Redemption provisions:  
Sinking fund requirements:  
Conversion provisions:  
Listing requirements:  
Black-out provisions:  
Lock-up provisions:  
Initial public offering price per share: \$\_\_\_ plus accumulated dividends, if any, from \_\_\_\_  
Purchase price per share: \$\_\_\_ plus accumulated dividends, if any, from \_\_\_\_  
Other terms and conditions:  
Closing date and location:

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[Depository Shares]  
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Title:  
Fractional amount of Preferred Stock represented by each Depository Share:  
Ratings:  
Rank:  
Number of shares:  
Number of Option Underwritten Securities:  
Dividend rate (or formula) per share:  
Dividend payment dates:  
Liquidation preference per share:  
Redemption provisions:  
Sinking fund requirements:  
Conversion provisions:  
Listing requirements:  
Black-out provisions:  
Lock-up provisions:  
Initial public offering price per share: \$\_\_\_ plus accumulated dividends, if any, from \_\_\_\_  
Purchase price per share: \$\_\_\_ plus accumulated dividends, if any, from \_\_\_\_  
Other terms and conditions:  
Closing date and location:

[Common Stock] [Preferred Stock] Warrants  
-----

Title:  
Type:  
Number:  
Warrant Agent:  
Issuable jointly with [Common Stock] [Preferred Stock]: [Yes] [No]  
Number of [Common Stock] [Preferred Stock] Warrants issued with each [share of Common Stock] [share of Preferred Stock]:  
Date(s) from which or period(s) during which [Common Stock] [Preferred Stock] Warrants are exercisable:  
Date(s) on which [Common Stock] [Preferred Stock] Warrants expire:  
Exercise price(s):  
Initial public offering price: \$  
Purchase price: \$  
Title of Underlying Securities:  
[Number of shares] [Principal amount] purchasable upon exercise of one [Common Stock] [Preferred Stock] Warrant:  
Terms of Underlying Securities:  
Other terms and conditions:  
Closing date and location:

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All of the provisions contained in the document attached as Annex I hereto entitled "MERRILL LYNCH & CO., INC.-- Common Stock, Warrants to Purchase Common Stock, Preferred Stock, Warrants to Purchase Preferred Stock, Depository Shares-- Underwriting Agreement" are hereby incorporated by reference in their entirety



herein and shall be deemed to be a part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Terms defined in such document are used herein as therein defined.

[The Company agrees that between the date hereof and the later of termination of any trading restrictions or the Closing Date, as herein specified, the Company will not, without the prior written consent of the Underwriter, directly or indirectly, issue, sell, offer to sell, grant any option for sale of, or otherwise dispose of the following securities:  
\_\_\_\_\_.]

Please accept this offer no later than \_\_\_\_ o'clock P.M. (New York City time) on \_\_\_\_\_ by signing a copy of this Terms Agreement in the space set forth below and returning the signed copy to us.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH

INCORPORATED

By

-----  
Authorized Signatory

[Acting on behalf of itself and the other named Underwriters.]

Accepted:

MERRILL LYNCH & CO., INC.

By

-----  
Name:

Title:

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Exhibit B

FORM OF OPINION OF COMPANY'S COUNSEL  
TO BE DELIVERED PURSUANT TO  
SECTION 5(b)

(1) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware.

(2) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under, [or as contemplated under,] the Underwriting Agreement and the applicable Terms Agreement.

(3) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect (as defined in Section 1(a)(5) of the Underwriting Agreement).

(4) Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in the State of New York; all of the issued and outstanding capital stock of MLPF&S has been duly authorized and validly issued, is fully paid and non-assessable and, to the best of our knowledge, is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; and none of the outstanding shares of capital stock of MLPF&S was issued in violation of preemptive or similar rights of any securityholder of MLPF&S.

(5) The Underwriting Agreement and the applicable Terms Agreement have been duly authorized, executed and delivered by the Company.

(6) [Include if the Prospectus contains a "Capitalization" section --] The authorized, issued and outstanding shares of capital stock of the Company is as set forth in the Prospectus under the caption "Capitalization" (except for subsequent issuances thereof, if any, contemplated under the Underwriting Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). Such shares of capital stock have been duly authorized and validly issued by the Company and are fully

paid and non-assessable, and none of such shares of capital stock was issued in violation of preemptive or similar rights of any securityholder of the Company.

(7) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Common Stock --] The Underwritten Securities have been duly authorized by

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the Company for issuance and sale pursuant to the Underwriting Agreement and the applicable Terms Agreement. The Underwritten Securities, when issued and delivered by the Company pursuant to the Underwriting Agreement and such Terms Agreement against payment of the consideration therefor specified in such Terms Agreement, will be validly issued, fully paid and non-assessable and will not be subject to preemptive or similar rights of any securityholder of the Company. No holder of the Underwritten Securities is or will be subject to personal liability by reason of being such a holder. The form of certificate used to evidence the Underwritten Securities is in due and proper form and complies with the applicable statutory requirements, with any applicable requirements of the charter or by-laws of the Company and with the requirements of the New York Stock Exchange.

(8) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Preferred Stock and/or Depositary Shares--] The Underwritten Securities have been duly authorized by the Company for issuance and sale pursuant to the Underwriting Agreement and the applicable Terms Agreement. The applicable Preferred Stock, when issued and delivered by the Company pursuant to the Underwriting Agreement and such Terms Agreement against payment of the consideration [therefor] [for the related Depositary Shares] specified in such Terms Agreement, will be validly issued, fully paid and non-assessable and will not be subject to preemptive or similar rights of any securityholder of the Company. In addition, upon deposit by the Company of any Preferred Stock represented by Depositary Shares with the applicable Depositary and the execution and delivery by such Depositary of the Depositary Receipts evidencing such Depositary Shares, in each case pursuant to the applicable Deposit Agreement, such Depositary Shares will represent legal and valid interests in such Preferred Stock. No holder of such Preferred Stock or Depositary Receipts evidencing such Depositary Shares is or will be subject to personal liability by reason of being such a holder. The form of certificate used to evidence the [Preferred Stock] [Depositary Receipts evidencing Depositary Shares ] is in due and proper form and complies with the applicable statutory requirements, with any applicable requirements of the charter or by-laws of the Company and with the requirements of the [ Stock Exchange/Nasdaq National Market]. The applicable Certificate of Designations is in full force and effect.

(9) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Depositary Shares --] The applicable Deposit Agreement has been duly authorized, executed and delivered by the Company and (assuming due authorization, execution and delivery thereof by the applicable Depositary) constitutes a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in the proceeding in equity or at law). Each registered holder of a Depositary Receipt under the applicable Deposit Agreement will be entitled to the proportional rights, preferences and limitations of the Preferred Stock represented by the Depositary Shares evidenced by such Depositary Receipt and to such other rights as are granted to such registered holder in such Deposit Agreement.

(10) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Warrants --] The Underwritten Securities have been duly authorized by the Company for issuance and sale pursuant to the Underwriting Agreement and the applicable Terms

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Agreement. The Underwritten Securities, when issued and authenticated in the manner provided for in the applicable Warrant Agreement and delivered against payment of the consideration therefor specified in such Terms Agreement, will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by such Warrant Agreement and enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(11) [Include if the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Warrants --] The [Each] applicable Warrant Agreement has been duly authorized, executed and delivered by the Company and (assuming due authorization, execution and delivery thereof by the applicable Warrant Agent) constitutes a valid and legally binding agreement of the Company,

enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally and except as the enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(12) [Include if the Underlying Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Common Stock, Preferred Stock or Depositary Shares --] The Underlying Securities have been duly authorized and reserved for issuance by the Company [upon exercise of the [Common Stock] [Preferred Stock] Warrants] [upon conversion of the related [Preferred Stock] [Depositary Shares]]. The Underlying Securities, when issued upon such [exercise] [conversion], will be validly issued, fully paid and non-assessable and will not be subject to preemptive or similar rights of any securityholder of the Company. [In addition, the Underlying Securities, upon deposit by the Company of the Preferred Stock represented thereby with the applicable Depositary and the execution and delivery by such Depositary of the Depositary Receipts evidencing such Underlying Securities, in each case pursuant to the applicable Deposit Agreement, will represent legal and valid interests in such Preferred Stock.] No holder of the Underlying Securities is or will be subject to personal liability by reason of being such a holder. [Include if the Underlying Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Senior Debt Securities and/or Subordinated Debt Securities --] The Underlying Securities have been duly authorized for issuance by the Company [upon conversion or exchange of the related [Preferred Stock] [Depositary Shares]]. The Underlying Securities, when issued and authenticated in the manner provided for in the applicable Indenture and delivered in accordance with the terms of the [related [Preferred Stock] [Depositary Shares]], will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law)[, and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Securities denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on

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a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States].

(13) [Include if the Underlying Securities related to the Underwritten Securities being sold pursuant to the applicable Terms Agreement include Debt Securities --] The [Each] applicable Indenture has been duly authorized, executed and delivered by the Company and (assuming due authorization, execution and delivery thereof by the respective Trustee) constitutes a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law)[, and except further as enforcement thereof may be limited by (A) requirements that a claim with respect to any Debt Security denominated other than in U.S. dollars (or a foreign or composite currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or (B) governmental authority to limit, delay or prohibit the making of payments outside the United States].

(14) The Underwritten Securities being sold pursuant to the applicable Terms Agreement and the [each] applicable [Warrant Agreement] [Deposit Agreement] [Indenture] conform, and any Underlying Securities, when issued and delivered in accordance with the terms of the related Underwritten Securities, will conform, in all material respects to the statements relating thereto contained in the Prospectus and are in substantially the form filed or incorporated by reference, as the case may be, as an exhibit to the Registration Statement.

(15) The information in the Prospectus under "Description of Debt Securities", "Description of Debt Warrants", "Description of Currency Warrants", "Description of Index Warrants", "Description of Preferred Stock", "Description of Depositary Shares", "Description of Preferred Stock Warrants", "Description of Common Stock" and "Description of Common Stock Warrants" or any caption purporting to describe any such Securities, and in the Registration Statement under Item 15, to the extent that it constitutes matters of law, summaries of legal matters, the Company's charter and by-laws or legal proceedings, or legal conclusions, has been reviewed by us and is correct in all material respects.

(16) The execution, delivery and performance of the Underwriting Agreement, the applicable Terms Agreement and the [each] applicable [Warrant Agreement] [Deposit Agreement] [Indenture] and any other agreement or instrument

entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated in the Registration Statement and the Prospectus and the consummation of the transactions contemplated in the Underwriting Agreement and such Terms Agreement and in the Registration Statement and the Prospectus (including the issuance and sale of the Underwritten Securities and the use of the proceeds from the sale of the Underwritten Securities as described under the caption "Use of Proceeds") and compliance by the Company with its obligations thereunder do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or a default or Repayment Event (as defined in Section 1(a)(18) of the Underwriting Agreement) under or result in the creation or imposition of any lien, charge or encumbrance upon

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any property or assets of the Company or any subsidiary of the Company pursuant to, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument, known to us, to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or its subsidiaries is subject, except for such conflicts, breaches, defaults, liens, events, charges or encumbrances that would not result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to us, of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their properties, assets or operations.

(17) The Registration Statement has been declared effective under the 1933 Act. Any required filing of the Prospectus pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been initiated or are pending or threatened by the Commission. Each applicable Indenture is qualified under the 1939 Act.

(18) The Registration Statement and the Prospectus, excluding the documents incorporated by reference therein, and each amendment or supplement to the Registration Statement and Prospectus, excluding the documents incorporated by reference therein, as of their respective effective or issue dates (other than the financial statements and supporting schedules included therein or omitted therefrom and each Trustee's Statement of Eligibility on Form T-1 (the "Form T-1s"), as to which we express no opinion) complied as to form in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations.

(19) The documents incorporated by reference in the Prospectus (other than the financial statements and supporting schedules therein or omitted therefrom, as to which we express no opinion), when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the 1933 Act or the 1934 Act, as applicable, and the rules and regulations of the Commission thereunder.

(20) No filing with, or authorization, approval, consent, license, order registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by the Company of its obligations under the Underwriting Agreement or the applicable Terms Agreement or in connection with the transactions contemplated under the Underwriting Agreement, such Terms Agreement or the [any] applicable [Warrant Agreement] [Deposit Agreement] [Indenture], except such as have been obtained, or as may be required under the 1933 Act, the 1933 Act Regulations, the 1939 Act and the 1939 Act Regulations or state securities or blue sky laws.

(21) [Include if required in Terms Agreement with respect to Underlying Securities that include Debt Securities --] The Underlying Securities, upon issuance, will be excluded or exempted under, or beyond the purview of, the Commodity Exchange Act, as amended (the "Commodity Exchange Act") and the rules and regulations of the Commodity Futures Trading Commission adopted under the Commodity Exchange Act.

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We have participated in conferences with officers and representatives of the Company, representatives of the independent accountants of the Company and the Underwriters at which the contents of the Registration Statement and Prospectus and related matters were discussed and, although we are not passing upon or assuming responsibility for the accuracy, completeness or fairness of the statements contained or incorporated by reference in the Registration Statement and Prospectus and have made no independent check or verification thereof, on the basis of the foregoing, nothing has come to our attention that would lead us to believe that the Registration Statement or any post-effective amendment thereto (except for financial statements and schedules and other financial data included or incorporated therein or omitted therefrom and the Form T-1s, as to which we make no statement), at the time the Registration

Statement or any post-effective amendment thereto (including the filing of the Company's Annual Report on Form 10-K with the Commission) became effective or at the date of the applicable Terms Agreement, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any amendment or supplement thereto (except for financial statements and schedules and other financial data included or incorporated therein or omitted therefrom, as to which we make no statement), at the time the Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely, as to matters of fact (but not as to legal conclusions), to the extent they deem proper, on certificates of responsible officers of the Company and public officials.

EXHIBIT 4(a)(iii)

The form of initial Subsequent Indentures, if any, with respect to Senior Debt Securities will be substantially the same as the Indenture, dated as of October 1, 1993, between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.) contained as Exhibit 4(a)(ii) to the Registration Statement except that the name of any Subsequent Trustee with respect to any Subsequent Indenture will be inserted and any Subsequent Indenture will be dated as of a current date.

EXHIBIT 4(a) (iv)

Any Subsequent Indentures with respect to Senior Debt Securities entered into subsequent to the Subsequent Indenture described in Exhibit 4(a)(iii) will be substantially the same as the Indenture, dated as of October 1, 1993, between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.) contained as Exhibit 4(a)(ii) to the Registration Statement except that the name of any Subsequent Trustee with respect to any Subsequent Indenture will be inserted and any Subsequent Indenture will be dated as of a current date.

EXHIBIT 4(c) (ii)

The form of initial Subsequent Indenture, if any, with respect to Subordinated Debt Securities will be substantially the same as the Indenture between the Company and The Chase Manhattan Bank contained as Exhibit 4(c)(i) to the Registration Statement except that the name of any Subsequent Trustee with respect to any Subsequent Indenture will be inserted and any Subsequent Indenture will be dated as of a current date.



MERRILL LYNCH & CO., INC.

TO

THE CHASE MANHATTAN BANK,  
AS TRUSTEE

[ ] SUPPLEMENTAL INDENTURE

DATED AS OF , 1998

SUPPLEMENTAL TO INDENTURE  
DATED AS OF APRIL 1, 1983  
AS AMENDED

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[ ] Supplemental Indenture, dated as of , 1998 (the "Supplemental Indenture"), by and between Merrill Lynch & Co., Inc., a corporation organized and existing under the laws of the State of Delaware, having its principal office at World Financial Center, New York, New York 10281 (the "Company"), and The Chase Manhattan Bank, formerly known as Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), a corporation duly organized and existing under the laws of the State of New York and having its Corporate Trust Office at 450 West 33rd Street, New York, New York 10001, as trustee (the "Trustee").

WHEREAS, the Company has heretofore executed and delivered its Indenture, dated as of April 1, 1983 and restated as of April 1, 1987 (as amended and supplemented to the date hereof, the "Principal Indenture"), to the Trustee to provide for the issuance from time to time of its unsecured and unsubordinated debentures, notes or other evidences of senior indebtedness (the "Securities"), unlimited as to principal amount or aggregate issue price, as the case may be, and

WHEREAS, the Principal Indenture, as amended by the Trust Indenture Reform Act of 1990, and this Supplemental Indenture are hereinafter collectively referred to as the "Indenture"; and

WHEREAS, the Company proposes to allow for terms of the Securities which will permit or require the Company to pay and discharge the Securities when due by delivering to the Holders thereof other securities (whether or not issued by, or the obligations of, the Company) or a combination of cash, other

securities and/or other property, as provided herein; and

WHEREAS, Section 901 of the Principal Indenture provides that, without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Principal Indenture, in form satisfactory to the Trustee, (a) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301 thereof and (b) to cure any ambiguity, to correct or supplement any provision in the Principal Indenture which may be defective or inconsistent with any other provision of the Principal Indenture, or to make any other provisions with respect to matters or questions arising under the Principal Indenture which shall not be inconsistent with the provisions of the Principal Indenture and which shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect; and

WHEREAS, the Company has duly authorized the execution and delivery of this Supplemental Indenture, and all things necessary to make this Supplemental Indenture a valid agreement of the Company, in accordance with its terms, have been done;

NOW, THEREFORE, the Company and the Trustee, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby covenant and agree, for the equal and proportionate benefit of all Holders, as follows:

#### ARTICLE I

##### DEFINITIONS

Section 1.01. Definitions. For all purposes of the Principal Indenture and this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article I have the meanings assigned to them in this Article I. Capitalized terms used in the Principal Indenture and this Supplemental Indenture but not defined herein are used as they are defined in the Principal Indenture.

"Maturity Consideration" means the securities (whether or not issued by, or the obligation of, the Company), the amount of cash (including payment of principal and premium, if any), or a combination of cash, securities and/or other property, in either case deliverable upon payment and discharge of the Securities of a series when due or upon redemption as established in or pursuant to, from time to time, a Board Resolution, and set forth in an Officers' Certificate or established in one or more supplemental indentures.

"Supplemental Indenture" has the meaning specified in the first paragraph of this instrument.

#### ARTICLE II

##### AMENDMENT OF CERTAIN PROVISIONS OF THE PRINCIPAL INDENTURE

Section 2.01. Amendments. The Principal Indenture is hereby amended with respect to all series of Securities issued on or after the date hereof as follows:

(a) By deleting the first paragraph of Section 308 of the Principal Indenture in its entirety and inserting in its stead the following:

"Prior to due presentment of a Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Registered Security for the purpose of receiving delivery or payment of the Maturity Consideration in respect of, and (subject to Sections 305 and 307) interest on, and Additional Amounts with respect to, such Registered Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary."

(b) (i) By amending Section 501 of the Principal Indenture by (i) adding as a new clause (5) the following:

"(5) default in the delivery or payment of the Maturity Consideration of that series when due; or"; and

(ii) renumbering current clauses (5), (6) and (7) as clauses (6), (7) and (8), respectively.

(c) By deleting Section 502 of the Principal Indenture in its entirety and inserting in its stead the following:

"SECTION 502. Acceleration of Maturity; Rescission and Annulment. If an

Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in principal amount or aggregate issue price, as the case may be, of the Outstanding Securities of that series may declare the principal of, or an amount equal to the aggregate issue price of, all the Securities of such series, or such amount or aggregate issue price, as the case may be, as may be provided for in the Securities of that series, to be due and payable immediately by a notice in writing to the Company (and to the Trustee if given by the Holders), and upon any such declaration such principal or such amount shall become immediately due and payable in cash as though the date of acceleration were the Maturity Date.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount or aggregate issue price, as the case may be, of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

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(1) the Company has deposited with or paid the Trustee

(A) the Maturity Consideration relating to any Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Securities,

(B) all overdue installments of interest on and any Additional Amounts payable in respect of all Securities of that series,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest and Additional Amounts at the rate or rates borne by or provided for in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

and

(2) all Events of Default with respect to Securities of that series, other than the non-delivery or non-payment of the Maturity Consideration with respect to such series, due solely by reason of such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon."

(d) By deleting the first paragraph of Section 503 of the Principal Indenture in its entirety and inserting in its stead the following:

"The Company covenants that if,

(1) default is made in the payment of any installment of interest on or any Additional Amounts payable in respect of any Securities when such interest or such Additional Amounts shall have become due and payable and such default continues for a period of 30 days, or

(2) default is made in the delivery or payment of the Maturity Consideration relating to any Security at its Maturity,

the Company will, upon demand of the Trustee, deliver or pay to it, for the benefit of the Holders of such Securities and coupons, the whole amount and/or other consideration then due and payable on such Securities and coupons for Maturity Consideration and interest and Additional Amounts, if any, with interest upon the overdue Maturity Consideration and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest or any Additional Amounts, interest on any overdue interest or any Additional Amounts, at the rate or rates borne by or provided for in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to deliver or to pay such amounts and/or other consideration forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of such amounts and/or other consideration so due and undelivered or unpaid, and may prosecute such proceeding to

judgment or final decree, and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys and/or other consideration adjudged or decreed to be deliverable or payable in the manner provided by law out of the property of the Company or any other obligor upon the Securities, wherever situated."

(e) By deleting Section 506 of the Principal Indenture in its entirety and inserting in its stead the following:

"SECTION 506. Application of Money Collected. Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of the Maturity Consideration, interest or any Additional Amounts, upon presentation of the relevant Securities or coupons, or both, as the case may be and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

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FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of any amounts then due and unpaid on the Securities and coupons for Maturity Consideration and interest and any Additional Amounts payable in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Securities and coupons for Maturity Consideration and interest and any Additional Amounts, respectively; and

THIRD: The balance, if any, to the Person or Persons entitled thereto."

(f) By deleting Section 507 (2) and (5) of the Principal Indenture in their entirety and inserting in their stead the following:

"(2) The Holders of not less than 25% in principal amount or aggregate issue price, as the case may be, of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;"

"(5) No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount or aggregate issue price, as the case may be, of the Outstanding Securities of that series;"

(g) By deleting Section 508 of the Principal Indenture in its entirety and inserting in its stead the following:

"SECTION 508. Unconditional Right of Holders to Receive the Maturity Consideration and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security or coupon shall have the right, which is absolute and unconditional, to receive delivery or payment of the Maturity Consideration relating to, and (subject to Sections 305 and 307) interest on and any Additional Amounts payable in respect of, such Security or payment of such coupon on the respective Stated Maturity or Maturities expressed in such Security or coupon (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such delivery or payment, and such right shall not be impaired without the consent of such Holder."

(h) By deleting the first clause of the first sentence of Section 513 of the Principal Indenture in its entirety and inserting in its stead the following:

"(1) in the delivery or payment of the Maturity Consideration or interest on or Additional Amounts payable in respect of any Securities of such series, or"

(i) By deleting Section 801 of the Principal Indenture in its entirety and inserting in its stead the following:

"SECTION 801. Consolidations and Mergers of the Company and Sales, Leases and Conveyances Permitted Subject to Certain Conditions. The Company may consolidate with, or sell, lease or convey all or substantially all of its assets to, or merge with or into any other corporation, provided that in any such case, (i) either the Company shall be the continuing corporation, or the successor corporation shall be a corporation organized and existing under the laws of the United States of America or a State thereof and such successor corporation shall expressly assume the due and punctual delivery or payment of the Maturity Consideration in respect of, any interest on, and any Additional Amounts payable pursuant to Section 1004 with respect to, all the Securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company by supplemental indenture

satisfactory to the Trustee, executed and delivered to the Trustee by such corporation, and (ii) the Company or such successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale, lease or conveyance, be in default in the performance of any such covenant or condition."

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(j) By deleting the first sentence of Section 902 of the Principal Indenture in its entirety and inserting in its stead the following:

"With the consent of the Holders of not less than 66 2/3% of the principal amount or aggregate issue price, as the case may be, of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Maturity Date or the Stated Maturity of the Maturity Consideration of, or any installment of interest or Additional Amounts on any Security, or reduce the principal amount thereof or the amount or type of Maturity Consideration or the rate of interest thereon or any Additional Amounts payable in respect thereof, or change the obligation of the Company to pay Additional Amounts pursuant to Section 1004 (except as contemplated by 801(i) and permitted by Section 901(1)), or reduce the amount of Maturity Consideration of an Original Issue Discount Security that would be due and deliverable or payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or, change any Place of Payment where, or the coin or currency in which, any Maturity Consideration, interest or Additional Amounts on any Security are deliverable or payable, or change the provisions with respect to redemption, or impair the right to institute suit for the enforcement of the delivery or payment on or with respect to any Securities on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount or aggregate issue price, as the case may be, of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or reduce the requirements of Section 1404 for quorum or voting, or

(3) modify any of the provisions of this Section, or Section 513, or Section 1007, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby."

(k) By deleting the first sentence of Section 1001 of the Principal Indenture in its entirety and inserting in its stead the following:

"Section 1001. Delivery or Payment of Maturity Consideration and Interest. The Company covenants and agrees for the benefit of the Holders of each series of Securities that it will duly and punctually deliver or pay the Maturity Consideration and interest on and any Additional Amounts payable in respect of the Securities of that series in accordance with the terms of such series of Securities, any coupons appertaining thereto and this Indenture. Any interest due on and any Additional Amounts payable in respect of Bearer Securities on or before Maturity, other than Additional Amounts, if any, payable as provided in Section 1004 in respect of principal of (or premium, if any, on) such a Security, shall be payable only upon presentation and surrender of the several coupons for such interest installments as are evidenced thereby as they severally mature."

(l) By deleting Section 1003 of the Principal Indenture in its entirety and inserting in its stead the following:

"SECTION 1003. Money for Security Payments to Be Held in Trust. If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the Maturity Consideration or interest on any of the Securities of that series, segregate and hold in trust

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for the benefit of the Persons entitled thereto consideration in an amount

sufficient to deliver or pay the Maturity Consideration or a sum sufficient to pay the interest so becoming due until such consideration shall be delivered or paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents with respect to any series of Securities, it will, on or prior to each due date of the Maturity Consideration or interest on any Securities of that series, deposit with a Paying Agent consideration in an amount sufficient to deliver or pay the Maturity Consideration or a sum sufficient to pay the interest so becoming due, such consideration to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (i) comply with the provisions of the Trust Indenture Act applicable to it as Paying Agent, (ii) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any delivery or payment of Maturity Consideration or interest on the Securities of that series; and (iii) during the continuance of any default by the Company (or any other obligor upon the Securities) in the making of any delivery or payment in respect of the Securities of such series, upon the written request of the Trustee, forthwith deliver or pay to the Trustee all consideration held in trust by such Paying Agent as such.

The Company may at any time, for any purpose, deliver or pay, or by Company Order direct any Paying Agent to deliver or pay, to the Trustee all consideration held in trust by the Company or such Paying Agent, such consideration to be held by the Trustee upon the same trusts as those upon which such consideration was held by the Company or such Paying Agent; and, upon such delivery or payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such consideration.

Except as otherwise provided in the form of Securities of any particular series pursuant to the provisions of this Indenture, any consideration deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the interest on or delivery or payment upon discharge of any Securities and remaining unclaimed for two years after such consideration has become due and deliverable or payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security or any coupon appertaining thereto shall thereafter, as an unsecured general creditor, look only to the Company for delivery or payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust consideration, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper in each Place of Payment or to be mailed to Holders of the Registered Securities, or both, notice that such consideration remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such consideration then remaining will be delivered or repaid to the Company."

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### ARTICLE III

#### MISCELLANEOUS

Section 3.01. Effect of Supplemental Indenture. The Principal Indenture, as supplemented and amended by this Supplemental Indenture and all other indentures supplemental thereto, is in all respects ratified and confirmed, and the Principal Indenture, this Supplemental Indenture and all indentures supplemental thereto shall be read, taken and construed as one and the same instrument.

Section 3.02. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required or deemed to be included in this Supplemental Indenture by any of the provisions of the Trust Indenture Act, such required or deemed included provision shall control.

Section 3.03. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 3.04. Separability Clause. In case any provision in this Supplemental Indenture or in the Securities shall be invalid, illegal or

unenforceable, the validity, legality and enforceability of the remaining provisions (or of the other series of Securities) shall not in any way be affected or impaired thereby.

Section 3.05. Benefits of Supplemental Indenture. Nothing in this Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Securities issued after the date hereof, any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

Section 3.06. Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 3.07. Execution in Counterparts. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 3.08. Responsibility for Recitals. The recitals contained herein shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of the Principal Indenture or this Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

MERRILL LYNCH & CO., INC.

By:

-----  
Name: Theresa Lang  
Title: Senior Vice President and  
Treasurer

THE CHASE MANHATTAN BANK,  
as Trustee

By:

-----  
Name: Andrew M. Deck  
Title: Vice President

July 28, 1998

Merrill Lynch & Co., Inc.  
World Financial Center  
North Tower  
New York, New York 10281-1334

Ladies and Gentlemen:

We have acted as your counsel and are familiar with the corporate proceedings had in connection with the proposed issuance and sale by Merrill Lynch & Co., Inc. (the "Company") of up to \$20,000,000,000 aggregate principal amount of its senior debt securities, including Structured Yield Product Exchangeable for Stock, (the "Senior Debt Securities") and/or subordinated debt securities (the "Subordinated Debt Securities", and together with the Senior Debt Securities, the "Debt Securities"), both of which may be convertible into common stock, par value \$1.33 per share, of the Company (the "Common Stock"), preferred stock, par value \$1.00 per share, of the Company (the "Preferred Stock") or Depositary Shares representing Preferred Stock (the "Depositary Shares"); and/or warrants to purchase Debt Securities (the "Debt Warrants"); and/or warrants entitling the holders thereof to receive from the Company a payment or delivery determined by reference to decreases or increases in the level of an index or portfolio based on one or more equity or debt securities, any statistical measure of economic or financial performance, or the price or value of any commodity or any other item or index or a combination thereof (the "Index Warrants"); and/or warrants to receive from the Company the cash value in U.S. dollars of the right to purchase or to sell specified foreign currencies or units of two or more such foreign currencies (the "Currency Warrants"); and/or shares of Preferred Stock, which may be convertible into Preferred Stock or Common Stock or exchangeable for Debt Securities; and/or shares of Preferred Stock, which may be represented by Depositary Shares; and/or warrants to purchase shares of Preferred Stock (the "Preferred Stock Warrants"); and/or shares of Common Stock; and/or warrants to purchase shares of Common Stock (the "Common Stock Warrants"), in each case as shall be designated by the Company at the time of offering.

We have examined such documents and records as we deemed appropriate, including the following:

- (a) a copy of the Restated Certificate of Incorporation of the Company, certified by the Secretary of State of the State of Delaware;
- (b) copies of the Company's Registration Statement on Form S-3 (File No. 333-\_\_\_\_), as amended, relating to the Securities (as defined below) (the "Registration Statement");
- (c) a copy of the indenture with respect to the Senior Debt Securities between the Company and The Chase Manhattan Bank (formerly known as Chemical Bank, successor by merger to Manufacturers Hanover Trust Company), as trustee, dated April 1, 1983, as amended and restated (the "1983 Senior Indenture"), in the form executed by the Company and The Chase Manhattan Bank;
- (d) a copy of the indenture with respect to the Senior Debt Securities between the Company and The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.), as trustee, dated October 1, 1993 (the "1993 Senior Indenture"), in the form executed by the Company and The Chase Manhattan Bank;
- (e) a copy of the supplemental indenture with respect to the Senior Debt Securities between the Company and The Chase Manhattan Bank, as successor trustee, dated October 25, 1993 (the "1993 Supplemental Indenture") in the form executed by the Company and The Chase Manhattan Bank;
- (f) a copy of the indenture with respect to the Subordinated Debt Securities between the Company and The Chase Manhattan Bank, as trustee, dated December 17, 1996 (the "Subordinated Indenture"), in the form executed by the Company and The Chase Manhattan Bank;
- (g) a copy of the form of indenture with respect to Index Warrants which are to be issued with a minimum value payable upon expiration (a "Minimum Expiration Value") (including a form of global index warrant certificate) (the "Index Warrant Indenture") in the form filed or incorporated by reference as an exhibit to the Registration Statement;
- (h) a copy of the form of warrant agreement with respect to Index Warrants other than Index Warrants which are to be issued with a Minimum Expiration Value (including a form of global index warrant



certificate) (the "Index Warrant Agreement") in the form filed or incorporated by reference as an exhibit to the Registration Statement;

- (i) a copy of the form of warrant agreement with respect to the Debt Warrants (including a form of global debt warrant certificate) (the "Debt Warrant Agreement") in the form filed or incorporated by reference as an exhibit to the Registration Statement;
- (j) a copy of the form of warrant agreement with respect to the Currency Warrants (including a form of global currency warrant certificate) (the "Currency Warrant Agreement") in the form filed or incorporated by reference as an exhibit to the Registration Statement;

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- (k) a copy of the form of warrant agreement with respect to the Preferred Stock Warrants and the Common Stock Warrants (including a form of global warrant certificate) (the "Preferred Stock and Common Stock Warrant Agreement") in the form filed or incorporated by reference as an exhibit to the Registration Statement;
- (l) a copy of the form of certificate of designations with respect to the Preferred Stock (the "Certificate of Designations") in the form filed or incorporated by reference as an exhibit to the Registration Statement;
- (m) a copy of the form of deposit agreement with respect to the Depositary Shares (the "Deposit Agreement") in the form filed or incorporated by reference as an exhibit to the Registration Statement;
- (n) a copy of the form of certificate representing the Preferred Stock in the form filed or incorporated by reference as an exhibit to the Registration Statement; and
- (o) a specimen of the certificate representing the Common Stock in the form filed or incorporated by reference as an exhibit to the Registration Statement.

The Debt Warrants, Index Warrants, Currency Warrants, Preferred Stock Warrants and Common Stock Warrants are hereinafter collectively referred to as the "Warrants". The Warrants, Debt Securities, Preferred Stock, Depositary Shares and Common Stock are hereinafter collectively referred to as the "Securities". The "1983 Senior Indenture" shall mean such indenture as amended by the Trust Indenture Reform Act of 1990. The 1983 Senior Indenture, 1993 Senior Indenture and the 1993 Senior Indenture as supplemented by the 1993 Supplemental Indenture are hereinafter collectively referred to as the "Senior Indentures". The Senior Indentures, Subordinated Indenture and Index Warrant Indenture, including any supplemental indenture thereto, are hereinafter collectively referred to as the "Indentures". The Debt Warrant Agreement, Currency Warrant Agreement, Index Warrant Agreement and Preferred Stock and Common Stock Warrant Agreement are hereinafter collectively referred to as the "Warrant Agreements".

Based upon the foregoing and upon such further investigation as we deem relevant in the premises, we are of the opinion:

1. The Company has been duly incorporated under the laws of the State of Delaware.

2. The Senior Indentures and the Subordinated Indenture have each been duly and validly authorized, executed and delivered by the Company and, as amended by the Trust Indenture Reform Act of 1990, constitute valid and binding agreements of the Company, enforceable in accordance with their respective terms.

3. When appropriate corporate action has been taken to authorize the Company to execute and deliver any applicable Index Warrant Indenture, supplemental indenture or Warrant Agreement, to fix the terms of one or more issues of Securities under an Indenture or Warrant Agreement and to authorize their issue, and such Indenture or Warrant Agreement shall have

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been duly executed and delivered by the Company and the trustee or warrant agent, and when the Securities with terms so fixed shall have been duly authenticated or countersigned by the trustee or warrant agent, as the case may be, and duly issued under the respective Indenture or Warrant Agreement in accordance with such corporate action, such Indentures and/or Warrant Agreements and such Securities will constitute valid and binding agreements of the Company, enforceable in accordance with their terms.

4. When appropriate corporate action has been taken by the Company to fix the terms of one or more series of the Preferred Stock as contemplated in the Registration Statement, to authorize the execution and filing with the Secretary of State of the State of Delaware of a Certificate of Designations relating

thereto and to authorize the issuance of shares thereof, and when such Certificate of Designations shall have been so executed and filed by the Company and Preferred Stock with the terms so fixed shall have been duly issued and delivered by the Company against payment of the consideration therefor or for Depositary Shares representing interests therein in accordance with such corporate action, such Preferred Stock will be validly issued, fully paid and non-assessable.

5. When appropriate corporate action has been taken by the Company to authorize the execution and delivery of a Deposit Agreement, and when such Deposit Agreement shall have been duly executed and delivered by the Company and the depository, such Deposit Agreement will constitute a valid and binding agreement of the Company, enforceable in accordance with its terms.

6. When appropriate corporate action has been taken by the Company to authorize the issuance and deposit of Preferred Stock with a depository pursuant to a Depositary Agreement and the issuance of Depositary Shares representing interests therein, and when such Preferred Stock shall have been duly issued and so deposited and such depository shall have duly issued and delivered depository receipts evidencing such Depositary Shares against payment of the consideration therefor in accordance with such corporate action, such Depositary Shares will represent valid interests in the Preferred Stock so deposited and shall entitle the holders thereof to the rights specified in the depository receipts evidencing the Depositary Shares and in the applicable Deposit Agreement.

7. When appropriate corporate action has been taken by the Company to authorize the issuance of shares of Common Stock, such Common Stock, when issued, delivered and paid for as contemplated in the Registration Statement, will be duly authorized, validly issued, fully paid and non-assessable.

With respect to enforcement, the above opinions are qualified to the extent that enforcement of the Indentures, Warrant Agreements, Securities and Deposit Agreement may be limited by bankruptcy, insolvency or other laws of general applicability relating to or affecting enforcement of creditors' rights or by general equity principles, and further to the extent that enforcement of any Securities denominated in other than United States dollars may be limited by requirements that a claim (or foreign currency judgment in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law. We have further assumed with respect to enforcement that, when fixed, the

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terms of the Securities will comply with all applicable "bucket shop" or similar state laws, or have the availability of federal preemption therefrom.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name wherever appearing in the Registration Statement and any amendment thereto.

Very truly yours,

/s/ Brown & Wood LLP

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[Letterhead of Brown & Wood LLP]

July 28, 1998

Merrill Lynch & Co., Inc.  
World Financial Center  
North Tower  
250 Vesey Street  
New York, New York 10281

Merrill Lynch Preferred Funding V, L.P.	Merrill Lynch Preferred Capital Trust V
c/o Merrill Lynch & Co., Inc.	c/o Merrill Lynch & Co., Inc.
World Financial Center	World Financial Center
North Tower	North Tower
250 Vesey Street	250 Vesey Street
New York, New York 10281	New York, New York 10281

Re: Merrill Lynch Preferred Capital Trust V  
Trust Preferred Securities ("TOPrS")  
-----

Ladies and Gentlemen:

We have acted as counsel to Merrill Lynch & Co., Inc., a Delaware corporation (the "Company"), Merrill Lynch Preferred Funding V, L.P., a Delaware limited partnership (the "Partnership"), and Merrill Lynch Preferred Capital Trust V, a statutory business trust formed under the laws of the State of Delaware (the "Trust"), in connection with the preparation and filing by the Company, the Partnership and the Trust with the Securities and Exchange Commission (the "Commission") of a Registration Statement on Form S-3 (Registration No. 333-\_\_\_\_) (the "Registration Statement") under the Securities Act of 1933, as amended, with respect to (i) the guarantee (the "Trust Guarantee") to be issued by the Company to The Chase Manhattan Bank, as trustee, for the benefit of the holders of the Trust Originated Preferred Securities to be issued by the Trust (the "Trust Preferred Securities"), (ii) the guarantee (the "Partnership Guarantee") to be issued by the Company with respect to the Partnership Preferred Securities to be issued by the Partnership (the "Partnership Preferred Securities"), (iii) the guarantees (the "Investment Guarantees") to be issued by the Company for the benefit of the holders of the Partnership Preferred Securities with respect to certain debentures (the

"Debentures") to be issued by one or more of the Company's eligible controlled affiliates and (iv) the subordinated debentures (the "Company Debentures") to be issued by the Company to the Partnership pursuant to an indenture (the "Company Indenture") between the Company and The Chase Manhattan Bank, as trustee (the "Debenture Trustee"), each in the form filed as exhibits to the Registration Statement. The Trust Guarantee, the Partnership Guarantee and the Investment Guarantees are hereinafter collectively referred to as the "Guarantees".

We have reviewed the corporate action of the Company in connection with the giving of the Guarantees and the issuance and sale of the Company Debentures by the Company and have examined, and have relied as to matters of fact upon, originals or copies certified or otherwise identified to our satisfaction, of such corporate records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such other and further investigations as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all copies of documents submitted to us and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications and limitations stated herein, we are of the opinion:

1. When the Trust Guarantee has been duly authorized, executed and delivered by the Company, and upon the issuance and sale of the related Trust Preferred Securities to the holders of the Trust Preferred Securities in accordance with the Registration Statement, such Trust Guarantee will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms.

2. When the Partnership Guarantee has been duly authorized, executed and delivered by the Company, and upon the issuance and sale of the related Partnership Preferred Securities to the holders of the Partnership Preferred Securities in accordance with the Registration Statement, such Partnership Guarantee will constitute a valid and legally binding obligation of the Company

enforceable against the Company in accordance with its terms.

3. When the Investment Guarantees have been duly authorized, executed and delivered by the Company, and upon the issuance and sale of Debentures to the Partnership in accordance with the Registration Statement, such Investment Guarantees will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms.

4. When the Company Debentures have been duly authorized, executed and issued by the Company and upon the issuance and sale of the Company Debentures to the Partnership in accordance with the Registration Statement (assuming due authorization, execution and delivery of the Company Indenture by the Debenture Trustee and due authentication of the Company Debentures by the Debenture Trustee), such Company

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Debentures will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms.

With respect to enforcement, the above opinions are qualified to the extent that enforcement of the Guarantees or the Company Debentures may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and except as enforcement thereof is subject to general equity principles (regardless of whether enforcement is considered in a proceeding in equity or at law).

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name wherever appearing in the Registration Statement and any amendment thereto.

Very truly yours,

/s/ Brown & Wood LLP

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July 28, 1998

Merrill Lynch Preferred Capital Trust V  
Merrill Lynch Preferred Funding V, L.P.  
Merrill Lynch & Co., Inc.  
Merrill Lynch World Headquarters  
North Tower  
World Financial Center  
New York, New York 10281

Re: Merrill Lynch & Co., Inc.  
Registration Statement on Form S-3  
-----

Ladies and Gentlemen:

We have acted as special Delaware counsel to Merrill Lynch Preferred Capital Trust V (the "Trust"), a statutory business trust created under the Business Trust Act of the State of Delaware (Del. Code Ann., tit. 12, (S)(S) 3801 et seq.), and Merrill Lynch Preferred Funding V, L.P. (the "Partnership"), a limited partnership formed under the Revised Uniform Limited Partnership Act of the State of Delaware (6 Del. C. (S) 17-101, et seq.), in connection with the preparation of the Registration Statement on Form S-3 filed by Merrill Lynch & Co., Inc. (the "Company"), a corporation organized under the laws of the State of Delaware, the Trust and the Partnership for the registration under the Securities Act of 1933, as amended (the "Act"), of Trust Preferred Securities (the "Trust Preferred Securities") of the Trust, Partnership Preferred Securities (the "Partnership Preferred Securities") of the Partnership, guarantees of the Company relating thereto and certain other securities.

The Trust Preferred Securities are to be issued pursuant to an Amended and Restated Declaration of Trust of the Trust (the "Declaration"), among the Company, as sponsor of the Trust, Chase Manhattan Bank Delaware, as Delaware trustee (the "Delaware Trustee"), The Chase Manhattan Bank, as property trustee (the "Property Trustee"), and Theresa Lang and Stanley Schaefer, as regular trustees (the "Regular Trustees"). The Partnership Preferred Securities will be issued pursuant to an Amended

Merrill Lynch Capital Trust V  
Merrill Lynch & Co., Inc.  
July 28, 1998  
Page 2

and Restated Agreement of Limited Partnership of the Partnership (the "Limited Partnership Agreement") between the Company, as the general partner (in such capacity, the "General Partner"), and Merrill Lynch Group, Inc., a Delaware corporation, as the initial limited partner.

This opinion is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Act. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Registration Statement.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement on Form S-3 filed by the Company, the Partnership and the Trust with the Securities and Exchange Commission (the "Commission") on July 28, 1998 under the Act (the "Registration Statement"); (ii) the Certificate of Trust of the Trust filed with the Secretary of State of the State of Delaware on January 8, 1998; (iii) the form of the Declaration (including the designation of the terms of the Trust Preferred Securities annexed thereto); (iv) the form of the Trust Preferred Securities and specimen certificates thereof; (v) the form of the Purchase Agreement (the "Purchase Agreement") proposed to be entered into among the Company, the Partnership, the Trust and the Underwriters to be named therein (collectively, the "Underwriters") relating to, among other things, the sale of the Trust Preferred Securities; (vi) the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware on December 19, 1997; (vii) the form of the Limited Partnership Agreement (including the designation of the terms of the Partnership Preferred Securities annexed thereto); and (viii) the form of the Partnership Preferred Securities and specimen certificates thereof. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents, certificates

and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such copies. In making our examination of documents executed, or to be executed, by parties other than the Partnership and the Trust, we have assumed that such parties had, or will have, the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed that such documents have been or will be duly authorized by all requisite action, corporate or other, and executed and delivered by such parties and that such documents constitute or will constitute valid and binding obligations of such parties. In addition, we have assumed that the Declaration, the Trust Preferred Securities, the Limited Partnership Agreement and the Partnership Preferred Securities when executed will be in substantially the forms reviewed by us. With respect to the opinion set forth in paragraph (2) below, we have assumed that, except for the exercise of rights and powers expressly permitted by the Limited Partnership Agreement, the holders of Partnership Preferred Securities will not participate in the control of the business of the Partnership. As to any facts material to the opinions expressed herein which were not independently established or verified, we have relied upon oral or written statements and representations of officers, trustees and other representatives of the Company, the Partnership, the Trust and others.

We do not express any opinion as to the laws of any jurisdiction other than the laws of the State of Delaware.

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Based on and subject to the foregoing and to the other qualifications and limitations set forth herein, we are of the following opinions when (i) the Registration Statement becomes effective; (ii) the Declaration, the Limited Partnership Agreement and the Purchase Agreement with respect to the Trust Preferred Securities and Partnership Preferred Securities have been duly executed and delivered by the parties thereto; (iii) the terms of the Trust Preferred Securities being issued have been duly established in accordance with the Declaration and such Trust Preferred Securities have been duly executed and authenticated in accordance with the Declaration and delivered to and paid for by the Underwriters as contemplated by the Purchase Agreement; and (iv) the terms of the Partnership Preferred Securities being issued have been duly established in accordance with the Limited Partnership Agreement and the Partnership Preferred Securities have been duly executed in accordance with the Limited Partnership Agreement and delivered to and paid for by the Trust as contemplated by the Purchase Agreement:

1. The Trust Preferred Securities being issued will have been duly authorized for issuance and will be validly issued, fully paid and nonassessable, representing undivided beneficial ownership interests in the assets of the Trust; and the holders of the Trust Preferred Securities will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware. We bring to your attention, however, that the holders of the Trust Preferred Securities may be obligated, pursuant to the Declaration, to (i) provide indemnity and/or security in connection with and pay taxes or governmental charges arising from transfers of the Trust Preferred Securities and (ii) provide security and indemnity in connection with the requests of or directions to the Property Trust-

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ee to exercise its rights and powers under the Declaration.

2. The Partnership Preferred Securities being issued will have been authorized for issuance and will represent valid partnership interests in the Partnership, and the holders of the Partnership Preferred Securities, as limited partners of the Partnership, will not be liable to third parties for the obligations of the Partnership. We bring to your attention, however, that the

holders of the Partnership Preferred Securities may be obligated, pursuant to the Limited Partnership Agreement, to (i) provide indemnity and/or security in connection with and pay taxes or governmental charges arising from transfers of the Partnership Preferred Securities and the issuance of replacement Partnership Preferred Securities, and (ii) provide security and indemnity in connection with requests of or directions to the Special Representative (as defined in the Limited Partnership Agreement) to exercise its rights and powers under the Limited Partnership Agreement.

We hereby consent to the use of our name under the heading "Legal Matters" in the prospectus which forms a part of the Registration Statement. We also hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder. This opinion is expressed as of the date hereof unless otherwise expressly stated and we disclaim any undertaking to advise you of any subsequent changes in the facts stated or assumed herein or of any subsequent changes in applicable law.

Very truly yours,

/s/ Skadden, Arps, Slate, Meagher & Flom LLP

[Letterhead of Brown & Wood LLP]

July 28, 1998

Merrill Lynch & Co., Inc.  
World Financial Center  
North Tower  
New York, New York 10281

Merrill Lynch Preferred Funding V, L.P.	Merrill Lynch Preferred Capital Trust V
World Financial Center	World Financial Center
North Tower	North Tower
New York, New York 10281	New York, New York 10281

Re: Merrill Lynch Preferred Capital Trust V  
Trust Preferred Securities ("TOPrS")  
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Ladies and Gentlemen:

We have acted as tax counsel ("Tax Counsel") to Merrill Lynch & Co., Inc., a Delaware corporation (the "Company"), Merrill Lynch Preferred Funding V, L.P., a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act, as amended (the "Partnership"), and Merrill Lynch Preferred Capital Trust V, a statutory business trust formed under the Delaware Business Trust Act, as amended (the "Trust"), in connection with the preparation and filing by the Company, the Partnership and the Trust with the Securities and Exchange Commission (the "Commission") of a Registration Statement on Form S-3 (Registration No. 333-\_\_\_\_\_) (as amended, the "Registration Statement") under the Securities Act of 1933, as amended, and with respect to: (i) the issuance and sale of subordinated debentures (the "Company Debentures") by the Company pursuant to a form of Indenture (the "Company Indenture"), between the Company and The Chase Manhattan Bank, as trustee (the "Indenture Trustee") in the form filed as an exhibit to the Registration Statement; (ii) the issuance and sale of one or more debentures (each of which is guaranteed by the Company pursuant to a form of Affiliate Debenture Guarantee Agreement in the form filed as an exhibit to the Registration Statement between such Investment Affiliate and the Indenture Trustee, each a "Guaranteed Investment Affiliate Debenture", collectively "Investment Affiliate Debentures") by one or more eligible controlled affiliates of the Company (each an "Investment Affiliate"), pursuant to forms of Indenture (each an "Investment Affiliate Indenture"), (the Company Subordinated Debenture and Investment Affiliate Debentures are collectively referred to hereinafter as the "Debentures" and the forms of the Company Indenture and the Investment Affiliate Indentures are collectively referred to hereinafter as the "Indentures"); (iii) the issuance and sale of Partnership Preferred Securities by Partnership to the Trust pursuant to the Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") in the form filed as an exhibit to the Registration Statement; and (iv) the issuance and sale of Trust Preferred

Securities and Trust Common Securities (collectively, "Trust Securities") pursuant to the Trust's Amended and Restated Declaration of Trust (the "Declaration") in the form filed as an exhibit to the Registration Statement. The Trust Preferred Securities will be offered for sale to investors pursuant to the Prospectus contained in the Registration Statement.

All capitalized terms used in this opinion letter and not otherwise defined herein shall have the meaning ascribed to such terms in the Registration Statement.

In delivering this opinion letter, we have reviewed and relied upon: (i) the Registration Statement; (ii) forms of the Indentures; (iii) forms of the Debentures; (iv) the form of the Partnership Agreement; (v) the form of the Declaration; (vi) the forms of (A) the Partnership Guarantee Agreement, (B) the Trust Preferred Securities Guarantee Agreement, (C) the Trust Common Securities Guarantee Agreement and (D) the Affiliate Debenture Guarantee Agreement, each filed as exhibits to the Registration Statement; and (vii) the forms of (A) the Partnership Preferred Securities and (B) the Trust Securities, each filed as exhibits to the Registration Statement. In addition, we have examined, and relied as to matters of fact upon, certain certificates and comparable documents of Company and certain eligible controlled affiliates of Company, from which the Company will select Investment Affiliates. Further, we have relied upon certain other statements and representations made by officers of the Company. We also have examined and relied upon original or copies, certified or otherwise identified to our satisfaction, of such records of the Company, the Partnership and the Trust and such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.



In our examination of such material, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of all copies of documents submitted to us. In addition, we also have assumed (i) that the transactions related to the issuance of the Debentures, Partnership Preferred Securities and Trust Securities will be consummated in accordance with the terms of the documents and forms of documents described herein and (ii) on the closing date, an Independent Financial Advisor will deliver the opinion required under Section 7.1(b) of the Partnership Agreement.

On the basis of the foregoing and assuming that Partnership and Trust were formed and will be maintained in compliance with the terms of the Partnership Agreement and the Declaration, respectively, we hereby confirm (i) our opinions set forth in the Prospectus contained in the Registration Statement under the caption "Certain Federal Income Tax Considerations" and (ii) that, subject to the qualifications set forth therein, the discussion set forth in the Registration Statement under such caption is an accurate summary of the United States federal income tax matters described therein.

We express no opinion with respect to the transactions referred to herein or in the Registration Statement other than as expressly set forth herein. Moreover, we note that there is no authority directly on point dealing with securities such as the Trust Preferred Securities or transactions of the type described herein and that our opinions are not binding on the Internal Revenue Service ("IRS") or the courts, either of which could take a contrary position.

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Nevertheless, we believe that if challenged, the opinions we express herein would be sustained by a court with jurisdiction in a properly presented case.

Our opinions are based upon the Code, the Treasury regulations promulgated thereunder and other relevant authorities and law, all as in effect on the date hereof. Consequently, future changes in the law may cause the tax treatment of the transactions referred to herein to be materially different from that described above.

The opinions we express herein are limited solely to matters governed by the federal law of the United States.

We hereby consent to the use of this opinion for filing as Exhibit 5(d) to the Registration Statement and the use of our name in the Registration Statement under the captions "Certain Federal Income Tax Considerations" and "Legal Matters".

Very truly yours,

/s/ Brown & Wood LLP

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July 28, 1998

Merrill Lynch & Co., Inc.  
World Financial Center  
North Tower, 31st Floor  
New York, NY 10281

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim consolidated financial information of Merrill Lynch & Co., Inc. and subsidiaries as of March 27, 1998, and for the three-month periods ended March 27, 1998 and March 28, 1997 as indicated in our report dated May 8, 1998; because we did not perform an audit, we expressed no opinion on that information.

We are aware that such report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 27, 1998, is incorporated by reference in this Registration Statement.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

INDEPENDENT AUDITORS' CONSENT

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We consent to the incorporation by reference in this Registration Statement of Merrill Lynch & Co., Inc. and subsidiaries (the "Company") on Form S-3 of our reports dated February 23, 1998, appearing in the Annual Report on Form 10-K of the Company for the year ended December 26, 1997 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement. We also consent to the inclusion as Exhibit 99(a) to this Registration Statement of our report dated February 23, 1998, relating to information under the captions "Ratio of Earnings to Fixed Charges" and "Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends" for each of the five years in the period ended December 26, 1997 appearing in the prospectus relating to Debt Securities, Warrants, Preferred Stock, Depositary Shares and Common Stock, and information under the caption "Ratio of Earnings to Fixed Charges" for each of the five years in the period ended December 26, 1997 appearing in the prospectuses relating to STRYPES and Trust Preferred Securities, which are a part of this Registration Statement. We also consent to the inclusion as Exhibit 99(b) to this Registration Statement of our report dated February 23, 1998 relating to the Selected Financial Data under the captions "Operating Results", "Financial Position" and "Common Share Data" appearing in the Company's 1997 Annual Report on Form 10-K. We also consent to the inclusion in this Registration Statement of our reports dated January 23, 1998 relating to the audits of the balance sheets of Merrill Lynch Preferred Funding V, L.P. and Merrill Lynch Preferred Capital Trust V, appearing in the prospectus relating to Trust Preferred Securities, which is included in this Registration Statement.

/s/ Deloitte & Touche LLP  
New York, New York  
July 28, 1998

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF  
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF  
A TRUSTEE PURSUANT TO SECTION 305(b)(2) \_\_\_\_\_

THE CHASE MANHATTAN BANK  
(Exact name of trustee as specified in its charter)

NEW YORK 13-4994650  
(State of incorporation (I.R.S. employer  
if not a national bank) identification No.)

270 PARK AVENUE 10017  
NEW YORK, NEW YORK (Zip Code)  
(Address of principal executive offices)

William H. McDavid  
General Counsel  
270 Park Avenue  
New York, New York 10017  
Tel: (212) 270-2611  
(Name, address and telephone number of agent for service)

MERRILL LYNCH & CO., INC.  
(Exact name of obligor as specified in its charter)

DELAWARE 13-7140866  
(State or other jurisdiction of (I.R.S. employer  
incorporation or organization) identification No.)

WORLD FINANCIAL CENTER, NORTH TOWER 10281-1334  
NEW YORK, NEW YORK (Zip Code)  
(Address of principal executive offices)

-----  
DEBT SECURITIES  
(Title of the indenture securities)  
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GENERAL

Item 1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which  
it is subject.

New York State Banking Department, Suite 2310, 5 Empire State Plaza,  
Albany,

New York 12223. Board of Governors of the Federal Reserve System  
20th and C

Street NW, Washington, D.C., 20551 Federal Reserve Bank of New York,  
District No. 2, 33 Liberty Street, New York, N.Y. 10045.

Federal Deposit Insurance Corporation, 550 Seventeenth Street NW  
Washington, D.C., 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

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Item 16. List of Exhibits

List below all exhibits filed as a part of this Statement of Eligibility.

1. A copy of the Articles of Association of the Trustee as now in effect, including the Organization Certificate and the Certificates of Amendment dated February 17, 1969, August 31, 1977, December 31, 1980, September 9, 1982, February 28, 1985, December 2, 1991 and July 10, 1996 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, The Chase Manhattan Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York and State of New York, on the 15TH day of JULY, 1998.

THE CHASE MANHATTAN BANK

By /s/ Andrew M. Deck

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Andrew M. Deck  
Vice President

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Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2  
CONSOLIDATED REPORT OF CONDITION OF

The Chase Manhattan Bank  
of 270 Park Avenue, New York, New York 10017  
and Foreign and Domestic Subsidiaries,  
a member of the Federal Reserve System,

at the close of business March 31, 1998, in  
accordance with a call made by the Federal Reserve Bank of this

ASSETS	DOLLAR AMOUNTS IN MILLIONS
Noninterest-bearing balances and currency and coin.....	\$ 12,037
Interest-bearing balances.....	4,054
Securities:	
Held to maturity securities.....	2,340
Available for sale securities.....	50,134
Federal funds sold and securities purchased under agreements to resell.....	24,982
Loans and lease financing receivables:	
Loans and leases, net of unearned income.....	\$127,958
Less: Allowance for loan and lease losses.....	2,797
Less: Allocated transfer risk reserve.....	0
	-----
Loans and leases, net of unearned income, allowance, and reserve.....	125,161
Trading Assets.....	61,820
Premises and fixed assets (including capitalized leases).....	2,961
Other real estate owned.....	347
Investments in unconsolidated subsidiaries and associated companies.....	242
Customers' liability to this bank on acceptances outstanding.....	1,380
Intangible assets.....	1,549
Other assets.....	11,727
	-----
TOTAL ASSETS.....	\$298,734 =====

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LIABILITIES

Deposits	
In domestic offices.....	\$ 96,682
Noninterest-bearing.....	\$38,074
Interest-bearing.....	58,608
	-----
In foreign offices, Edge and Agreement, subsidiaries and IBF's.....	72,630
Noninterest-bearing.....	\$ 3,289
Interest-bearing.....	69,341
	-----
Federal funds purchased and securities sold under agreements to repurchase.....	42,735
Demand notes issued to the U.S. Treasury.....	872
Trading liabilities.....	45,545
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases):	
With a remaining maturity of one year or less.....	4,454
With a remaining maturity of more than one year . through three years.....	231
With a remaining maturity of more than three years.....	106
Bank's liability on acceptances executed and outstanding.....	1,380
Subordinated notes and debentures.....	5,708
Other liabilities.....	11,295
TOTAL LIABILITIES.....	281,638 -----

EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common stock.....	1,211
Surplus (exclude all surplus related to preferred stock).....	10,291
Undivided profits and capital reserves.....	5,579
Net unrealized holding gains (losses) on available-for-sale securities.....	(1)
Cumulative foreign currency translation adjustments.....	16
TOTAL EQUITY CAPITAL.....	17,096 -----
TOTAL LIABILITIES AND EQUITY CAPITAL.....	\$298,734 =====

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WALTER V. SHIPLEY            )  
THOMAS G. LABRECQUE        ) DIRECTORS  
WILLIAM B. HARRISON, JR.)

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF  
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF  
A TRUSTEE PURSUANT TO SECTION 305(b) (2) \_\_\_\_\_

THE CHASE MANHATTAN BANK  
(Exact name of trustee as specified in its charter)

NEW YORK 13-4994650  
(State of incorporation (I.R.S. employer  
if not a national bank) identification No.)

270 PARK AVENUE  
NEW YORK, NEW YORK 10017  
(Address of principal executive offices) (Zip Code)

William H. McDavid  
General Counsel  
270 Park Avenue  
New York, New York 10017  
Tel: (212) 270-2611  
(Name, address and telephone number of agent for service)

MERRILL LYNCH PREFERRED CAPITAL TRUST V  
(Exact name of obligor as specified in its charter)

DELAWARE 13-7149866  
(State or other jurisdiction of (I.R.S. employer  
incorporation or organization) identification No.)

WORLD FINANCIAL CENTER, NORTH TOWER  
NEW YORK, NEW YORK 10281-1334  
(Address of principal executive offices) (Zip Code)

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TRUST ORIGINATED PREFERRED SECURITIES  
(Title of the indenture securities)  
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GENERAL

Item 1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which  
it is subject.

New York State Banking Department, Suite 2310, 5 Empire State Plaza,  
Albany, New York 12223. Board of Governors of the Federal Reserve System  
20th and C Street NW, Washington, D.C., 20551 Federal Reserve Bank of  
New York, District No. 2, 33 Liberty Street, New York, N.Y. 10045.  
Federal Deposit Insurance Corporation, 550 Seventeenth Street NW  
Washington, D.C., 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such  
affiliation.

None.



Item 16. List of Exhibits

List below all exhibits filed as a part of this Statement of Eligibility.

1. A copy of the Articles of Association of the Trustee as now in effect, including the Organization Certificate and the Certificates of Amendment dated February 17, 1969, August 31, 1977, December 31, 1980, September 9, 1982, February 28, 1985, December 2, 1991 and July 10, 1996 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, The Chase Manhattan Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York and State of New York, on the 15TH day of JULY, 1998.

THE CHASE MANHATTAN BANK

By \_\_\_\_\_

ANDREW M. DECK  
VICE PRESIDENT

- 3 -

Item 16. List of Exhibits

List below all exhibits filed as a part of this Statement of Eligibility.

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9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, The Chase Manhattan Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York and State of New York, on the 15TH day of JULY, 1998.

THE CHASE MANHATTAN BANK

By /S/ ANDREW M. DECK

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ANDREW M. DECK  
Vice President

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Merrill Lynch & Co., Inc. and subsidiaries (the "Company") as of December 26, 1997 and December 27, 1996 and for each of the three years in the period ended December 26, 1997 and have issued our report thereon dated February 23, 1998. Such consolidated financial statements and our report thereon are included in the Company's 1997 Annual Report on Form 10-K, which is incorporated herein by reference.

We have also previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of the Company as of December 29, 1995, December 30, 1994 and December 31, 1993 and the related statements of consolidated earnings, changes in consolidated stockholders' equity and consolidated cash flows for each of the two years ended December 30, 1994 (none of which are presented or incorporated by reference herein); and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information set forth in the table under the captions "Ratio of Earnings to Fixed Charges" and "Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends" for each of the five years in the period ended December 26, 1997 appearing on page 4 of the prospectus relating to Debt Securities, Warrants, Preferred Stock, Depositary Shares and Common Stock, which is a part of this Registration Statement of the Company on Form S-3, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived. In our opinion, the information set forth in the table under the caption "Ratio of Earnings to Fixed Charges" for each of the five years in the period ended December 26, 1997 appearing on page 4 of the prospectus relating to STRYPES and on page 17 of the prospectus relating to Trust Preferred Securities, both of which are a part of this Registration Statement of the Company on Form S-3, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

/s/ Deloitte & Touche LLP  
February 23, 1998

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Merrill Lynch & Co., Inc. and subsidiaries (the "Company") as of December 26, 1997, and December 27, 1996, and for each of the three years in the period ended December 26, 1997, and have issued our report thereon dated February 23, 1998. Such consolidated financial statements and our report thereon are included in the Company's 1997 Annual Report on Form 10-K, which is incorporated herein by reference.

We have also previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of the Company as of December 29, 1995, December 30, 1994, and December 31, 1993 and the related consolidated statements of earnings, changes in stockholders' equity and cash flows for each of the two years in the period ended December 30, 1994 (none of which are presented or incorporated by reference herein); and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information set forth in the Selected Financial Data under the captions "Operating Results", "Financial Position" and "Common Share Data", included in the Company's 1997 Annual Report on Form 10-K, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

/s/ Deloitte & Touche LLP  
February 23, 1998