SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 25, 1998

COMMISSION FILE NUMBER 1-7182

MERRILL LYNCH & CO., INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State of incorporation)

13-2740599 (I.R.S. Employer Identification No.)

WORLD FINANCIAL CENTER, NORTH TOWER,
NEW YORK, NEW YORK
(Address of principal executive offices)

10281-1332 (Zip Code)

(212) 449-1000
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES | X | NO | |

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

354,712,004 shares of Common Stock and 4,618,013 Exchangeable Shares as of the close of business on October 30, 1998. The Exchangeable Shares, which were issued by Merrill Lynch & Co., Canada Ltd. in connection with the merger with Midland Walwyn Inc., are exchangeable at any time into Common Stock on a one-for-one basis and entitle holders to dividend, voting, and other rights equivalent to Common Stock.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (restated for the Midland Walwyn merger)

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

<TABLE>
<CAPTION>

(dollars in millions, except per share amounts)	FOR THE THREE MONTHS ENDED SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	PERCENT (1) INC. (DEC.)
<S>	<C>	<C>	<C>
REVENUES			
Commissions	$ 1,449	$ 1,328	9.2%
Interest and dividends	5,079	4,447	14.2
Principal transactions	279	964	(71.1)
Investment banking	711	724	(1.8)
Asset management and portfolio service fees	995	731	36.0
Other	199	144	38.4

Total Revenues	8,712	8,338	4.5
Interest Expense	4,863	4,196	15.9
Net Revenues	3,849	4,142	(7.1)
NON-INTEREST EXPENSES			
Compensation and benefits	2,010	2,101	(4.3)
Communications and technology	487	328	48.7
Occupancy and related depreciation	227	188	20.7
Professional fees	165	131	25.3
Advertising and market development	203	148	36.7
Brokerage, clearing, and exchange fees	186	143	30.5
Goodwill amortization	55	16	N/M
Provision for costs related to staff reductions	430	-	N/M
Other	292	298	(2.0)
Total Non-Interest Expenses	4,055	3,353	20.9
EARNINGS (LOSS) BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	(206)	789	(126.2)
Income Tax Expense (Benefit)	(75)	275	(127.4)
Dividends on Preferred Securities Issued by Subsidiaries	33	12	162.6
NET EARNINGS (LOSS)	$ (164)	$ 502	(132.6)%
NET EARNINGS (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ (173)	$ 493	(135.2)%
EARNINGS (LOSS) PER COMMON SHARE			
Basic	$ (.49)	$ 1.45	
Diluted	$ (.49)	$ 1.24	
DIVIDEND PAID PER COMMON SHARE	$ .24	$ .20	
AVERAGE SHARES USED IN COMPUTING EARNINGS (LOSS) PER COMMON SHARE			
Basic	357.6	339.8	
Diluted	357.6	396.9	

</TABLE>

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(1) Percentages are based on actual numbers before rounding.
N/M Not meaningful.

See Notes to Consolidated Financial Statements

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

<TABLE>
<CAPTION>

(dollars in millions, except per share amounts)	FOR THE NINE MONTHS ENDED SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	PERCENT (1) INC. (DEC.)
<S>	<C>	<C>	<C>
REVENUES			
Commissions	$ 4,375	$ 3,691	18.5%
Interest and dividends	14,903	12,734	17.0
Principal transactions	2,439	3,211	(24.0)
Investment banking	2,440	2,015	21.1
Asset management and portfolio service fees	3,013	2,063	46.0
Other	511	474	7.8
Total Revenues	27,681	24,188	14.4

Interest Expense	14,215	11,942	19.0
	-------	-------	-----
Net Revenues	13,466	12,246	10.0
	-------	-------	-----
NON-INTEREST EXPENSES			
Compensation and benefits	6,956	6,281	10.7
Communications and technology	1,311	920	42.4
Occupancy and related depreciation	645	548	17.7
Professional fees	459	398	15.2
Advertising and market development	580	456	27.3
Brokerage, clearing, and exchange fees	509	383	32.8
Goodwill amortization	165	47	N/M
Provision for costs related to staff reductions	430	-	N/M
Other	809	837	(3.4)
	-------	-------	-----
Total Non-Interest Expenses	11,864	9,870	20.2
	-------	-------	-----
EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	1,602	2,376	(32.6)
Income Tax Expense	605	875	(30.8)
Dividends on Preferred Securities Issued by Subsidiaries	82	35	134.8
	-------	-------	-----
NET EARNINGS	$ 915	$ 1,466	(37.6)%
	=======	=======	=====
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	$ 887	$ 1,437	(38.3)%
	=======	=======	=====
EARNINGS PER COMMON SHARE			
Basic	$ 2.50	$ 4.24	
	=======	=======	
Diluted	$ 2.18	$ 3.64	
	=======	=======	
DIVIDENDS PAID PER COMMON SHARE	$ .68	$ .55	
	=======	=======	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE			
Basic	354.1	339.2	
	=======	=======	
Diluted	406.7	394.4	
	=======	=======	

</TABLE>

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(1) Percentages are based on actual numbers before rounding.
N/M Not meaningful.

See Notes to Consolidated Financial Statements

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

(dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

ASSETS	SEPTEMBER 25, 1998	DECEMBER 26,

		1997
<S>	<C>	<C>
CASH AND CASH EQUIVALENTS	$ 8,965	$ 5,046
CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS	12,583	12,384
MARKETABLE INVESTMENT SECURITIES	4,213	3,309
TRADING ASSETS, AT FAIR VALUE		
Corporate debt and preferred stock	26,908	32,537
Equities and convertible debentures	28,326	24,031
Contractual agreements	25,491	21,205
U.S. Government and agencies	14,139	9,848
Non-U.S. governments and agencies	9,001	10,221
Mortgages, mortgage-backed, and asset-backed	10,529	7,312
Other	3,542	2,937
	117,936	108,091
Securities received as collateral, net of securities pledged as collateral	5,202	-
Total	123,138	108,091
SECURITIES PLEDGED AS COLLATERAL	18,386	-
RECEIVABLES UNDER RESALE AGREEMENTS	73,125	71,904
RECEIVABLES UNDER SECURITIES BORROWED TRANSACTIONS	43,176	35,539
OTHER RECEIVABLES		
Customers (net of allowance for doubtful accounts of $55 in 1998 and $50 in 1997)	29,881	27,319
Brokers and dealers	7,319	5,182
Interest and other	9,096	8,185
Total	46,296	40,686
INVESTMENTS OF INSURANCE SUBSIDIARIES	4,507	4,833
LOANS, NOTES, AND MORTGAGES (net of allowance for loan losses of $148 in 1998 and $130 in 1997)	7,161	4,310
OTHER INVESTMENTS	2,144	1,829
PROPERTY, LEASEHOLD IMPROVEMENTS, AND EQUIPMENT (net of accumulated depreciation and amortization of $3,338 in 1998 and $2,955 in 1997)	2,570	

		2,099
GOODWILL (net of accumulated amortization of $284 in 1998 and $131 in 1997)	5,413	5,467
OTHER ASSETS	1,742	1,483
TOTAL ASSETS	$353,419	$296,980

</TABLE>

See Notes to Consolidated Financial Statements

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

(dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY	SEPTEMBER 25, 1998	DECEMBER 26, 1997
<S>	<C>	<C>
LIABILITIES		
PAYABLES UNDER REPURCHASE AGREEMENTS AND SECURITIES LOANED TRANSACTIONS	$100,174	$ 79,167
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS	43,409	45,052
TRADING LIABILITIES, AT FAIR VALUE		
Contractual agreements	22,733	20,632
U.S. Government and agencies	10,572	18,186
Equities and convertible debentures	19,677	15,817
Non-U.S. governments and agencies	10,893	10,460
Corporate debt, preferred stock, and other	6,049	6,119
Total	69,924	71,214
OBLIGATION TO RETURN SECURITIES RECEIVED AS COLLATERAL	23,588	-
OTHER PAYABLES		
Customers	20,727	17,514
Brokers and dealers	5,772	4,224
Interest and other	18,785	22,784
Total	45,284	44,522
LIABILITIES OF INSURANCE SUBSIDIARIES	4,404	4,716

LONG-TERM BORROWINGS	55,064	43,143
TOTAL LIABILITIES	341,847	287,814
PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	1,777	627
STOCKHOLDERS' EQUITY		
PREFERRED STOCKHOLDERS' EQUITY	425	425
COMMON STOCKHOLDERS' EQUITY		
Shares exchangeable into common stock	71	66
Common stock, par value $1.33 1/3 per share; authorized: 1,000,000,000 shares; issued: 472,660,324 shares	630	630
Paid-in capital	1,405	1,001
Accumulated other comprehensive loss (net of tax)	(59)	(47)
Retained earnings	10,227	9,579
	12,274	11,229
Less: Treasury stock, at cost: 1998 - 119,242,755 shares; 1997 - 133,400,971 shares	2,190	2,677
Employee stock transactions	714	438
TOTAL COMMON STOCKHOLDERS' EQUITY	9,370	8,114
TOTAL STOCKHOLDERS' EQUITY	9,795	8,539
TOTAL LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY	$353,419	$296,980
BOOK VALUE PER COMMON SHARE	$ 26.16	$ 23.63

</TABLE>

See Notes to Consolidated Financial Statements

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

<TABLE>
<CAPTION>

	FOR THE NINE MONTHS ENDED	
(dollars in millions)	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997

<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 915	$ 1,466
Noncash items included in earnings:		
Depreciation and amortization	428	347
Policyholder reserves	171	180
Goodwill amortization	165	47
Other	403	936
(Increase) decrease in operating assets:		
Trading assets	(9,845)	(35,092)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations	(199)	(4,978)
Receivables under securities borrowed transactions	(7,637)	(11,397)
Customer receivables	(2,564)	(7,197)
Sales of trading investment securities	1,220	59
Purchases of trading investment securities	(964)	(22)
Other	(5,539)	(5,583)
Increase (decrease) in operating liabilities:		
Trading liabilities	(1,290)	20,063
Payables under securities loaned transactions	4,394	5,172
Customer payables	3,213	3,333
Liabilities of insurance subsidiaries	(485)	(372)
Other	2,947	5,939
	----------	----------
CASH USED FOR OPERATING ACTIVITIES	(14,667)	(27,099)
	----------	----------
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities	3,011	2,330
Sales of available-for-sale securities	2,227	1,447
Purchases of available-for-sale securities	(6,204)	(4,623)
Maturities of held-to-maturity securities	628	868
Purchases of held-to-maturity securities	(643)	(569)
Acquisitions, net of cash acquired	(5,227)	-
Property, leasehold improvements, and equipment	(888)	(624)
Other investments and other assets	(724)	(391)
	----------	----------
CASH USED FOR INVESTING ACTIVITIES	(7,820)	(1,562)
	----------	----------
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Repurchase agreements, net of resale agreements	15,603	2,031
Commercial paper and other short-term borrowings	(1,643)	14,072
Issuances and resales of long-term borrowings	22,611	19,768
Settlements and repurchases of long-term borrowings	(11,052)	(5,566)
Issuances of subsidiaries' preferred securities	1,150	300
Redemption of remarketed preferred stock	-	(194)
Common stock transactions	4	

		(358)
Dividends	(267)	(216)
CASH PROVIDED BY FINANCING ACTIVITIES	26,406	29,837
INCREASE IN CASH AND CASH EQUIVALENTS	3,919	1,176
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,046	3,395
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 8,965	$ 4,571
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Income taxes	$ 432	$ 621
Interest	13,642	10,708

</TABLE>

See Notes to Consolidated Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
SEPTEMBER 25, 1998
(dollars in millions, except per share amounts)

Note 1. Basis of Presentation

The Consolidated Financial Statements include the accounts of Merrill Lynch & Co., Inc. ("ML & Co.") and subsidiaries (collectively, "Merrill Lynch"). All material intercompany balances have been eliminated. The December 26, 1997 consolidated balance sheet was derived from the audited financial statements, as restated for a pooling-of-interests (see Note 2). The interim consolidated financial statements for the three- and nine-month periods are unaudited; however, in the opinion of Merrill Lynch management, all adjustments, consisting only of normal recurring accruals and a provision for costs related to staff reductions, necessary for a fair statement of the results of operations have been included.

These unaudited financial statements should be read in conjunction with the audited financial statements included in Merrill Lynch's Annual Report on Form 10-K for the year ended December 26, 1997. The nature of Merrill Lynch's business is such that the results of any interim period are not necessarily indicative of results for a full year. Prior period financial statements have been reclassified, where appropriate, to conform to the 1998 presentation.

Note 2. Midland Walwyn Merger

In August 1998, Merrill Lynch acquired the outstanding shares of Midland Walwyn Inc. ("Midland") in a share exchange. Each Midland shareholder received either 0.24 shares of ML & Co. common stock or 0.24 exchangeable shares of Merrill Lynch & Co., Canada Ltd. ("Exchangeable Shares") for every Midland share held (see Note 6). In the exchange, Merrill Lynch issued 4,177,064 shares of ML & Co. common stock and 4,831,224 Exchangeable Shares.

The merger has been accounted for as a pooling-of-interests, and accordingly, prior period financial statements and footnotes have been restated to reflect the results of operations, financial position, and cash flows as if Merrill Lynch and Midland had always been combined. The effect of combining Midland into the results of operations, financial position, and cash flows of Merrill Lynch was not material.

Note 3. New Accounting Pronouncements

Merrill Lynch adopted Statement of Financial Accounting Standards ("SFAS") No. 127, "Deferral of the Effective Date of Certain Provisions of FASB Statement No.

125", which requires balance sheet recognition of collateral related to certain secured financing transactions entered into after December 31, 1997. The adoption of such provisions creates the following additional captions on Merrill Lynch's balance sheet:

- Securities received as collateral, net of securities pledged as collateral;
- Securities pledged as collateral; and
- Obligation to return securities received as collateral.

The balances recognized in these captions primarily represent securities received as collateral in term resale and repurchase agreements for which the collateral provider does not have the explicit contractual right to substitute.

In March 1998, the AICPA issued Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". SOP 98-1 requires capitalization of certain internal use software costs. The SOP, which would have been effective for Merrill Lynch beginning in 1999, was early adopted by Merrill Lynch and was not material to the results of operations for the three- and nine-month periods ended September 25, 1998.

In April 1998, the AICPA also issued SOP 98-5, "Reporting on the Costs of Start-Up Activities", which requires that all start-up costs be expensed as incurred. Closed-end mutual fund distribution costs, previously deferred and amortized by Merrill Lynch over a four-year period, should be expensed under the SOP. Merrill Lynch is currently evaluating the effect of adopting SOP 98-5.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and for Hedging Activities", which requires all derivatives to be recorded on the balance sheet at fair value. SFAS No. 133 is effective for years beginning after June 15, 1999. The expected impact of adoption on Merrill Lynch's results of operations has not yet been determined.

Note 4. Short-Term Borrowings

Short-term borrowings at September 25, 1998 and December 26, 1997 are presented below:

	SEPTEMBER 25, 1998	DECEMBER 26, 1997
PAYABLES UNDER REPURCHASE AGREEMENTS AND SECURITIES LOANED TRANSACTIONS		
Repurchase agreements	$ 88,740	$72,127
Securities loaned transactions	11,434	7,040
Total	$100,174	$79,167
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS		
Commercial paper	$ 27,247	$30,379
Demand and time deposits	13,642	10,712
Bank loans and other	2,520	3,961
Total	$ 43,409	$45,052

Note 5. Preferred Securities Issued by Subsidiaries

In January and June 1998, Merrill Lynch Preferred Capital Trust III and IV (the "Trusts"), subsidiaries of ML & Co., issued $750 and $400 of Trust Originated Preferred Securities(Service Mark), respectively. The Trusts hold preferred securities of limited partnerships, which are also subsidiaries of ML & Co. The assets of the limited partnerships consist primarily of debt securities of ML & Co. and certain of its subsidiaries. ML & Co. has guaranteed, on a subordinated basis, certain payments by the Trusts and the limited partnerships.

Subsequent to quarter end, Merrill Lynch Preferred Capital Trust V issued $850 of Trust Originated Preferred Securities.

Note 6. Shares Exchangeable into Common Stock

In August 1998, Merrill Lynch & Co., Canada Ltd. issued 4,831,224 Exchangeable Shares in connection with Merrill Lynch's merger with Midland (see Note 2). Holders of Exchangeable Shares receive dividend, voting, and other rights equivalent to those of ML & Co. common stockholders. Exchangeable Shares are exchangeable at any time, at the option of the holder, on a one-for-one basis into ML & Co. common stock. Merrill Lynch may redeem all outstanding Exchangeable Shares for ML & Co. common stock after January 31, 2011, or earlier under certain circumstances.

Note 7. Common Stock

On April 14, 1998, stockholders approved an amendment of ML & Co.'s certificate of incorporation to increase the authorized number of shares of common stock from 500 million to 1 billion.

Note 8. Provision for Costs Related to Staff Reductions

Merrill Lynch recognized a $430 provision for costs related to staff reductions ($288 after-tax) during the 1998 third quarter. The provision covers primarily severance costs, but also includes costs to terminate long-term contracts and leases related to personnel reductions and resized businesses. The staff reduction program includes reductions in the workforce of approximately 3,400 personnel, or about 5% of the global workforce. Approximately 25% of these reductions are producers in certain debt markets and other Corporate and Institutional Client Group businesses. The remaining reductions are in direct business support staff. In addition, full-time equivalent consultants, mainly involved in technology projects, are being reduced by approximately 900.

Note 9. Interest Expense

Interest expense includes payments in lieu of dividends of $2.8 and $5.2 for the third quarters of 1998 and 1997, respectively. For the nine-month periods ended September 25, 1998 and September 26, 1997, payments in lieu of dividends were $15.6 and $13.4, respectively.

Note 10. Comprehensive Income

The components of comprehensive income (loss) are as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997
<S>	<C>	<C>	<C>	<C>
Net earnings (loss)	$(164)	$502	$915	$1,466
Other comprehensive loss, net of tax:				
Foreign currency translation adjustment	(8)	(44)	(3)	(52)
Net unrealized gains (losses) on investment securities available-for-sale	(9)	5	(9)	27
Total other comprehensive loss, net	(17)	(39)	(12)	(25)

Comprehensive income (loss)	$(181)	$463	$903	$1,441

</TABLE>

Note 11. Earnings Per Common Share

Information relating to earnings (loss) per common share computations follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997
<S>	<C>	<C>	<C>	<C>
Net earnings (loss)	$ (164)	$ 502	$ 915	$ 1,466
Preferred stock dividends	9	9	28	29
Net earnings (loss) applicable to common stockholders	$ (173)	$ 493	$ 887	$ 1,437
(shares in thousands)				
Weighted-average shares outstanding	357,620	339,799	354,134	339,214
Effect of dilutive instruments(1)(2):				
Employee stock options	29,546	30,575	30,853	29,167
FCCAAP shares	16,232	21,124	16,710	20,773
Restricted units	5,023	5,352	4,947	5,043
ESPP shares	32	26	52	53
Convertible debt	-	-	-	180
Dilutive potential common shares	50,833	57,077	52,562	55,216
Total weighted-average diluted shares	408,453 (3)	396,876	406,696	394,430
Basic earnings (loss) per share	$ (.49)	$ 1.45	$ 2.50	$ 4.24
Diluted earnings (loss) per share	(.49) (3)	1.24	2.18	3.64

</TABLE>

(1) At September 25, 1998, there were 19,497 instruments that were considered antidilutive and were not included in the above computations.

(2) See Note 9 in the Notes to Consolidated Financial Statements in the 1997

Annual Report for a description of these instruments.

(3) Since accounting principles require that a net loss not be diluted by potential common shares, diluted loss per share for the 1998 third quarter is calculated using weighted-average shares outstanding only.

Note 12. Derivatives and Other Commitments

Merrill Lynch enters into various derivative contracts to meet clients' needs and to manage its own market risks. Derivative contracts often involve future commitments to exchange interest payment streams or currencies (such as interest rate and currency swaps or foreign exchange forwards) or to purchase or sell other financial instruments at specified terms on a specified date. Options, for example, can be purchased or written on a wide range of financial instruments such as securities, currencies, futures, and various market indices.

The notional or contractual amounts of derivatives provide only a measure of involvement in these types of transactions and represent neither the amounts subject to the various types of market risk nor the future cash requirements under these instruments. The notional or contractual amounts of derivatives used for trading purposes by type of risk follow:

(in billions)	INTEREST RATE RISK (1)(2)	CURRENCY RISK (3)	EQUITY PRICE RISK	COMMODITY PRICE RISK
SEPTEMBER 25, 1998				
Swap agreements	$1,823	$172	$18	$ 5
Forward contracts	91	246	-	5
Futures contracts	256	5	7	3
Options purchased	223	119	76	3
Options written	178	122	65	4
DECEMBER 26, 1997				
Swap agreements	$1,482	$159	$17	$ 2
Forward contracts	59	196	1	15
Futures contracts	202	1	15	2
Options purchased	99	71	60	3
Options written	133	73	44	3

(1) Certain derivatives subject to interest rate risk are also exposed to the credit spread or default risk of the underlying financial instrument.

(2) Forward contracts subject to interest rate risk principally represent "To Be Announced" mortgage pools that bear interest rate as well as principal prepayment risk.

(3) Included in the currency risk category are certain contracts that are also subject to interest rate risk.

The notional or contractual amounts of derivatives used to hedge exposure related to borrowings or other non-trading activities follow:

(in billions)	SEPTEMBER 25, 1998	DECEMBER 26, 1997
Interest rate derivatives(1)	$66	$53
Currency derivatives(1)	23	10
Equity derivatives	4	3

(1) Includes swap contracts totaling $2 billion in notional amount that contain embedded options hedging callable debt at both dates.

Most of these derivatives are entered into with Merrill Lynch's derivative dealer subsidiaries, which intermediate interest rate, currency, and equity risks with third parties in the normal course of their trading activities.

In the normal course of business, Merrill Lynch enters into underwriting commitments, when-issued transactions, and commitments to extend credit. Settlement of these commitments as of September 25, 1998 would not have a material effect on the consolidated financial condition of Merrill Lynch.

Note 13. Regulatory Requirements

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer and a subsidiary of ML & Co., is subject to the net capital requirements of Rule 15c3-1 of the Securities Exchange Act of 1934. Under the alternative method permitted by this rule, the minimum required net capital, as defined, shall not be less than 2% of aggregate debit items arising from customer transactions. At September 25, 1998, MLPF&S's regulatory net capital of $3,263 was 14% of aggregate debit items, and its regulatory net capital in excess of the minimum required was $2,796.

Merrill Lynch Government Securities Inc. ("MLGSI"), a primary dealer in U.S. Government securities and a subsidiary of ML & Co., is subject to the capital adequacy requirements of the Government Securities Act of 1986. This rule requires dealers to maintain liquid capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At September 25, 1998, MLGSI's liquid capital of $1,484 was 217% of its total market and credit risk, and liquid capital in excess of the minimum required was $661.

Merrill Lynch International ("MLI"), a registered U.K. broker-dealer and a subsidiary of Merrill Lynch, is subject to the capital requirements of the Securities and Futures Authority ("SFA"). Financial resources, as defined, must exceed the total financial resources requirement of the SFA. At September 25, 1998, MLI's financial resources were $3,529 and exceeded the minimum requirement by $904.

Note 14. Litigation Matters

An action was brought in the United States District Court for the Central District of California by Orange County, California, which filed a bankruptcy petition in the United States Bankruptcy Court for the Central District of California on December 6, 1994, against ML & Co. and certain of its subsidiaries in connection with Merrill Lynch's business activities with the Orange County Treasurer-Tax Collector. In June 1998, an agreement to settle this action was reached, which had no impact on the 1998 nine-month results of operations. Execution of the terms of the settlement agreement, including dismissal of the action, is conditioned upon court approval of an order barring certain claims for contribution and indemnity. See Item 1, "Legal Proceedings," in Part II of ML & Co.'s Quarterly Report on Form 10-Q for the quarter ended June 26, 1998.

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of

Merrill Lynch & Co., Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries ("Merrill Lynch") as of September 25, 1998, and the related condensed consolidated statements of earnings for the three- and nine-month periods ended September 25, 1998 and September 26, 1997, and condensed consolidated statements of cash flows for the nine-month periods ended September 25, 1998 and September 26, 1997. These financial statements are the responsibility of the management of Merrill Lynch. The accompanying condensed consolidated financial statements give retroactive effect to the 1998 merger of Merrill Lynch and Midland Walwyn Inc., which has been accounted for as a pooling-of-interests, as described in Note 2 to the condensed consolidated financial statements.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Merrill Lynch as of December 26, 1997, and the related consolidated statements of earnings, changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 23, 1998, we expressed an unqualified opinion on those consolidated financial statements. We also have previously audited the consolidated financial statements of Midland Walwyn Inc. for the year ended December 31, 1997, and in our report dated February 17, 1998 we expressed an unqualified opinion on those consolidated financial statements (not presented herein). We also audited the adjustments to the condensed statements that were applied to restate the December 26, 1997 consolidated balance sheet of Merrill Lynch (not presented herein). In our opinion, such adjustments are appropriate and have been properly applied and the information set forth in the accompanying condensed consolidated balance sheet as of December 26, 1997 is fairly stated, in all material respects, in relation to the restated consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

New York, New York
November 9, 1998

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

- --

Merrill Lynch & Co., Inc. ("ML & Co." and, together with its subsidiaries and affiliates, "Merrill Lynch") is a holding company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, and related services worldwide. Merrill Lynch conducts its businesses in global financial markets that are influenced by numerous unpredictable factors including economic conditions, monetary policies, the liquidity of global markets, international and regional political events, regulatory developments, the competitive environment, and investor sentiment. These conditions or events can significantly affect the volatility of financial markets. While greater volatility increases risk, it may also increase order flow in businesses such as trading and brokerage. Revenues and net earnings may vary significantly from period to period due to these unpredictable factors and the resulting market volatility.

In addition to providing historical information, Merrill Lynch may make or publish forward-looking statements about management expectations, strategic objectives, business prospects, anticipated financial performance, and other similar matters. A variety of factors, many of which are beyond its control, affect the operations, performance, business strategy, and results of Merrill Lynch and could cause actual results and experience to differ materially from the expectations expressed in these statements. These factors include, but are not limited to, the factors listed in the previous paragraph hereof, actions and initiatives taken by both current and potential competitors, the impact of current, pending, and future legislation and regulation both in the United States and throughout the world, and the other risks and uncertainties detailed in the following sections. MERRILL LYNCH UNDERTAKES NO RESPONSIBILITY TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS.

- --
Business Environment
- --

Global financial markets experienced significant turmoil during the 1998 third quarter, particularly in August and September, after mixed performances during the first six months of the year. The collapse of the Russian economy, combined with currency controls in Malaysia and delays in International Monetary Fund support for Brazil, led to a "flight to quality" by investors. This credit quality movement resulted in a significant increase in credit risk premiums, a general absence of liquidity in emerging and other debt markets, and defaults by certain highly leveraged counterparties, including hedge funds. These adverse conditions significantly affected global debt markets, which suffered declines during the 1998 third quarter and into the 1998 fourth quarter.

Credit spreads, which represent the risk premiums paid by issuers based on credit rating or perception, widened significantly during the 1998 third quarter relative to the corresponding 1997 period. The unprecedented movement in credit spreads during the 1998 third quarter led to large valuation losses on debt instruments in many global markets. These valuation losses were not offset by the typical hedge for these instruments, U.S. Treasury securities, because the market volatility reduced the effectiveness of these hedges.

Long-term U.S. interest rates, as evidenced by the yield on 30-year U.S. Treasury bond, decreased during the 1998 third quarter to 4.96%, marking the first time since 1967 that this rate fell below 5%. This decline resulted from continued low inflation and the flight to quality, as well as low levels of unemployment. Similar to long-term U.S. interest rates, European and Japanese interest rates declined during the 1998 third quarter and were lower relative to the 1997 third quarter.

During the 1998 third quarter, U.S. equity markets suffered their worst price declines since 1990, primarily due to declining corporate earnings in certain sectors and global financial unrest. These events precipitated a Dow Jones Industrial Average market correction of 6.4%, or 513 points, on August 31, the second largest point loss on record. Volatile market conditions throughout the 1998 third quarter also led to record net outflows from mutual funds in August, the first month in almost a decade when withdrawals exceeded purchases. As a result of reduced investor confidence and market volatility, the Dow Jones Industrial Average and Nasdaq Composite fell 12.4% and 10.6%, respectively, from the end of the 1998 second quarter. Despite the U.S. market volatility, commissions revenues industrywide were strong during the 1998 third quarter, reflecting near-record volumes.

Security prices in many global equity markets declined during the 1998 third quarter, with the Dow Jones World Index (Registered Trademark) falling 12.6% from the end of the 1998 second quarter and 4.3% from the corresponding 1997 period. Slower global earnings growth, combined with the collapse of the Russian economy, led to continued declines in most non-U.S. markets, particularly Russia, Asia, and Latin America. European markets, which had strong performances throughout the first six months of 1998, also declined as a result of these events. Despite third quarter declines, most European markets were up significantly from the end of the 1997 third quarter.

Global underwriting volume decreased significantly during the 1998 third quarter from first half 1998 levels as volatile market conditions led to a significant decline in bond and equity issuances during the latter half of August and throughout September. Despite this slowdown, underwriting fees for the 1998 third quarter were higher compared with the corresponding 1997 period, due to strong debt and equity issuances in July.

Strategic services activities declined during the 1998 third quarter, particularly in late August and throughout September, as deteriorating market conditions made financing mergers and acquisitions more difficult. Industrywide disclosed fees for mergers and acquisitions were down 50% from the 1998 second quarter; 1998 third quarter industrywide revenues, however, surpassed the amount recorded in the comparable 1997 period due to an increase in the number of completed deals.

Subsequent to quarter end, a group of 14 financial institutions, including Merrill Lynch, recapitalized Long-Term Capital Portfolio, L.P., a highly leveraged hedge fund. The aggregate recapitalization of $3.6 billion, of which Merrill Lynch contributed $300 million, was undertaken to avoid immediate liquidation of the hedge fund's positions in an illiquid market and the likely resulting market disruptions.

Due to the volatility of the financial services industry, Merrill Lynch continually evaluates its businesses across varying market conditions for profitability and alignment with long-term strategic objectives. Merrill Lynch seeks to mitigate the effects of market downturns by expanding its global presence, developing and maintaining long-term client relationships, monitoring costs and risks, and continuing to diversify revenue sources.

The financial services industry continues to be affected by the intensifying competitive environment, as demonstrated by consolidation through mergers and acquisitions, as well as diminishing margins in many mature products and services. In addition, the recent relaxation of banks' barriers to entry into the securities industry and expansion by insurance companies into traditional brokerage products, coupled with the potential repeal of the laws separating commercial and investment banking activities in the future, have increased the number of companies competing for a similar customer base.

Results of Operations

(dollars in millions, except per share amounts)	FOR THE THREE MONTHS ENDED SEPTEMBER 25, 1998	JUNE 27, 1998(1)	SEPTEMBER 26, 1997(1)	INCREASE (DECREASE) 3Q98 VERSUS 2Q98	3Q97
Total revenues	$8,712	$9,581	$8,338	(9.1)%	4.5%
Net revenues	3,849	4,855	4,142	(20.7)	(7.1)
Pre-tax earnings (loss)	(206)	918	789	(122.5)	(126.2)
Net earnings (loss)	(164)	551	502	(129.8)	(132.6)
Net earnings (loss) applicable to common stockholders	(173)	541	493	(132.1)	(135.2)
Earnings (loss) per common share					
Basic	(.49)	1.52	1.45	(132.2)	(133.8)
Diluted	(.49)	1.32	1.24	(137.1)	(139.5)

(1) Amounts have been restated to reflect the Midland Walwyn merger as required under pooling-of-interests accounting.

The following discussion emphasizes the comparison between the third quarters of 1998 and 1997 and presents additional information comparing the nine-month periods where appropriate.

Merrill Lynch reported a 1998 third quarter net loss of $164 million, which included an after-tax provision for costs related to staff reductions of $288 million ($430 million pre-tax). Excluding the staff reduction provision, 1998 third quarter net earnings were $124 million. These results compare with net earnings of $502 million in the 1997 third quarter and $551 million in the 1998 second quarter.

Excluding the staff reduction provision, earnings per common share were $.32 basic and $.28 diluted. Return on average common equity excluding the provision was 4.8%. Earnings excluding the effects of goodwill amortization and the after-tax staff reduction provision were $179 million for the 1998 third quarter, or $.42 per diluted share.

The staff reduction program is designed to reduce expenses and selectively resize certain Merrill Lynch businesses; management anticipates annual savings of $500 million from the annualized level of fixed and semi-fixed costs experienced during the 1998 third quarter. The program includes reductions in the workforce through severance and attrition of approximately 3,400 personnel, or about 5% of Merrill Lynch's global workforce of approximately 65,000. Approximately 25% of these reductions are producers in certain debt markets and other Corporate and Institutional Client Group businesses. The remaining reductions are in direct business support staff. In addition, full-time equivalent consultants, mainly involved in technology projects, are being reduced by approximately 900. The staff reduction provision covers primarily severance costs, as well as costs to terminate long-term contracts and leases related to personnel reductions and resized businesses. Despite these near-term staff reductions, Merrill Lynch will continue to hire Financial Consultants and other producers in certain business lines.

For the 1998 nine months, net earnings were $915 million, compared with $1.5 billion for the corresponding 1997 period. Nine-month earnings before the staff reduction provision were $1.2 billion, down 18% from the 1997 nine months.

Year-to-date earnings per common share including and excluding the staff reduction provision were $2.18 and $2.89, respectively, down from $3.64 in the comparable 1997 period.

Despite difficult market conditions during the 1998 third quarter, Merrill Lynch continued to execute its global strategy with the following initiatives:

- the merger with Midland Walwyn Inc., Canada's largest independent full-service securities firm;
- the opening of 33 retail offices in Japan;
- the purchase of a 51% interest in Phatra Securities Company Limited, Thailand's leading investment bank; and
- the announcement of an agreement to purchase Howard Johnson & Co., a benefits consulting and actuarial firm, which was consummated subsequent to quarter end.

These measures continue to enhance Merrill Lynch's global presence, and, combined with other acquisitions including Mercury Asset Management ("Mercury"), Smith New Court PLC, and McIntosh Securities Limited, are expected to further Merrill Lynch's key strategic priorities.

Non-U.S. net revenues were approximately 21% of Merrill Lynch's total net revenues in the 1998 third quarter, compared with approximately 27% in the 1997 third quarter, reflecting the volatility that has adversely affected most non-U.S. markets. The percentage of net revenues for the 1998 third quarter and nine months by strategic priority was as follows:

PERCENTAGE OF NET REVENUES BY STRATEGIC PRIORITY

[PIE CHARTS]

<TABLE>

<S>	<C> 1998 Third Quarter	<C> 1998 Nine Months
U.S. Private Client	50%	43%
Corporate and Institutional Client	28%	38%
Asset Management	13%	11%
International Private Client	9%	8%

</TABLE>

Commissions revenues are summarized as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED			NINE MONTHS ENDED		
(in millions)	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	% INC.	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	% INC.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Listed and over-the-counter	$ 818	$ 730	12%	$2,386	$2,044	17%
Mutual funds	445	430	4	1,442	1,170	23
Other	186	168	11	547	477	15
Total	$1,449	$1,328	9	$4,375	$3,691	19

</TABLE>

Commissions revenues remained at near-record levels as a result of record global listed securities volume and increased mutual fund activity. Listed securities revenues benefited from increased trading volumes on most European and U.S. stock exchanges.

Significant components of interest and dividend revenues and interest expense follow:

<TABLE>
<CAPTION>

(in millions)	THREE MONTHS ENDED SEPTEMBER 25, 1998	THREE MONTHS ENDED SEPTEMBER 26, 1997	NINE MONTHS ENDED SEPTEMBER 25, 1998	NINE MONTHS ENDED SEPTEMBER 26, 1997
<S>	<C>	<C>	<C>	<C>
INTEREST AND DIVIDEND REVENUES				
Trading assets	$1,392	$1,352	$ 4,126	$ 3,925
Resale agreements	1,550	1,191	4,298	3,277
Securities borrowed	786	853	2,643	2,683
Margin lending	712	601	2,105	1,569
Other	639	450	1,731	1,280
Total	5,079	4,447	14,903	12,734
INTEREST EXPENSE				
Repurchase agreements	1,887	1,409	5,037	3,774
Borrowings	1,458	1,264	4,250	3,331
Trading liabilities	673	761	2,160	2,271
Securities loaned	389	408	1,428	1,616
Other	456	354	1,340	950
Total	4,863	4,196	14,215	11,942
NET INTEREST AND DIVIDEND PROFIT	$ 216	$ 251	$ 688	$ 792

</TABLE>

Interest and dividend revenues and expenses are a function of the level and mix of interest-earning assets and interest-bearing liabilities and the prevailing level, term structure, and volatility of interest rates. Net interest and dividend profit decreased 14% from the 1997 third quarter, primarily due to additional financing costs related to the Mercury acquisition.

Merrill Lynch hedges certain of its long- and short-term borrowings, primarily with interest rate and currency swaps, to better match the interest rate and currency characteristics of the borrowings to the assets funded by borrowing proceeds. The effect of this hedging activity, which is included in "Borrowings" above, increased interest expense by $52 million and $14 million for the 1998 and 1997 third quarters and by $120 million and $15 million for the 1998 and 1997 nine months, respectively.

Principal transactions revenues were $279 million in the 1998 third quarter, down 71% from the 1997 corresponding period, reflecting significant economic turmoil in global debt markets. Losses in most fixed-income and credit-sensitive products and lower revenues in interest rate and currency swaps and foreign exchange contracts were partially offset by higher revenues from non-U.S. equities.

The following table provides information on aggregate trading revenues, including related net interest. Interest revenue and expense amounts are based on financial reporting categories and management's assessment of the cost to finance trading positions, after consideration of the underlying liquidity of these positions.

<TABLE>
<CAPTION>

(in millions)	PRINCIPAL TRANSACTIONS REVENUES 1998	PRINCIPAL TRANSACTIONS REVENUES 1997	NET INTEREST REVENUES (EXPENSES) 1998	NET INTEREST REVENUES (EXPENSES) 1997	NET TRADING REVENUES 1998	NET TRADING REVENUES 1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>
THIRD QUARTER						

Taxable fixed-income	$ (368)	$ 216	$ 14	$ 38	$ (354)	$ 254
Equities and equity derivatives	341	327	(27)	(26)	314	301
Interest rate and currency swaps	179	297	(56)	(52)	123	245
Municipals	83	73	3	3	86	76
Foreign exchange and commodities	44	51	2	2	46	53
Total	$ 279	$ 964	$ (64)	$ (35)	$ 215	$ 929
NINE MONTHS						
Taxable fixed-income	$ (48)	$ 876	$ 155	$ 203	$ 107	$1,079
Equities and equity derivatives	1,233	1,079	(81)	(73)	1,152	1,006
Interest rate and currency swaps	889	894	(179)	(153)	710	741
Municipals	224	239	15	11	239	250
Foreign exchange and commodities	141	123	47	7	188	130
Total	$2,439	$3,211	$ (43)	$ (5)	$2,396	$3,206

</TABLE>

Trading and related hedging and financing activities affect the recognition of both principal transactions revenues and net interest and dividend profit. In assessing the profitability of its trading activities, Merrill Lynch aggregates net interest and principal transactions revenues. For financial reporting purposes, however, realized and unrealized gains and losses on trading positions, including hedges, are recorded in principal transactions revenues. The net interest carry (i.e., the spread representing interest earned less financing costs) for trading positions, including hedges, is recorded either as principal transactions revenues or net interest profit, depending on the nature of the specific instruments. Changes in the composition of trading inventories and hedge positions can cause the recognition of revenues within these categories to fluctuate.

Taxable fixed-income trading losses were $368 million during the 1998 third quarter, down 270% from the 1997 third quarter revenues, primarily due to lower revenues from corporate and emerging market bonds and non-U.S. governments and agencies securities. Many of these instruments were significantly impacted by an unprecedented widening of credit spreads and a virtual absence of liquidity. Revenues from these instruments were also affected by the reduced effectiveness of U.S. Treasury hedges caused by market volatility. Slightly offsetting these decreases were positive results in U.S. Government and agencies revenues as investors sought higher quality debt instruments.

Equities and equity derivatives trading revenues were $341 million, up 4% from the 1997 third quarter due to sharply higher revenues from non-U.S. equities, particularly in Europe. Revenues from U.S. equities declined modestly from the 1997 third quarter, but were up from the 1998 second quarter.

Interest rate and currency swap trading revenues declined 40% to $179 million as a result of credit losses, including counterparty default, on emerging market and credit derivatives. Municipal securities trading revenues were up 14% to $83 million due to higher customer demand. Foreign exchange and commodities trading revenues declined 15% to $44 million, primarily due to fluctuations in the U.S. dollar versus the Malaysian ringgit, Indonesian rupiah, and Thai baht.

Investment banking revenues were down 2% from the 1997 third quarter to $711 million in the 1998 third quarter as a decline in underwriting was substantially offset by an increase in strategic services fees. A summary of Merrill Lynch's investment banking revenues follows:

<TABLE>

<CAPTION>

(in millions)	THREE MONTHS ENDED SEPTEMBER 25, 1998	THREE MONTHS ENDED SEPTEMBER 26, 1997	% INC. (DEC.)	NINE MONTHS ENDED SEPTEMBER 25, 1998	NINE MONTHS ENDED SEPTEMBER 26, 1997	% INC.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Underwriting	$384	$473	(19)%	$1,648	$1,431	15%
Strategic services	327	251	31	792	584	36
Total	$711	$724	(2)	$2,440	$2,015	21

</TABLE>

Underwriting revenues in the 1998 third quarter were $384 million, down 19% from 1997 third quarter levels. An industrywide slowdown in debt and equity issuances resulting from global market volatility led to lower revenues, particularly from high-yield and equity products. Merrill Lynch maintained its position as the leading underwriter of total U.S. and global debt and equity offerings for the 1998 third quarter. Merrill Lynch's underwriting market share information based on transaction value follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 25, 1998 MARKET SHARE	THREE MONTHS ENDED SEPTEMBER 25, 1998 RANK	THREE MONTHS ENDED SEPTEMBER 26, 1997 MARKET SHARE	THREE MONTHS ENDED SEPTEMBER 26, 1997 RANK
<S>	<C>	<C>	<C>	<C>
U.S. PROCEEDS				
Debt	14.8%	1	16.0%	1
Equity	12.3	2	12.8	2
Debt and Equity	15.2	1	15.8	1
GLOBAL PROCEEDS				
Debt	13.4	1	13.4	1
Equity	9.5	4	10.5	3
Debt and Equity	13.6	1	13.3	1

</TABLE>

Source: Securities Data Co. ("SDC") statistics based on full credit to book manager.

For the 1998 nine months, Merrill Lynch ranked No. 1 in both U.S. and global debt and equity underwritings.

Strategic services fees advanced to a record $327 million in the 1998 third quarter, benefiting from an increase in completed merger and acquisition transactions compared to the corresponding 1997 period. Merrill Lynch continued to lead the industry in U.S. completed mergers and acquisitions for both the 1998 third quarter and year-to-date periods.

Merrill Lynch's merger and acquisition market share information for the 1998 and 1997 third quarters based on transaction value follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 25, 1998 MARKET SHARE	THREE MONTHS ENDED SEPTEMBER 25, 1998 RANK	THREE MONTHS ENDED SEPTEMBER 26, 1997 MARKET SHARE	THREE MONTHS ENDED SEPTEMBER 26, 1997 RANK

<S>	<C>	<C>	<C>	<C>
COMPLETED TRANSACTIONS				
U.S.	41.5%	1	38.8%	1
Global	29.9	2	25.6	1
ANNOUNCED TRANSACTIONS				
U.S.	47.1	2	24.1	2
Global	33.5	2	14.5	4

</TABLE>

Source: SDC statistics based on full credit to both target and acquiring companies' advisors.

Merrill Lynch's asset management and portfolio service fees are summarized below:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED			NINE MONTHS ENDED		
(in millions)	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	% INC. (DEC.)	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	% INC.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Asset management fees(1)	$501	$319	57%	$1,553	$ 903	72%
Portfolio service fees	310	219	41	850	586	45
Account fees	110	104	5	344	322	7
Other fees	74	89	(17)	266	252	6
Total	$995	$731	36	$3,013	$2,063	46

</TABLE>

(1) Approximately three-quarters of the increases in asset management fees is attributable to the Mercury acquisition.

Total assets in client accounts or under management increased $275 billion from the end of the 1997 third quarter to $1.3 trillion at the end of the 1998 third quarter. The changes in these balances are described as follows:

<TABLE>
<CAPTION>

		NET CHANGES DUE TO		
(in billions)	SEPTEMBER 26, 1997	NEW MONEY(1)	ASSET DEPRECIATION	SEPTEMBER 25, 1998
<S>	<C>	<C>	<C>	<C>
Total assets in client accounts or under management	$1,044	$ 276	$ (1)	$1,319
Total assets under management	274	205	(12)	467

</TABLE>

(1) Includes $167 billion of assets related to the fourth quarter 1997 acquisition of Mercury.

Asset management fees significantly increased from the 1997 third quarter due to growth in assets under management, primarily from the acquisition of Mercury. Both assets under management and total assets in client accounts or under management increased sharply from the end of the 1997 third quarter, but were down from the end of the 1998 second quarter due to declines in net asset values caused by global market downturns. Portfolio service fees were considerably higher than the corresponding 1997 period due to increased revenues from various fee-based products including Merrill Lynch

Consults(Registered Trademark), Financial Advantage(Service Mark), Mutual Fund Advisor(Service Mark), and Asset Power(Registered Trademark). Account fees rose due to an increase in the number of customer accounts. Other fee-based revenues were down primarily due to lower revenues from mortgage-related activities, attributable in part to the sale of a controlling interest in a real estate services subsidiary (see discussion in the next paragraph).

Other revenues were up 38% from the 1997 third quarter to $199 million in the 1998 third quarter, attributable in part to a gain on the sale of a majority interest in Lender's Service, Inc., a residential real estate services provider.

Merrill Lynch's non-interest expenses are summarized below. Certain of these expenses have been reclassified from prior periods to conform to the current period presentation.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
(in millions)	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997	SEPTEMBER 25, 1998	SEPTEMBER 26, 1997
<S>	<C>	<C>	<C>	<C>
Compensation and benefits	$2,010	$2,101	$ 6,956	$6,281
Non-interest expenses, excluding compensation and benefits:				
Communications and technology	487	328	1,311	920
Occupancy and related depreciation	227	188	645	548
Professional fees	165	131	459	398
Advertising and market development	203	148	580	456
Brokerage, clearing, and exchange fees	186	143	509	383
Goodwill amortization	55	16	165	47
Provision for costs related to staff reductions	430	-	430	-
Other	292	298	809	837
Total non-interest expenses, excluding compensation and benefits	2,045	1,252	4,908	3,589
Total non-interest expenses	$4,055	$3,353	$11,864	$9,870
Compensation and benefits as a percentage of net revenues	52.2%	50.7%	51.7%	51.3%
Compensation and benefits as a percentage of pre-tax earnings before compensation and benefits	90.0%(1)	72.7%	77.4%(1)	72.6%

</TABLE>

(1) Excludes provision for costs related to staff reductions.

Non-interest expenses increased 21% from the 1997 third quarter to $4.1 billion. Excluding the staff reduction provision, $78 million of costs related to the launch of Merrill Lynch Japan Securities Co. ("MLJS"), and goodwill amortization, non-interest expenses rose 5%. Non-interest expenses excluding the staff reduction provision decreased 8% from the 1998 second quarter.

Compensation and benefits, the largest expense category, was down 4% from the 1997 third quarter to $2.0 billion. Lower incentive compensation from reduced profitability was partially offset by higher Financial Consultant productivity and increased headcount attributable in part to recent acquisitions. Compensation and benefits expense was 52.2% of net revenues in the 1998 third quarter, compared with 50.7% in the corresponding 1997 period. Headcount increased by approximately 7,500 employees since the end of the 1997 third quarter, resulting in 64,800 employees at the end of the 1998 third quarter. This increase, which does not reflect staff reductions associated with business resizing, is attributable to Merrill Lynch's recent acquisitions and strategic business expansion.

Communications and technology expense was $487 million, up 49% from the 1997 third quarter because of increased systems consulting costs related to the Year 2000 and European Monetary Union initiatives, and higher technology-related depreciation. Occupancy and related depreciation expense rose 21% to $227 million as a result of global expansion, including a combined total of $23 million associated with MLJS and Mercury.

Professional fees increased 25% to $165 million due in part to higher costs for various strategic market studies and one-time integration costs for Midland Walwyn. Advertising and market development expense was $203 million, up 37% from the 1997 third quarter as a result of higher sales promotion and recognition program costs and increased travel. Brokerage, clearing, and exchange fees rose 31% to $186 million, primarily due to $28 million in custody and clearing costs for Mercury. Goodwill amortization, a non-cash expense, increased from $16 million in the 1997 third quarter to $55 million in the 1998 third quarter as a result of the Mercury acquisition. Other expenses were $292 million in the 1998 third quarter, down 2% from the comparable 1997 period.

The income tax benefit was $75 million for the 1998 third quarter as compared with expense of $275 million in the year-ago period. The effective tax rate was 36.4% in the 1998 third quarter compared with 34.8% in the corresponding 1997 period.

Subsequent to quarter end, Merrill Lynch announced that it entered into an agreement to sell its New York Stock Exchange specialist business. The sale, subject to various regulatory approvals and other conditions, is expected to be completed in the 1998 fourth quarter.

Liquidity and Liability Management

The primary objective of Merrill Lynch's funding policies is to assure liquidity at all times. Merrill Lynch's liquidity management strategy has three key objectives:

1. Maintain alternative funding sources such that all debt obligations maturing within one year can be repaid when due without issuing new unsecured debt or liquidating any business assets;
2. Concentrate unsecured, general purpose borrowings at the ML & Co. level; and
3. Expand and diversify Merrill Lynch's funding programs.

Merrill Lynch's primary alternative funding sources to unsecured borrowings are repurchase agreements and secured bank loans, which require pledging unhypothecated marketable securities. Other funding alternatives include liquidating cash equivalents; securitizing loan assets; and drawing on committed, unsecured bank credit facilities that, at September 25, 1998, totaled $6.9 billion and were not drawn upon. To finance the purchase of Mercury, Merrill Lynch obtained additional short-term bank credit facilities totaling 2.0 billion British pounds (approximately $3.3 billion), which were drawn upon and repaid in full during the 1998 first half from the proceeds of long-term financings.

Merrill Lynch regularly reviews the level and mix of its assets and liabilities to assess its ability to conduct core business activities without issuing new unsecured debt or drawing upon its bank credit facilities. The mix of assets and liabilities provides flexibility in managing liquidity since a significant portion of assets turns over frequently and is typically match-funded with liabilities having similar maturities and cash flow characteristics. At September 25, 1998, a significant portion of Merrill Lynch's assets were considered readily marketable by management.

Merrill Lynch concentrates its unsecured, general purpose borrowings at the ML & Co. level, except where tax regulations, time zone differences, or other business considerations make this impractical. The benefits of this strategy are enhanced control, reduced financing costs, wider name recognition by creditors, and enhanced flexibility to meet variable funding requirements of subsidiaries.

Merrill Lynch also strives to expand and diversify its funding programs and investor and creditor base. Merrill Lynch benefits by distributing most of its debt through its own sales force to a large, diversified customer base. Additionally, Merrill Lynch maintains strict concentration standards for short-term borrowings, including limits for any single investor.

Commercial paper is the major source of short-term general purpose funding. Commercial paper outstanding totaled $27.2 billion at September 25, 1998 and $30.4 billion at December 26, 1997, which was equal to 8% and 10% of total assets at third quarter-end 1998 and year-end 1997, respectively. Commercial paper outstanding at September 25, 1998 decreased $8 billion from the end of the 1998 second quarter as a result of the increased use of repurchase agreements, securities loaned transactions, and long-term borrowings, combined with reduced asset levels.

Outstanding long-term debt at September 25, 1998 increased to $55.1 billion from $43.1 billion at December 26, 1997. Major components of the change in long-term debt for the 1998 nine months follow:

(in millions)	
Balance at December 26, 1997	$ 43,143
Issuances and resales	22,611
Settlements and repurchases	(11,052)
Other	362
Balance at September 25, 1998 (1)	$ 55,064

(1) At the end of the 1998 third quarter, $41.8 billion of long-term debt had maturity dates that extend beyond one year.

Approximately $83.7 billion of indebtedness at September 25, 1998 is considered senior indebtedness as defined under various indentures.

At September 25, 1998, Merrill Lynch's senior long-term debt, preferred stock, and Trust Originated Preferred Securities (Service Mark) ("TOPrS" (Registered Trademark)) were rated by recognized credit rating agencies as follows:

RATING AGENCY	SENIOR DEBT RATINGS	PREFERRED STOCK AND TOPRS RATINGS
Duff & Phelps Credit Rating Co.	AA	AA-
Fitch IBCA, Inc.	AA	AA-
Japan Rating & Investment Information, Inc.	AA	Not Rated
Moody's Investors Service, Inc.	Aa3	aa3
Standard & Poor's	AA-	A
Thomson BankWatch, Inc.	AA+	Not Rated

As part of an overall liquidity management strategy, Merrill Lynch's insurance subsidiaries regularly review the funding requirements of their contractual obligations for in-force, fixed-rate life insurance and annuity contracts as well as expected future acquisition and maintenance expenses for all contracts. The insurance subsidiaries market primarily variable life insurance and variable annuity products. These products are not subject to the interest rate, asset/liability matching, or credit risks attributable to fixed-rate products, thereby reducing the insurance subsidiaries' risk profile and liquidity demands. At September 25, 1998, approximately 81% of invested assets of insurance subsidiaries were considered readily marketable by management.

Capital Resources and Capital Adequacy

Among U.S. institutions engaged primarily in the global securities business, Merrill Lynch is one of the most highly capitalized, with $9.4 billion in common equity and $425 million in preferred stock at September 25, 1998. In January and June 1998, certain subsidiaries of ML & Co. issued $750 million and $400 million of perpetual TOPrS, respectively. These subsidiary-issued preferred securities, in addition to $627 million in outstanding preferred securities of other subsidiaries, further strengthen Merrill Lynch's equity capital base. Subsequent to the 1998 third quarter end, $850 million of perpetual TOPrS were issued by a subsidiary.

During the 1998 third quarter, Merrill Lynch acquired the outstanding shares of Midland Walwyn. A combination of ML & Co. common stock and exchangeable shares of a subsidiary was issued as consideration, resulting in a $210 million increase to common equity (see Notes 2 and 6 to the Consolidated Financial Statements - Unaudited for further information).

Merrill Lynch's leverage ratios were as follows:

<TABLE>
<CAPTION>

	LEVERAGE RATIO (1)	ADJUSTED LEVERAGE RATIO (2)
<S>	<C>	<C>
PERIOD-END		
September 25, 1998	30.5x	18.5x
December 26, 1997	32.4x	20.7x
AVERAGE (3)		
Nine months ended September 25, 1998	35.0x	20.0x
Year ended December 26, 1997	35.3x	21.3x

</TABLE>

(1) Total assets to total stockholders' equity and preferred securities issued by subsidiaries.
(2) Total assets less (a) securities received as collateral, net of securities pledged as collateral, (b) securities pledged as collateral, (c) receivables under (i) resale agreements and (ii) securities borrowed transactions, to total stockholders' equity and preferred securities issued by subsidiaries.
(3) Computed using month-end balances.

Overall capital needs are continually reviewed to ensure that Merrill Lynch's capital base can support the estimated risks of its businesses as well as the regulatory and legal capital requirements of its subsidiaries. Statistic-based product risk models are used to estimate potential losses arising from market and credit risks. These models incorporate changes in business risk into Merrill Lynch's equity requirements. Based upon these analyses and other criteria, management believes that Merrill Lynch's capital base of $11.6 billion is adequate.

There were no common stock repurchases during the 1998 three- and nine-month periods; Merrill Lynch repurchased 0.2 and 13.6 million shares of common stock during the corresponding 1997 periods. In July 1998, Merrill Lynch rescinded its share repurchase authority in order to facilitate pooling-of-interests accounting for the Midland Walwyn merger.

Merrill Lynch operates in many regulated businesses that require various minimum levels of capital (see Note 13 to the Consolidated Financial Statements - Unaudited). Merrill Lynch's broker-dealer, banking, insurance, and futures commission merchant activities are subject to regulatory requirements that may restrict the free flow of funds to affiliates. Regulatory approval is generally required for paying dividends in excess of certain established levels, making affiliated investments, and entering into management and service agreements with affiliated companies.

Capital Projects and Expenditures

Merrill Lynch continually prepares for the future by expanding its operations and investing in new technology to improve service to clients. To support business expansion, for example, Merrill Lynch is building a new European headquarters in London with expected costs of approximately $650 million; $125 million has been spent to date related primarily to land. Completion of this facility is expected to occur in 2001. During 1997, Merrill Lynch approved a plan to construct an office complex in central New Jersey to consolidate certain operations. Construction costs are estimated at approximately $325 million, and completion of this facility is anticipated in 2000.

Significant technology initiatives include Trusted Global Advisor (Service Mark) ("TGA" (Service Mark)) and Year 2000 and European Economic and Monetary Union systems compliance. The TGA system, a technology platform which is now available to virtually all Financial Consultants, was completed during the 1998 third quarter. In the future, new system applications and system upgrades will continue to be added to the platform as necessary.

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Year 2000 Compliance

As the millennium approaches, Merrill Lynch has undertaken initiatives to address the Year 2000 problem (the "Y2K problem"). The Y2K problem is the result of a widespread programming technique that causes computer systems to identify a date based on the last two numbers of a year, with the assumption that the first two numbers of the year are "19." As a result, the year 2000 would be stored as "00," causing computers to incorrectly interpret the year as 1900. Left uncorrected, the Y2K problem may cause information technology systems (e.g., computer databases) and non-information technology systems (e.g., elevators) to produce incorrect data or cease operating completely.

Merrill Lynch believes that it has identified and evaluated its internal Y2K problem and that the company is devoting sufficient resources to renovating technology systems that are not already Year 2000 compliant. Merrill Lynch expects the renovation phase (as discussed below) of its Year 2000 efforts to be substantially completed by January 31, 1999, thereby allowing the company to focus on additional testing efforts and integration of the Year 2000 programs of recent acquisitions during the remainder of the year. In order to focus attention on the Y2K problem, management has deferred certain other technology projects; however this deferral is not expected to have a material adverse effect on the company's business, rseults of operations, or financial condition.

The failure of Merrill Lynch's technology systems relating to a Y2K problem would likely have a material adverse effect on the company's business, results of operations, or financial condition. This effect could include disruption of normal business transactions, such as the settlement, execution, processing, and recording of trades in securities, commodities, currencies, and other assets. The Y2K problem could also increase Merrill Lynch's exposure to risk and its need for liquidity.

In 1995, Merrill Lynch established the Year 2000 Compliance Initiative, which is an enterprisewide effort to address the risks associated with the Y2K problem, both internal and external. The Year 2000 Compliance Initiative's efforts to address the risks associated with the Y2K problem have been organized into six segments or phases: planning, pre-renovation, renovation, production testing, certification, and integration testing.

The planning phase involved defining the scope of the Year 2000 Compliance Initiative, including its annual budget and strategy, and determining the level of expert knowledge available within Merrill Lynch regarding particular systems or applications. The pre-renovation phase involved developing a detailed enterprisewide inventory of applications and systems, identifying the scope of necessary renovations to each application or system, and establishing a conversion schedule. During the renovation phase, source codes are

actually converted, date fields are expanded or windowed (windowing is used on an exception basis only), test data is prepared, and each system or application is tested using a variety of Year 2000 scenarios. The production testing phase validates that a renovated system is functionally the same as the existing production version, that renovation has not introduced defects, and that expanded or windowed date fields continue to handle current dates properly. The certification phase validates that a system can run successfully in a Year 2000 environment. Finally, the integration testing phase, which will occur throughout 1999, validates that a system can successfully interface with both internal and external systems.

In 1996 and 1997, as part of the planning and pre-renovation phases, both plans and funding of plans for inventory, preparation, renovation, and testing of computer systems for the Y2K problem were approved. All plans for both mission-critical and non-mission-critical systems are tracked and monitored. The work associated with the Year 2000 Compliance Initiative has been accomplished by Merrill Lynch employees, with the assistance of consultants where necessary.

As part of the production testing and certification phases, Merrill Lynch has performed, and will continue to perform, both internal and external Year 2000 testing intended to address the risks from the Y2K problem. In July 1998, Merrill Lynch participated in an industrywide Year 2000 systems test sponsored by the Securities Industry Association ("SIA"), in which selected firms tested their computer systems in mock stock trades that simulated dates in December 1999 and January 2000. Merrill Lynch will participate in further industrywide testing sponsored by the SIA, currently scheduled for March and April 1999, which will involve an expanded number of firms, transactions, and conditions. Merrill Lynch also participated in a test sponsored by the Bank of England's Central Gilts Office.

Each business area within Merrill Lynch also continues to develop specific contingency plans, with the particular choice of contingency action dependent on the severity of the problem being addressed, the availability of alternative products, and the level of importance of the business activity supported by the problematic system. As part of the Year 2000 Compliance Initiative, Merrill Lynch has undertaken a business readiness/risk management effort in which each line of business will identify scenarios in order to develop plans to reduce risks associated with a Y2K problem.

Merrill Lynch continues to survey and communicate with parties with whom it has important relationships that may be associated with information technology Y2K problems, as well as parties with whom it has important relationships that may be associated with non-information technology Y2K problems, such as landlords. Management is unable, at this point, to ascertain whether all such third parties will successfully address the Y2K problem, particularly parties outside the U.S., where it is believed that remediation efforts relating to the Y2K problem may be less advanced than in the U.S. Merrill Lynch will continue to monitor third parties' Year 2000 readiness to determine whether additional or alternative measures are necessary. Such measures may include the selection of alternate third parties or other efforts designed to mitigate some of the effects of a third party's noncompliance. In light of the interdependency of the parties in or serving the financial markets, however, there can be no assurance that all Y2K problems will be identified and remediated on a timely basis or that all remediation efforts will be successful. The failure of securities exchanges, clearing organizations, vendors, clients, or regulators to resolve their own processing issues in a timely manner could have a material adverse effect on Merrill Lynch's business, results of operations, or financial condition.

Nearly 10% of the current year's technology budget has been allocated to the Year 2000 Compliance Initiative. As of the end of the 1998 third quarter, the total estimated expenditures associated with the entire Year 2000 Compliance Initiative were expected to be approximately $400 million, of which $160 million is remaining. The majority of these remaining expenditures are expected to cover software remediation, testing, and contingency planning. There can be no assurance that the costs associated with such remediation efforts will not exceed those currently anticipated by Merrill Lynch, or that the costs associated with the remediation efforts or the possible failure of

such remediation efforts would not have a material adverse effect on Merrill Lynch's business, results of operations, or financial condition.

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European Economic and Monetary Union ("EMU") Initiatives

As of January 1, 1999, the "euro" will be adopted as the common legal currency of participating member states of the EMU. The euro and participating member currencies will co-exist through July 1, 2002, with the euro gradually replacing member national currencies. The introduction of and conversion to the euro is expected to have significant implications for the business, as well as the computer systems and operational processes, of Merrill Lynch.

The introduction of the euro will bring about fundamental changes in the structure and nature of the European financial markets, including the creation of a unified, more liquid capital market in Europe. As financial markets in EMU member states converge and local barriers are removed, competition is expected to increase. Merrill Lynch does not expect the introduction of the euro to have a negative effect on its business, currency risk, or competitive positioning in the European markets. The International Swaps and Derivatives Association, Inc. has established an EMU protocol agreement that parties to derivatives contracts may use to amend their agreements to ensure continuity of contract during the conversion period. Merrill Lynch is a party to this protocol agreement.

Merrill Lynch's program to address the introduction of and conversion to the euro and the associated systems and operational implications and challenges has been divided into three phases: analysis, mobilization, and implementation. The analysis phase began in the third quarter of 1997 and focused upon analyzing the likely implications of the EMU and assessing the operational and systems impact on Merrill Lynch. During this phase, a database containing the primary compliance challenges of the EMU was developed, and working groups were established to drive the EMU preparation effort within the different product lines and principal operating locations. The mobilization phase began in the fourth quarter of 1997 and focused upon developing project plans and establishing an organizational and project structure to address various business requirements. The implementation phase, which began in December 1997, is concerned with implementing the operational and systems changes identified as necessary to ensure Merrill Lynch's compliance with EMU. The implementation phase is expected to continue into the first quarter of 1999 to resolve any post-conversion issues.

With respect to operational and systems matters, the introduction of the euro will affect all Merrill Lynch facilities that transact, distribute, or provide custody or recordkeeping for securities or cash denominated in the currency of a participating member state. Merrill Lynch systems or procedures that handle such securities or cash may require modification. The procedural and systems modifications that Merrill Lynch has identified as necessary for conversion to the euro include, but are not limited to, such activities as:

- modification of application systems to enable the systems to recognize and process the euro on an ongoing basis;
- conversion of data, which will require updates to master files to reflect redenomination;
- alteration of transaction data that includes converting trading and cash positions from member currency to the euro;
- procedural modifications to reflect the replacement of member currency bank accounts and settlement instructions with euro equivalents; and
- development of the capability for certain business functions to translate member currencies into euro at a fixed exchange rate until July 2002.

The introduction of the euro exposes Merrill Lynch to operational and systems risks in that the necessary systems modifications will affect clearance, settlement, and financial reporting of transactions. If not handled correctly, these modifications could result in failed trades and other improper accounting for transactions.

The success of Merrill Lynch's euro conversion efforts also is dependent on the euro-compliance of third parties, such as trading counterparties, financial intermediaries (for example, securities and commodities exchanges, depositories, clearing organizations, and commercial banks), and vendors. Merrill Lynch will monitor risks associated with third parties on a regular basis, including, for example, performing assessments of counterparties' readiness.

In anticipation of the introduction of the euro, the financial authorities and securities exchanges of certain of the EMU member states are conducting market tests to assess euro-conversion readiness. Merrill Lynch is participating in such testing procedures as required, and to date the outcome of each of those tests has been satisfactory. In addition to participating in the testing procedures of the EMU member states' financial authorities and securities exchanges, Merrill Lynch also is implementing its own internal testing procedures, including four systemwide practice sessions, to prepare for the conversion. The purpose of these practice sessions is to better ensure that the conversion plans are comprehensive and that the schedule is acceptable. The results of such practice sessions will be evaluated and used to identify those areas in which further modification or remediation is necessary. While Merrill Lynch will engage in these testing procedures, certain elements of the conversion process can only be undertaken for the first time during the conversion. Accordingly, there can be no assurances that the tests will identify all system deficiencies and necessary modifications prior to the conversion.

Due to the unprecedented scale of change, including the volume and magnitude of transactions affected and the number of third parties involved, market participants are anticipating a period of some disruption immediately following the conversion. Merrill Lynch has developed, and is continuing to develop, contingency plans in an effort to reduce the impact of such disruptions on its business.

As of the end of the 1998 third quarter, the total estimated expenditures associated with the introduction of and conversion to the euro are expected to be approximately $79 million, of which approximately $20 million is remaining (of these amounts, $71 million and $19 million, respectively, pertain to 1998). These remaining expenditures are expected to be spent on EMU compliance efforts and project administration. Merrill Lynch expects to become fully EMU-compliant during the 1998 fourth quarter.

Merrill Lynch believes that it has identified and evaluated those systems and operational modifications necessary for the conversion to the euro and is in the process of implementing the identified modifications. In light of the interdependency of the parties in or serving the financial markets, however, there can be no assurance that all necessary modifications will be identified and renovated on a timely basis, that all modification efforts will be successful, or that all third parties with whom Merrill Lynch's operations interface will be EMU-ready. In addition, there can be no assurance that the remaining euro conversion expenditures will not exceed those anticipated by Merrill Lynch at this time or that the expenditures associated with the conversion efforts and the possible failure of such conversion efforts will not have a material adverse effect on Merrill Lynch's business, results of operations, or financial condition.

Risk Management

As discussed more fully in Merrill Lynch's 1997 Annual Report on Form 10-K, Merrill Lynch's Global Risk Management Group and Credit Division provide independent risk management oversight to supplement the risk management procedures performed at the business unit level.

The turmoil in global debt markets during the 1998 third quarter resulted in unprecedented volatility, as noted in the preceding sections of this Management's Discussion and Analysis. Unprecedented volatility reduces the effectiveness of risk measurement models that predict current market risk exposure based on historical volatilities and statistical analysis, such as value-at-risk.

For instance, prior to this recent market volatility, the largest widening of credit spreads in emerging markets ever experienced over a period of approximately one month was approximately 200 basis points, including during the peso crisis in 1994. In contrast, emerging markets spreads recently widened by approximately 900 basis points in a three-week period. A common risk measurement tool such as value-at-risk, even using a 99% confidence level, would only have considered a widening of approximately 200 basis points.

Merrill Lynch continuously reviews and assesses its risk management policies and procedures and risk measurement models in order to improve firmwide risk management capabilities. Subsequent to quarter end, management of the Global Risk Management Group and the Credit Division has been consolidated under a single head of Global Risk and Credit Management.

Average Assets and Liabilities

Merrill Lynch monitors changes in its balance sheet using average daily balances that are determined on a settlement date basis and reported for management information purposes. Financial statement balances are recorded on a trade date basis as required under generally accepted accounting principles. The following discussion compares changes in settlement date average daily balances. These changes were consistent with the growth in the financial statement balances from fourth quarter 1997 to third quarter 1998.

For the first nine months of 1998, average total assets were $387 billion, up 27% from $304 billion for the 1997 fourth quarter. Average total liabilities rose 27% to $375 billion from $295 billion for the 1997 fourth quarter. The major components in the growth of average total assets and liabilities for the first nine months of 1998 are summarized as follows:

(in millions)	INCREASE	GROWTH
AVERAGE ASSETS		
Trading assets	$32,170	28%
Securities pledged as collateral	19,179	N/M
Receivables under resale agreements and securities borrowed transactions	16,924	14
Goodwill	4,882	N/M
AVERAGE LIABILITIES		
Obligation to return securities received as collateral	$36,221	N/M
Payables under repurchase agreements and securities loaned transactions	22,282	22%
Trading liabilities	8,792	14
Long-term borrowings	7,465	18

</TABLE>

N/M - Not meaningful.

Statement of Financial Accounting Standards ("SFAS") No. 127 requires Merrill Lynch to recognize collateral on certain resale and repurchase agreements. Due to the adoption of SFAS No. 127, trading assets and securities pledged as collateral increased $17 billion and $19 billion, respectively. The offset to the growth in average assets was a $36 billion increase in the obligation to return securities received as collateral (for more information on SFAS No. 127, see Note 3 to the Consolidated Financial Statements - Unaudited).

In addition, during the nine months of 1998, trading assets and liabilities (which include on-balance-sheet hedges used to manage trading risks) rose as volume increased, benefiting from higher customer demand. Receivables under resale agreements and securities borrowed transactions and payables under repurchase agreements and securities loaned transactions rose to meet higher funding requirements for increased trading activity. These transactions also increased as a result of expanded matched-book activity, primarily involving non-U.S. governments and agencies securities. Goodwill was higher primarily as a result of the Mercury acquisition.

Assets are funded through diversified sources which include repurchase agreements and securities loaned transactions, commercial paper and other unsecured short-term borrowings, long-term borrowings, preferred securities issued by subsidiaries, and equity. In addition to the increase in repurchase agreements and securities loaned transactions, the growth in average assets was funded by higher long-term borrowings, particularly medium-term notes.

Non-Investment Grade Holdings and Highly Leveraged Transactions

Non-investment grade holdings and highly leveraged transactions involve risks related to the creditworthiness of the issuers or counterparties and the liquidity of the market for such investments. Merrill Lynch recognizes these risks and, whenever possible, employs strategies to mitigate exposures. The specific components and overall level of non-investment grade and highly leveraged positions may vary significantly from period to period as a result of inventory turnover, investment sales, and asset redeployment.

Non-Investment Grade Holdings

In the normal course of business, Merrill Lynch underwrites, trades, and holds non-investment grade cash instruments in connection with its investment banking, market-making, and derivative structuring activities. Non-investment grade trading inventories have generally continued to increase to satisfy growing client demand for higher-yielding investments, including emerging market and other non-U.S. securities. During the 1998 third quarter, these exposures were intentionally reduced as a result of market volatility. Non-investment grade holdings have been defined as debt and preferred equity securities rated as BB+ or lower, or equivalent ratings by recognized credit rating agencies, certain sovereign debt in emerging markets, amounts due under derivative contracts from non-investment grade counterparties, and other instruments that, in the opinion of management, are non-investment grade.

The following table summarizes positions with non-investment grade issuers (for cash instruments) or counterparties (for derivatives in a gain position), which are carried at fair value.

<TABLE>
<CAPTION>

(in millions)	SEPTEMBER 25, 1998	DECEMBER 26, 1997
<S>	<C>	<C>
Trading assets:		
Cash instruments	$10,885	$12,993
Derivatives(1)	5,489	3,079
Trading liabilities - cash instruments	2,898	2,962
Marketable investment securities	198	648
Insurance subsidiaries' investments	186	192

</TABLE>

(1) Collateral of $2,597 and $599 was held at September 25, 1998 and December 26, 1997, respectively, to reduce risk related to these derivative balances.

Included in the preceding table are debt and equity securities and bank loans of companies in various stages of bankruptcy proceedings or in default. At September 25, 1998, the carrying value of such debt and equity securities totaled $58 million, of which 93% resulted from Merrill Lynch's market-making activities in such securities. This compared with $142 million at December 26, 1997, of which 56% related to market-making activities. In addition, Merrill Lynch held distressed bank loans totaling $207 million and $432 million at September 25, 1998 and December 26, 1997, respectively.

At September 25, 1998, the largest non-investment grade counterparty concentration was to Long-Term Capital Portfolio, L.P. totaling $1.4 billion, which is primarily comprised of derivative contract receivables and is fully collateralized.

Derivatives may also expose Merrill Lynch to credit risk related to the underlying security where a derivative contract can either synthesize ownership of the underlying security (e.g., long total return swap) or potentially force ownership of the underlying security (e.g., short put option). In addition, derivatives may subject Merrill Lynch to credit spread or issuer default risk, in that changes in credit spreads or in the credit quality of the underlying securities may adversely affect the derivatives' fair values.

A summary of exposures related to derivatives with non-investment grade underlying securities follows:

<TABLE>
<CAPTION>

(in millions)	SEPTEMBER 25, 1998	DECEMBER 26, 1997
<S>	<C>	<C>
Derivative fair values:		
Trading assets(1)	$ 89	$ 62
Trading liabilities	27	62
Derivative notionals (off-balance-sheet)(2)	1,987	3,257

</TABLE>

(1) The preceding table includes $28 and $42 at September 25, 1998 and December 26, 1997, respectively, of credit risk exposures to non-investment grade counterparties.
(2) Represents amount subject to strike or reference price.

Merrill Lynch engages in various hedging strategies to reduce its exposure associated with non-investment grade positions, such as purchasing an option to sell the related security or entering into other offsetting derivative contracts. Merrill Lynch also uses non-investment grade trading inventories, principally non-U.S. governments and agencies securities, to hedge the exposure arising from structured derivative transactions.

A summary of derivatives used to hedge the credit risk of non-investment grade positions follows:

<TABLE>
<CAPTION>

(in millions)	SEPTEMBER 25, 1998	DECEMBER 26, 1997
<S>	<C>	<C>
Derivative notionals (off-balance-sheet)(1)	$4,339	$5,548

</TABLE>

(1) Represents amount subject to strike or reference price.

Highly Leveraged Transactions

Merrill Lynch provides financing and advisory services to, and invests in, companies entering into leveraged transactions, which may include leveraged buyouts, recapitalizations, and mergers and acquisitions. Merrill Lynch provides extensions of credit to leveraged companies in the form of senior and subordinated debt, as well as bridge financing on a select basis. In addition, Merrill Lynch syndicates loans for non-investment grade companies or in connection with highly leveraged transactions and may retain a residual portion of these loans.

Merrill Lynch holds direct equity investments in leveraged companies and interests in partnerships that invest in leveraged transactions. Merrill Lynch has also committed to participate in limited partnerships that invest in leveraged transactions. Future commitments to participate in limited partnerships and other direct equity investments will be made on a select basis. A summary of loans, investments, and commitments related to highly leveraged transactions follows:

<TABLE>
<CAPTION>

(in millions)	SEPTEMBER 25, 1998	DECEMBER 26, 1997
<S>	<C>	<C>
Loans (net of allowance for loan losses)(1)	$717	$467
Equity investments(2)	372	170
Partnership interests	567	82
Bridge loan	65	-
Additional commitments to invest in partnerships	490(3)	60
Unutilized revolving lines of credit and other lending commitments	2,251(4)	485

</TABLE>

(1) Represented outstanding loans to 81 and 48 companies at September 25, 1998 and December 26, 1997, respectively.
(2) Invested in 79 and 72 enterprises at September 25, 1998 and December 26, 1997, respectively.
(3) Included in this amount is a $300 commitment related to the recapitalization of the hedge fund Long-Term Capital Portfolio, L.P. This commitment was funded subsequent to quarter end.
(4) Included in this amount is a $1,210 senior secured loan commitment and a $350 bridge loan commitment to a counterparty in connection with a proposed acquisition transaction. If extended, Merrill Lynch intends to syndicate a significant portion of these loans. Also included is a $50 bridge loan commitment to another counterparty that was funded subsequent to quarter end.

At September 25, 1998 the largest industry exposure was to the financial services sector which accounted for 46% of total non-investment grade positions and highly leveraged transactions.

Statistical Data (restated for the Midland Walwyn merger)

<TABLE>
<CAPTION>

	3RD QTR. 1997	4TH QTR. 1997	1ST QTR. 1998	2ND QTR. 1998	3RD QTR. 1998
<S>	<C>	<C>	<C>	<C>	<C>
CLIENT ACCOUNTS (in billions):					
U.S. Client Assets	$ 960	$ 985	$ 1,086	$ 1,110	$ 1,066
Non-U.S. Client Assets	84	244	269	269	253
Total Assets in Client Accounts or Under Management	$ 1,044	$ 1,229	$ 1,355	$ 1,379	$ 1,319
Assets Under Management:					
MLAM (a):					
Money Market	$ 105	$ 107	$ 117	$ 118	$ 125
Equity	73	72	80	77	65
Fixed-Income	46	48	53	54	53
Private Portfolio	45	49	55	58	50
Insurance	3	3	3	3	3
Total	$ 272	$ 279	$ 308	$ 310	$ 296
Mercury	-	167	180	179	169
Atlas Funds (b)	2	2	2	2	2

Total Assets Under Management	$ 274	$ 448	$ 490	$ 491	$ 467
ML Consults(Registered Trademark)	$ 26	$ 27	$ 31	$ 33	$ 31
Mutual Fund Advisor(Service Mark) and Asset Power(Registered Trademark)	$ 14	$ 15	$ 18	$ 19	$ 18
401(k) Assets	$ 71	$ 74	$ 80	$ 82	$ 75
UNDERWRITING:					
Global Debt and Equity:					
Volume (in billions)	$ 68	$ 64	$ 93	$ 109	$ 72
Market Share	13.3%	14.6%	12.7%	15.3%	13.6%
U.S. Debt and Equity:					
Volume (in billions)	$ 59	$ 56	$ 79	$ 96	$ 60
Market Share	15.8%	16.7%	15.5%	18.5%	15.2%
FULL-TIME EMPLOYEES:					
U.S.	45,000	45,800	46,000	47,000	47,700
Non-U.S.	12,300	13,900	14,300	16,600	17,100
Total	57,300	59,700	60,300	63,600	64,800
Financial Consultants and Account Executives Worldwide	16,400	16,600	16,600	17,600	17,800
INCOME STATEMENT:					
Net Earnings (Loss) (in millions)	$ 502	$ 469	$ 528	$ 551	$ (164)
Annualized Return on Average Common Stockholders' Equity	27.1%	23.4%	24.7%	23.6%	(7.3)%
Earnings (Loss) per Common Share:					
Basic	$ 1.45	$ 1.34	$ 1.48	$ 1.52	$ (.49)
Diluted	$ 1.24	$ 1.15	$ 1.30	$ 1.32	$ (.49)
BALANCE SHEET (in millions):					
Total Assets	$ 293,602	$ 296,980	$ 358,919	$ 370,597	$ 353,419
Total Stockholders' Equity	$ 8,012	$ 8,539	$ 9,223	$ 9,913	$ 9,795
SHARE INFORMATION (in thousands):					
Weighted Average Shares Outstanding:					
Basic	339,799	342,740	349,495	355,289	357,620
Diluted	396,876	400,132	400,249	411,385	357,620
Common Shares Outstanding	341,226	343,977	353,680	356,280	358,492
Shares Repurchased (c)	240	-	-	-	-

</TABLE>

(a) Merrill Lynch Asset Management.
(b) Managed by Midland Walwyn.
(c) Does not include shares either (i) owned by employees and used to pay for the exercise of stock options or (ii) stock withheld from employee stock option exercises to pay associated taxes.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

NASDAQ Antitrust Litigation. Since the filing of ML & Co.'s Annual Report on Form 10-K for 1997, the following events have taken place with respect to the NASDAQ Antitrust Litigation described therein. On August 6, 1998, the United States Court of Appeals for the Second Circuit affirmed the district court's order approving the settlement of the civil antitrust action filed by the Antitrust Division of the United States Department of Justice.

October 1998 Derivative Action. On October 13, 1998, a derivative action purportedly brought on behalf of ML & Co. was filed by stockholder Charles Miller in the Supreme Court of the State of New York, New York County. Named as defendants are 15 present or former ML & Co. directors. ML & Co. is named as a nominal defendant. The complaint alleges, among other things, that the defendants breached their fiduciary duties in that they allegedly failed to prevent ML & Co. from engaging in excessively risky business transactions with hedge funds. Damages in an unspecified amount are sought.

Item 5. Other Information

The 1999 Annual Meeting of Stockholders will be held at 10:00 a.m. on Wednesday, April 14, 1999 at the Merrill Lynch & Co., Inc. Conference and Training Center, 800 Scudders Mill Road, Plainsboro, New Jersey. Any stockholder of record entitled to vote generally for the election of directors may nominate one or more persons for election as a director at such meeting only if proper written notice of such stockholder's intent to make such nomination or nominations, in accordance with the provisions of ML & Co.'s Certificate of Incorporation, has been given to the Secretary of ML & Co., 100 Church Street, 12th Floor, New York, New York 10080-6512, no earlier than January 29, 1999 and no later than February 23, 1999. In addition, in accordance with provisions of ML & Co.'s

By-laws, any stockholder intending to bring any other business before the meeting must advise ML & Co. in writing of the stockholder's intent to do so on or before February 23, 1999. In order to be included in ML & Co.'s proxy statement, stockholder proposals must have been submitted in writing to ML & Co. on or before November 5, 1998.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(3) Articles of Incorporation and By-laws

Certificate of Designation dated August 20, 1998 for Special Voting Stock, relating to ML & Co.'s Restated Certificate of Incorporation effective as of April 28, 1998 (incorporated by reference to Exhibit (3)(i) to ML & Co.'s Quarterly Report on Form 10-Q for the period ended March 27, 1998)

(4) Instruments defining the rights of security holders, including indentures:

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, ML & Co. hereby undertakes to furnish to the SEC, upon request, copies of the instruments defining the rights of holders of long-term debt securities of ML & Co. that authorize an amount of securities constituting 10% or less of the total assets of ML & Co. and its subsidiaries on a consolidated basis.

(10) Merrill Lynch & Co., Inc. 1999 Deferred Compensation Plan for a Select Group of Eligible Employees

(11) Statement re: computation of per common share earnings

(12) Statement re: computation of ratios

(15) Letter re: unaudited interim financial information

(27) Financial Data Schedule

(b) Reports on Form 8-K

The following Current Reports on Form 8-K were filed by ML & Co. with the SEC during the quarterly period covered by this Report:

(i) Current Report dated July 2, 1998 for the purpose of filing the First Supplemental Indenture, between ML & Co. and the Chase Manhattan Bank, dated as of June 1, 1998, and the form of ML & Co.'s Medium-Term Notes, Series B due July 3, 2000, linked to the common stock of Travelers Group, Inc.

(ii) Current Report dated July 14, 1998 for the purpose of filing ML & Co.'s Preliminary Unaudited Earnings Summary for the three- and six-month periods ended June 26, 1998.

(iii) Current Report dated July 15, 1998 for the purpose of filing the forms of ML & Co.'s 6% Notes due July 15, 2005 and ML & Co.'s 6 1/2% Notes due July 15, 2018.

(iv) Current Report dated July 29, 1998 for the purpose of filing ML & Co.'s Preliminary Unaudited Consolidated Balance Sheet as of June 26, 1998.

(v) Current Report dated September 3, 1998 for the purpose of filing the form of ML & Co.'s Merrill Lynch EuroFund Market Index Target-Term Securities (Service Mark) due February 28, 2006.

(vi) Current Report dated September 8, 1998 for the purpose of reporting ML & Co.'s net earnings for July and August, 1998.

SIGNATURE

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

MERRILL LYNCH & CO., INC.
(Registrant)

Date: November 9, 1998

By: /s/ E. Stanley O'Neal

E. Stanley O'Neal
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

Exhibits	
3	Certificate of Designation dated August 20, 1998 for Special Voting Stock
10	Merrill Lynch & Co., Inc. 1999 Deferred Compensation Plan for a Select Group of Eligible Employees
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12	Statement re: computation of ratios
15	Letter re: unaudited interim financial information
27	Financial Data Schedule

Exhibit 3

MERRILL LYNCH & CO., INC.

CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

SPECIAL VOTING STOCK

MERRILL LYNCH & CO., INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, the following resolutions were duly adopted by the Board of Directors of the Corporation and by the Executive Committee of the Board of Directors pursuant to authority conferred upon the Board of Directors by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, (the "Certificate of Incorporation"), and pursuant to authority conferred upon the Executive Committee of the Board of Directors in accordance with Section 141(c) of the General Corporation Law of the State of Delaware, by Article IV, Section 1 of the Bylaws of the Corporation and by the resolutions of the Board of Directors set forth herein, at a meeting of the Board of Directors duly held on June 22, 1998 and by unanimous written consent of the Executive Committee dated August 18, 1998:

1. The Board of Directors on June 22, 1998 adopted the following resolutions authorizing the Executive Committee of the Board of Directors to act on behalf of the Board of Directors in connection with the issuance of the Special Voting Share and fixing the relative powers, preferences, rights, qualifications, limitations and restrictions of such share:

"FURTHER RESOLVED, that in connection with the Transaction and the Arrangement the Corporation, directly or indirectly, through one or more foreign or domestic subsidiaries of the Corporation, is hereby authorized to undertake and complete and cause to be undertaken and completed each of the following actions:

. . . g) the Executive Committee is hereby authorized to take any and all action that the Executive Committee may deem necessary or desirable under applicable law, including without limitation, the execution of one or more Certificates of Designation under Section 151 of the General Corporation Law of the State of Delaware, to create and issue one Special Voting Share in the capital of the Corporation, to have the rights, privileges, restrictions and conditions substantially as set forth in and contemplated by the MWI Plan of Arrangement and the Voting and Exchange Trust Agreement, in each case, as discussed at this meeting, such share to be issued for an aggregate consideration of $1.00, and upon receipt by the Corporation of the consideration therefor such Special Voting Share shall be issued to the trustee under the Voting and Exchange Trust Agreement hereinafter approved, to be held and exercised by such trustee as therein contemplated;"

2. The Executive Committee of the Board of Directors, by unanimous written consent to corporate action dated August 18, 1998 adopted the following resolution pursuant to authority conferred upon the Executive Committee by the resolution of the Board of Directors set forth in paragraph 1:

"RESOLVED, that Special Voting Stock of the Corporation is hereby authorized, and the Executive Committee hereby fixes the number, powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions of such Special Voting Stock as follows:

I. AUTHORIZED NUMBER AND DESIGNATION. There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of Preferred Stock designated as "Special Voting Stock". The number of shares constituting the Special Voting Stock shall be one (the "Special Voting Share").

II. DIVIDENDS. Neither the holder nor, if different, the owner of the Special Voting Share shall be entitled to receive Corporation dividends in its capacity as holder or owner thereof.

III. VOTING RIGHTS. The holder of record of the Special Voting Share shall be entitled to all of the voting rights, including the right to vote in person or by proxy, of the Special Voting Share on any matters, questions, proposals or propositions whatsoever that may properly come before the shareholders of the Corporation at a Corporation meeting or in connection with a Corporation consent.

IV. LIQUIDATION PREFERENCE. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holder of the Special Voting Share shall be entitled to receive out of the assets of the Corporation available for distribution to the stockholders, an amount equal to $1.00 before any distribution is made on the common stock of the Corporation or any other stock ranking junior to the Special Voting Share as to distribution of assets upon liquidation, dissolution or winding-up.

V. RANKING. The Special Voting Share shall, with respect to rights on liquidation, winding up and dissolution, rank (i) senior to all classes of common stock

of the Corporation and (i) junior to any other class of capital stock of the Corporation.

VI. REDEMPTION. The Special Voting Share shall not be subject to redemption, except that at such time as no exchangeable shares ("Exchangeable Shares") of Merrill Lynch & Co., Canada Ltd. (other than Exchangeable Shares owned by the Corporation and its affiliates) shall be outstanding, the Special Voting Share shall automatically be redeemed and canceled, for an amount equal to $1.00 due and payable upon such redemption.

VII. OTHER PROVISIONS. Pursuant to the terms of that certain Voting and Exchange Trust Agreement by and between Merrill Lynch & Co., Canada Ltd., the Corporation, and Montreal Trust Company of Canada, as such agreement may be amended, modified or supplemented from time to time (the "Trust Agreement"):

(i) During the term of the Trust Agreement, the Corporation may not, without the consent of the holders of the Exchangeable Shares (as defined in the Trust Agreement), issue any shares of its Special Voting Stock in addition to the Special Voting Share;

(ii) the Special Voting Share entitles the holder of record to a number of votes at meetings of holders of Corporation common shares equal to the number of Exchangeable Shares (as defined by the Trust Agreement) outstanding from time to time (other than the Exchangeable Shares held by the Corporation and its affiliates);

(iii) the Trustee (as defined by the Trust Agreement) shall exercise the votes held by the Special Voting Share pursuant to and in accordance with the Trust Agreement;

(iv) the voting rights attached to the Special Voting Share shall terminate pursuant to and in accordance with the Trust Agreement; and

(v) the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions of such Special Voting Share shall be as otherwise provided in the Trust Agreement."

Exhibit 10

MERRILL LYNCH & CO., INC.

1999 DEFERRED COMPENSATION PLAN

FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

DATED AS OF OCTOBER 1, 1998

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

MERRILL LYNCH & CO., INC.
1999 DEFERRED COMPENSATION PLAN
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

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MERRILL LYNCH & CO., INC.
1999 DEFERRED COMPENSATION PLAN
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

ARTICLE I

GENERAL

1.1 Purpose and Intent.

The purpose of the Plan is to encourage the employees who are integral to the success of the business of the Company to continue their employment by providing them with flexibility in meeting their future income needs. It is intended that this Plan be unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of ERISA, and all decisions concerning who is to be considered a member of that select group and how this Plan shall be administered and interpreted shall be consistent with this intention.

1.2 Definitions.

For the purpose of the Plan, the following terms shall have the meanings indicated.

"Account" means the reserve account established on the books and records of ML & Co. for each Participant to record the Participant's interest under the Plan.

"Account Balance" means, as of any date, the Deferred Amounts credited to a Participant's Account, adjusted in accordance with Section 3.4 to reflect the performance of the Participant's Selected Benchmark Return Options, the Annual Charge, and any payments made from the Account to the Participant prior to that date.

"Adjusted Compensation" means the financial consultant incentive compensation, account executive incentive compensation or estate planning and business insurance specialist incentive compensation, in each case exclusive of base salary, earned by a Participant during the Fiscal Year ending in 1999, and payable after January 1, 1999, as a result of the Participant's production credit level, or such other similar items of compensation as the Administrator shall designate as "Adjusted Compensation" for purposes of this Plan.

"Administrator" means the Director of Human Resources of ML & Co., or his or her functional successor, or any other person or committee designated as Administrator of the Plan by the MDCC.

"Affiliate" means any corporation, partnership, or other organization of which ML & Co. owns or controls, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests.

"Annual Charge" means the charge to a Participant's Account provided for in Section 3.4(g).

"Applicable Federal Rate" means the applicable federal rate for short-term (0-3 years) obligations of the United States Treasury established in January of each year.

"Available Balance" means amounts in a Participant's Account after the Debit Balance has been reduced to zero.

"Average Leveraged Principal Amount" means, for each Participant, for any period, the sum of the Leveraged Principal Amounts outstanding at the end of each day in the period divided by the number of days in such period.

"Benchmark Return Options" means such investment vehicles as the Administrator may from time to time designate for the purpose of indexing Accounts hereunder. In the event a Benchmark Return Option ceases to exist or is no longer to be a Benchmark Return Option, the Administrator may designate a substitute Benchmark Return Option for such discontinued option.

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

"Career Retirement" means a Participant's termination of employment with the Company for reasons other than for cause on or after: (i) the Participant's 55th birthday, if the Participant has at least 5 years of service; (ii) the Participant's 50th birthday, if the Participant has at least 10 years of service; (iii) the Participant's 45th birthday, if the Participant has at least 15 years of service, or (iv) at any age, if the Participant has at least 20 years of service, provided that, in each case, following such termination such Participant does not engage in any activity that, in the sole judgment of the Administrator, is in competition with the business of the Company.

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

"Company" means ML & Co. and all of its Affiliates.

"Compensation" means, as relevant, a Participant's Adjusted Compensation, Variable Incentive Compensation and/or Sign-On Bonus, or such other items or items of compensation as the Administrator, in his sole discretion, may specify in a particular instance.

"Debit Balance" means, as of any date the negative dollar amount, if any, representing each of: (1) the aggregate Annual Charge, accrued in accordance with Section 3.4(g)(i); and (2) any Leveraged Principal Amount (together with any pro rata Interest Amounts determined in accordance with Section 3.4(g)(ii), if applicable), as reduced by any distributions recorded from KECALP Units recorded in a Participant's Account or chargeoffs against the Liquid Balance in such Account in accordance with Section 3.4(e).

"Deferral Percentage" means the percentage (which, unless the Administrator, in his sole discretion, determines otherwise, shall be in whole percentage increments and not more than 90%) specified by the Participant to be the percentage of each payment of Compensation he or she wishes to defer under the Plan.

"Deferred Amounts" means, except as provided in Section 5.6, the amounts of Compensation actually deferred by the Participant under this Plan.

"Election Year" means the 1998 calendar year.

"Eligible Compensation" means (1) for persons eligible for the Variable

Incentive Compensation Program or other similar programs: (A) a Participant's 1997 base earnings (and/or 1997 Adjusted Compensation) plus (B) any cash bonus awarded in early 1998, and (2) for persons ineligible for such bonus programs, a Participant's 1997 Adjusted Compensation.

"Eligible Employee" means an employee eligible to defer amounts under this Plan, as determined under Section 2.1 hereof.

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

"Fiscal Month" means the monthly period used by ML & Co. for financial accounting purposes.

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

"Full-Time Domestic Employee" means a full-time employee of the Company paid from the Company's domestic based payroll (other than any U.S. citizen or "green card" holder who is employed outside the United States).

"Full-Time Expatriate Employee" means a U.S. citizen or "green card" holder employed by the Company outside the United States and selected by the Administrator as eligible to participate in the Plan (subject to the other eligibility criteria).

"Hedge Fund Return Option(s)" means one or more multi-advisor hedge funds structured and managed by Merrill Lynch Investment Partners Inc. that are offered as Benchmark Return Options.

"Hedge Fund Unit(s)" means the record-keeping units credited to the Accounts of Participants who have chosen one or more Hedge Fund Return Options.

"Initial Leveraged Amount" means the initial dollar amount by which a Participant's deferral into KECALP Units is leveraged as determined in accordance with Section 3.4(c).

"Interest" means the hypothetical interest accruing on a Participant's Average Leveraged Principal Amount at the Applicable Federal Rate.

"Interest Amounts" means, for any Participant, as of any date, the amount of Interest that has accrued to such date on such Participant's Average Leveraged Principal Amount, from the date on which a Participant's Leveraged Principal Amount is established, or from the most recent date that Interest Amounts were added to the Leveraged Principal Amount.

"KECALP 1999 Return Option" means the option of indexing returns hereunder to the performance of Merrill Lynch KECALP L.P. 1999, on a leveraged or unleveraged basis.

"KECALP Units" means the record-keeping units credited to the Accounts of Participants who have chosen the KECALP Return Option.

"Leveraged or Unleveraged Distributions" means the distributions to a Participant's Account attributable to the leveraged or unleveraged portion (as the case may be) of a Participant's KECALP Units.

"Leverage-Eligible Participants" means persons who have at least $400,000 of Total Compensation for the Election Year and otherwise qualify, in accordance with standards determined by the Administrator, to select the KECALP 1999 Return Option on a leveraged basis.

"Leverage Percentage" means the percentage of leverage chosen by a Leverage-Eligible Participant, which percentage will be subject to limits determined by the Administrator.

"Leveraged Principal Amount" means a Participant's Initial Leveraged Amount, if any, as adjusted to reflect the addition of Interest Amounts (or any pro rata Interest Amounts).

"Liquid Balance" means, as of any date, the Deferred Amounts credited to a Participant's Account, adjusted (either up or down) to reflect: (1) the performance of the Participant's Mutual Fund Return Balances as provided in Section 3.4(f); (2) distributions with respect to KECALP Units made in accordance with Section 3.4(d); (3) reduction of any Debit Balance as provided in Section 3.4(e); and (4) any payments to the Participant under Article V hereof.

"Maximum Deferral" means the whole dollar amount specified by the Participant to be the amount of Compensation he or she elects to be deferred under the Plan.

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

"ML & Co." means Merrill Lynch & Co., Inc.

"Mutual Fund Return Options" means the mutual funds chosen as Benchmark Return Options by the Administrator.

"Net Asset Value" means, with respect to each Benchmark Return Option that is a mutual fund or other commingled investment vehicle for which such values are determined in the normal course of business, the net asset value, on the date in question, of the vehicle for which such value is being determined.

"Participant" means an Eligible Employee who has elected to defer Compensation under the Plan.

"Plan" means this Merrill Lynch & Co., Inc. 1999 Deferred Compensation Plan for a Select Group of Eligible Employees.

"Plan Year" means the Fiscal Year ending in 1999.

"Retirement" means a Participant's (i) termination of employment with the Company for reasons other than for cause on or after the Participant's 65th birthday, or (ii) resignation on or after the Participant's 55th birthday if the Participant has at least 10 years of service, or (iii) resignation at any age with the express approval of the Administrator, which will be granted only if the termination is found by the Administrator to be in, or not contrary to, the best interests of the Company.

"Remaining Deferred Amounts" means a Participant's Deferred Amounts times a fraction equal to the number of remaining installment payments divided by the total number of installment payments.

"Selected Benchmark Return Option" means a Benchmark Return Option selected by the Participant in accordance with Section 3.4.

"Sign-On Bonus" means a single-sum amount paid or payable to a new Eligible Employee during the Plan Year upon commencement of employment, in addition to base pay and other Compensation, to induce him or her to become an employee of the Company, or any similar item of compensation as the Administrator shall designate as "Sign-On Bonus" for purposes of this Plan.

"Total Compensation" means Eligible Compensation plus the grant value, as determined by ML & Co. at the time of grant, of stock-based awards that are granted to certain employees of the Company generally in January or February of the Plan Year with respect to the prior Fiscal Year, which, for purposes of this Plan, are considered earned during the Plan Year regardless of when they are actually granted or paid to the Participant.

"Undistributed Deferred Amounts" means, as of any date on which the Annual Charge is determined, a Participant's Deferred Amounts (exclusive of any appreciation or depreciation) minus, for each distribution to a Participant prior to such date, an amount equal to the product of the Deferred Amounts and a fraction the numerator of which is the amount of such distribution and the denominator of which is the combined Net Asset Value (prior to distribution) of the Participant's Account as of the date of the relevant distribution.

"Variable Incentive Compensation" means the variable incentive compensation or office manager incentive compensation that is paid in cash to certain employees of the Company generally in January or February of the Plan Year with respect to the prior Fiscal Year, which for purposes of this Plan is considered earned during the Plan Year regardless of when it is actually paid to the Participant, or such other similar items of compensation as the Administrator shall designate as "Variable Incentive Compensation" for purposes of this Plan.

"401(k) Plan" means the Merrill Lynch & Co., Inc. 401(k) Savings & Investment Plan.

ARTICLE II

ELIGIBILITY

2.1 Eligible Employees.

(a) General Rule. An individual is an Eligible Employee if he or she (i) is a Full-Time Domestic Employee or a Full-Time Expatriate Employee, (ii) has at least $225,000 of Eligible Compensation for the Election Year, (iii) has attained at least the title of Vice President, Director or Managing Director, or holds a National Sales Management position with the Company (a "National Sales Manager"), and (A) is a financial consultant or an estate planning and business insurance specialist, who was a member in 1998 of the Chairman's Club, the Charles E. Merrill Circle, the Society of Eagles, the Falcons Club or the Win Smith Fellows, (B) is a member of the International Private Banking Group, (C) is employed as an Investment Manager for Merrill Lynch Asset Management, (D) is an employee in the 2 Band or above, or (E) is a producing employee in grade 95 or above; provided, that employees in the 1 Band or above and producing employees in grade 97 or above (or their executive equivalents) shall not be required to meet condition (ii) hereof; and provided, further, that employees who were 1998 Win Smith Fellows shall not be required to meet condition (iii) hereof.

(b) Individuals First Employed During Election Year or Plan Year. Subject to the approval of the Administrator in his or her sole discretion, an individual who is first employed by the Company during the Election Year or the Plan Year is an Eligible Employee if his or her Eligible Compensation, together, if applicable, with the amount of any Variable Incentive Compensation that will be payable to such individual in the next annual bonus cycle pursuant to a written bonus guarantee, is greater than $225,000, and he or she is either employed as a National Sales Manager or is to be nominated for at least the title of Vice President, Director or Managing Director at the first opportunity following his or her commencement of employment with the Company.

(c) Disqualifying Factors. An individual shall not be an Eligible Employee if either (i) as of the deadline for submission of elections specified in Section 3.1(a), the individual's wages have been attached or are being garnished or are otherwise restrained pursuant to legal process, or (ii) within 13 months prior to the deadline for submission of elections specified in Section 3.1(a), the individual has made a hardship withdrawal of Elective 401(k) Deferrals as defined under the 401(k) Plan.

ARTICLE III

DEFERRAL ELECTIONS; ACCOUNTS

3.1 Deferral Elections.

(a) Timing and Manner of Making of Elections. An election to defer Compensation for payment in accordance with Article V shall be made by submitting to the Administrator such forms as the Administrator may prescribe. Each election submitted must specify a Maximum Deferral and a Deferral Percentage with respect to each category of Compensation to be deferred. All elections by a Participant to defer Compensation under the Plan must be received by the Administrator or such person as he may designate for the purpose by no later than October 30 of the Election Year (or such later date as the Administrator, in his sole discretion, may specify in any particular instance) or, in the event such date is not a business day, the immediately preceding business day; provided, however, that the Eligible Employee's election to defer a Sign-On Bonus must be part of such Eligible Employee's terms and conditions of employment agreed to prior to the Eligible Employee's first day of employment with the Company.

(b) Irrevocability of Deferral Election. Except as provided in Sections 3.5 and 5.5, an election to defer the receipt of any Compensation made under Section 3.1(a) is irrevocable once submitted to the Administrator or his designee. The Administrator's acceptance of an election to defer Compensation shall not, however, affect the contingent nature of such Compensation under the plan or program under which such Compensation is payable.

(c) Application of Election. The Participant's Deferral Percentage will be applied to each payment of Compensation to which the Participant's deferral election applies, provided that the aggregate of the Participant's Deferred Amounts shall not exceed the Participant's Maximum Deferral. If a Participant has made deferral elections with respect to more than one category of Compensation, this Section 3.1(c) shall be applied separately with respect to each such category.

3.2 Crediting to Accounts.

(a) Initial Deferrals. A Participant's Deferred Amounts will be credited to the Participant's Account as soon as practicable (but in no event later than the end of the following month) after the last day of the Fiscal Month during which such Deferred Amounts would, but for deferral, have been paid and will be accounted for in accordance with Section 3.4. No interest will accrue, nor will any adjustment be made to an Account, for the period until the Deferred Amounts are credited. For Participants who have chosen the KECALP Return Option, Deferred Amounts will be indexed automatically to a special benchmark titled "KECALP Reserves" until the closing of Merrill Lynch KECALP L.P. 1999. For Participants who have chosen a Hedge Fund Return Option, Deferred Amounts will be indexed automatically to a special benchmark titled "Hedge Reserves".

(b) KECALP. Upon the closing of Merrill Lynch KECALP L.P. 1999, a Participant's Account will be credited with a number of units determined by dividing by $1,000 the sum of the following: (1) the portion of the Account Balance that the Participant has elected to allocate to the KECALP Return Option, as of the day prior to the closing date; and (2) the Participant's Initial Leveraged Amount (computed in accordance with Section 3.4(c)). Any amounts not applied to the KECALP Unit Account will remain in a Participant's Account (or be applied to reduce a Participant's Debit Balance). No fractional units will be credited.

(c) Hedge Fund(s). Upon the closing of any Hedge Fund Return Option chosen by a Participant, a Participant's Account will be credited with a number of Hedge Fund Units determined by dividing $100 by the portion of the Participant's Account Balance that the Participant has elected to be indexed to the applicable Hedge Fund Return Option as of the day prior to the closing date.

3.3 Minimum Requirements for Deferral.

(a) Minimum Requirements. Notwithstanding any other provision of this Plan, no deferral will be effected under this Plan with respect to a Participant if:

(i) the Participant is not an Eligible Employee as of December 31, 1998,

(ii) the Participant's election as applied to the Participant's Variable Incentive Compensation (determined by substituting the Election Year for the Plan Year) or Adjusted Compensation (determined by substituting the Fiscal Year immediately prior to the Fiscal Year ending in the Election Year for the Fiscal Year ending in the Plan Year) would have resulted in an annual deferral of less than $15,000, or

(iii) the greater of (A) the sum of (1) the "Medicare wages" amount listed on the Participant's W-2 form for the Plan Year, and (2) any Compensation that is accelerated which the Participant may receive in December of the Election Year which would have been payable in the Plan Year in the absence of the action of the Company to accelerate the payment, or (B) the Participant's Eligible Compensation for the Plan Year, is less than $225,000;

provided, that any Participant who first becomes an employee of the Company during the Plan Year shall not be required to satisfy conditions (i) and (ii). Condition (ii) shall not be construed to require a Participant's elections to result in an actual deferral of at least $15,000.

(b) Failure to Meet Requirements. If the requirements of Section 3.3(a)(i) or (ii) are not met by a Participant to whom such requirements are applicable, such Participant's Deferred Amounts, if any, will be paid to such Participant, without adjustment to reflect the performance of any Selected Benchmark Return Option, as soon as practicable after it has been determined that the requirements have not been met. If the requirements of Section 3.3(a)(iii) are not met by a Participant, the greater of such Participant's Deferred Amounts or Account Balance will be paid to such Participant as soon as practicable after it has been determined that the requirements have not been met.

3.4 Return Options; Adjustment of Accounts.

(a) Selection of KECALP 1999 or Hedge Fund Return Options. Coincident with the Participant's election to defer Compensation, eligible Participants may select the KECALP 1999 Option (and designate any Leverage Percentage) or may instead elect to have their Deferred Amounts benchmarked to the other available Benchmark Return Options, including a Hedge Fund Return Option, provided that such benchmarking shall be on an unleveraged basis. Participants should be aware that once the closing of Merrill Lynch KECALP L.P. 1999 and/or the applicable Hedge Fund Return Option has occurred, Participants will not be able to change their elections of such options.

(b) Selection of Mutual Fund Return Options. Coincident with the Participant's election to defer Compensation, the Participant must select the percentage of the Participant's Account to be adjusted to reflect the performance of Mutual Fund Return Options, for use when a Participant's Account has a Liquid Balance. All elections shall be in multiples of 1%. A Participant may, by complying with such procedures as the Administrator may prescribe on a uniform and nondiscriminatory basis, including procedures specifying the frequency with respect to which such changes may be effected (but not more than 12 times in any calendar year), change the Selected Benchmark Return Options to be applicable with respect to his or her Account.

(c) Selection of the KECALP Leverage Percentage by Eligible Participants. Prior to the closing of the offering of Merrill Lynch KECALP L.P. 1999, Leverage-Eligible Participants who select the KECALP 1999 Return Option on a leveraged basis must choose their Leverage Percentage, in accordance with standards determined by the Administrator, by submitting such forms as the Administrator shall prescribe. Prior to the closing of Merrill Lynch KECALP L.P. 1999, the Administrator will determine each Leverage-Eligible Participant's Initial Leveraged Amount by applying such Participant's Leverage Percentage to the dollar value of the portion of the Participant's Account Balance allocated to the KECALP Return Option. The Initial Leveraged Amount will be recorded as the Leveraged Principal Amount, to which amount Interest Amounts will be added annually in accordance with Section 3.4(e).

(d) Adjustments of KECALP. Whenever a distribution is paid on an actual unit of Merrill Lynch KECALP L.P. 1999, an amount equal to such per unit distribution times the number of units in the Participant's Account will first be applied against any Debit Balance, as provided in Section 3.4(e), and then, if any portion of such distribution remains after the Debit Balance is reduced to zero, be credited to the Participant's Account to be indexed to the Mutual Fund Return Option(s) chosen by the Participant. Because the KECALP Return Option is illiquid, payouts to Participants under Article V hereof will be made only from amounts credited to a Participant's Account after the Debit Balance is reduced to zero. The KECALP Units and the Debit Balance will also be adjusted in accordance with Section 5.2 hereof in the event of a Participant's termination.

(e) Adjustment of Debit Balance. Any Debit Balance shall be reduced as soon as possible against either (i) any Liquid Balance, or (ii) any distributions relating to KECALP Units. Reductions of the Debit Balance, as provided in the foregoing sentence, shall be applied first to reduce the Debit Balance attributable to accrued Annual Charges and then, after all such accrued Annual Charges have been satisfied, to reduce any Leveraged Principal Amount. As of the last day of each Fiscal Year, Interest Amounts computed by the Administrator shall be added to the Leveraged Principal Amount. If on any date the Leveraged Principal Amount would be discharged completely as a result of distributions or chargeoffs, Interest Amounts will be computed though such date and added to the Leveraged Principal Amount as of such date.

(f) Adjustment of Mutual Fund Return Balances. While the Participant's Balances do not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Balances attributable to Mutual Fund Return Options shall be adjusted to reflect credits or debits relating to distributions with respect to the KECALP Units or chargeoffs against the Debit Balance and to reflect the investment experience of the Participant's Mutual Fund Return Options in the same manner as if investments or dispositions in accordance with the Participant's elections had actually been made through the ML Benefit Services Platform and ML II Core Recordkeeping System, or any successor system used for keeping records of Participants' Accounts (the "ML II System"). In adjusting Accounts, the timing of receipt of Participant instructions or credits or debits by the ML II System shall control the timing and pricing of the notional investments in the Participant's Mutual Fund Return Options in accordance with the rules of operation of the ML II System and its requirements for placing corresponding investment orders, as if orders to make corresponding investments or dispositions were actually to be made, except that in connection with the crediting of Deferred Amounts or distributions to the Participant's Account and distributions from or debits to the Account, appropriate deferral allocation instructions shall be treated as received from the Participant prior to the close of transactions through the ML II System on the relevant day. Each Mutual Fund Return Option shall be valued using the Net Asset Value of the Mutual Fund Return Option as of the relevant day; provided, that, in valuing a Mutual Fund Return Option for which a Net Asset Value is not computed, the value of the security involved for determining Participants' rights under the Plan shall be the price reported for actual transactions in that security through the ML II System on the relevant day, without giving effect to any transaction charges or costs associated with such transactions; provided, further, that, if there are no such transactions effected through the ML II System on the relevant day, the value of the security shall be:

(i) if the security is listed for trading on one or more national securities exchanges, the average of the high and low sale prices for that day on the principal exchange for such security, or if such security is not traded on such principal exchange on that day, the average of the high and low sales prices on such exchange on the first day prior thereto on which such security was so traded;

(ii) if the security is not listed for trading on a national securities exchange but is traded in the over-the-counter market, the average of the highest and lowest bid prices for such security on the relevant day; or

(iii) if neither clause (i) nor (ii) applies, the value determined by the Administrator by whatever means he considers appropriate in his sole discretion.

All debits and charges against the Account shall be applied as a pro rata reduction of the portion of the Account Balance indexed to each of the Participant's Mutual Fund Return Options.

(g) Annual Charge. As of the last day of each Fiscal Year or such earlier day in December as the Administrator shall determine, an Annual Charge of 2.0% of the Participant's Deferred Amounts (exclusive of any appreciation or depreciation determined under Section 3.4 (f)) shall be applied to reduce the Account Balance.

(i) In the event that all or any portion of the Account Balance is indexed to a Benchmark Return Option with less than daily liquidity, the Annual Charge will accrue as a Debit Balance and be paid out of future amounts credited to the Account Balance.

(ii) In the event that the Participant elects to have the Account Balance paid in installments, the Annual Charge will be charged on the Remaining Deferred Amounts after giving effect to the installment payments.

(iii) In the event that the Account Balance is paid out completely during a Fiscal Year prior to the date upon which the Annual Charge is assessed, a pro rata Annual Charge will be deducted from amounts to be paid to the Participant to cover that fraction of the Fiscal Year that Deferred Amounts (or Remaining Deferred Amounts in the case of installment payments) were maintained hereunder. The Annual Charge shall be applied as a pro rata reduction of the portion of the Account Balance indexed to each of the Participant's Selected Benchmark Return Options. In applying the Annual Charge, the pricing principles set forth in Section 3.4(f) will be followed.

(h) Rollover Option. In the discretion of the Administrator or a designee, additional Benchmark Return Options, including Return Options with less than daily liquidity, may be offered to all Participants under the Plan or to a more limited group of Participants, if appropriate because of regulatory requirements. In such event, Participants will be entitled, in such manner as the Administrator shall determine, to elect that all or a portion of Account Balances be indexed to such Benchmark Return Options.

(i) With respect to Benchmark Return Options that do not provide daily liquidity: (A) payments under Article V will be made in accordance with a Participant's election at the time of the Participant's original deferral, with any adjustments required for the more limited liquidity of such Return Option; (B) Participants may be limited in their ability to elect, change or continue their Benchmark Return Options in accordance with such terms and conditions as the Administrator or a designee may determine; and (C) the Annual Charge shall be accrued and paid, when possible, upon liquidation of all or any portion of the Benchmark Return Option, provided that no payment shall be made to a Participant under Article V hereof until all accrued Annual Charges have been paid.

(ii) In the event that such limited liquidity options include future KECALP Partnerships, the designated amounts shall be credited to such Participant, accounted for, adjusted and paid out to such Participant in accordance with the terms and conditions of this Plan as they related to the KECALP 1999 Return Option.

3.5 Rescission of Deferral Election.

(a) Prior to December 1, 1998. A deferral election hereunder may be rescinded at the request of a Participant only (i) on or before December 1, 1998, and (ii) if the Administrator, in his sole discretion and upon evidence of such basis that he finds persuasive (including a material applicable change in the Participant's U.S. Federal and/or foreign income tax rate during the period between October 30, 1998 and November 30, 1998), agrees to the rescission of the election. In the event that the Administrator agrees to the rescission, the Deferred Amounts, if any, credited to the Participant's Account will be paid to the Participant as soon as practicable thereafter, subject to reduction for any applicable withholding taxes.

(b) Adverse Tax Determination. Notwithstanding the provisions of Section 3.5(a), a deferral election may be rescinded at any time if (i) a final determination is made by a court or other governmental body of competent jurisdiction that the election was ineffective to defer income for purposes of U.S. Federal, state, local or foreign income taxation and the time for appeal from this determination has expired, and (ii) the Administrator, in his sole discretion, decides, upon the Participant's request and upon evidence of the occurrence of the events described in (i) hereof that he finds persuasive, to rescind the election. Upon such rescission, the Account Balance, including any adjustment for performance of the Selected Benchmark Return Options, will be paid to the Participant as soon as practicable, and no additional amounts will be deferred pursuant to this Plan.

(c) Rescission For Amounts Not Yet Earned. Upon the Participant's written request, the Administrator may in his sole discretion terminate any deferral elections made hereunder with respect to Compensation not yet earned and no further amounts will be deferred. In addition, in the event a Participant receives a hardship withdrawal under the 401(k) Plan, the Administrator shall, as of the date the Participant's Elective 401(k) Deferrals (as defined in the 401(k) Plan) are suspended under the 401(k) Plan as a result of such hardship withdrawal, terminate the Participant's deferrals under this Plan in accordance with the preceding sentence, as if the Participant had requested rescission in writing. In each case, amounts previously deferred will continue to be governed by the terms of this Plan.

ARTICLE IV

STATUS OF DEFERRED AMOUNTS AND ACCOUNT

4.1 No Trust or Fund Created; General Creditor Status.

Nothing contained herein and no action taken pursuant hereto will be construed to create a trust or separate fund of any kind or a fiduciary relationship between ML & Co. and any Participant, the Participant's beneficiary or estate, or any other person. Title to and beneficial ownership of any funds represented by the Account Balance will at all times remain in ML & Co.; such funds will continue for all purposes to be a part of the general funds of ML & Co. and may be used for any corporate purpose. No person will, by virtue of the provisions of this Plan, have any interest whatsoever in any specific assets of the Company. TO THE EXTENT THAT ANY PERSON ACQUIRES A RIGHT TO RECEIVE PAYMENTS FROM ML & CO. UNDER THIS PLAN, SUCH RIGHT WILL BE NO GREATER THAN THE RIGHT OF ANY UNSECURED GENERAL CREDITOR OF ML & CO.

4.2 Non-Assignability.

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

4.3 Effect of Deferral on Benefits Under Pension and Welfare Benefit Plans.

The effect of deferral on pension and welfare benefit plans in which the Participant may participate will depend upon the provisions of each such plan, as amended from time to time.

ARTICLE V

PAYMENT OF ACCOUNT

5.1 Manner of Payment.

(a) Regular Payment Elections. A Participant's Account Balance will be paid by the Company, as elected by the Participant at the time of his or her deferral election, either in a single payment to be made, or in the number of annual installments (not to exceed 15) chosen by the Participant to commence, (i) in the month following the month of the Participant's Retirement or death, (ii) in any month and year selected by the Participant after the end of 1999, or (iii) in any month in the calendar year following the Participant's Retirement; provided that, if a Participant's election would result in payment (in the case of a single payment) or commencement of payment (in the case of installment payments) after the Participant's 70th birthday, then, notwithstanding the

Participant's elections, the Company will pay, or commence payment of, the Participant's Account Balance in the month following the Participant's 70th birthday unless the Participant continues to be an active full time employee at such time, in which case the Company will pay, or commence payment of, the Participant's Account Balance in the month following the Participant's cessation of active service (to the extent payment has not already been made or commenced). The amount of each annual installment, if applicable, shall be determined by multiplying the Account Balance as of the last day of the month immediately preceding the month in which the payment is to be made by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments (including the installment payment to be made). In the event that immediately prior to the lump sum payment or the initial installment payment, all or any portion of a Participant's Account Balance remains indexed to a Benchmark Return Option with less than daily liquidity, such payment shall be adjusted, if necessary, for the liquidity restraints of the Benchmark Return Option and, in the case of an election of 11 or more installment payments commencing upon Retirement or a date certain coincident with Retirement, shall be delayed until such Account Balance is fully liquid.

(b) Modified Installment Payments. In lieu of one of the regular payment elections provided for in Section 5.1(a), a Participant may elect to receive the Account Balance in at least 11 but no more than 15 annual installment payments ("modified installment payments"), such modified installment payments to commence on the last business day in March in the year following the Participant's Retirement or death (the "Initial Payment Date"), provided that, in the event that immediately prior to the initial payment of such installment payments, all or any

portion of a Participant's Account Balance remains indexed to a Benchmark Return Option with less than daily liquidity, such initial payment shall be delayed until such Account Balance is fully liquid. The modified installment payments shall be computed in accordance with last sentence of Section 5.1(a) and will in all other respects be treated like regular installment payments under the Plan. By electing modified installment payments, the Participant agrees that at any time prior to the last day of February immediately preceding a Participant's Initial Payment Date (the "Determination Date"), ML & Co. shall have the right, without the consent of the Participant or any beneficiary, to change the Participant's method of payment to 11 annuitized payments ("annuitized payments"), in the event that, in the sole discretion of the Administrator, it is determined that such a change is necessary or appropriate in order to preserve the intended state tax benefits of the modified installment payments to the Participant or any beneficiary. In the event that the Administrator determines that annuitized payments shall be made, the amount of the annuitized payments will be determined by applying the Discount Rate, as defined below, to the Account Balance as of the Determination Date to create a stream of 11 equal annual payments. If annuitized payments are to be made, then the Account Balance shall cease to be adjusted pursuant to Section 3.4 as of the Determination Date (except that a pro rata Annual Charge will be deducted from the Account Balance prior to calculation of the annuitized payments to cover the fraction of the Fiscal Year preceding the Determination Date) and the Company's only obligation to the Participant shall be to make the annuitized payments when due. As used herein, Discount Rate shall mean ML & Co.'s then-applicable after-tax cost of borrowing and is defined as (A) x (B), where (A) is equal to 1 minus ML & Co.'s then-effective tax rate, expressed as a decimal, and (B) is equal to the sum of: (i) the annual yield on the then-current 5-year U.S. Treasury Note, and (ii) a spread (which will not be less than 0.10%) indicative of ML & Co.'s borrowing cost for transactions of similar structure and average maturity to the annuity, as determined by ML & Co.

5.2 Termination of Employment.

(a) Death or Retirement. Upon a Participant's death, Career Retirement, or Retirement prior to payment, the Account Balance will be paid, in accordance with the Participant's elections and as provided in Section 5.1(a) or (b), as applicable, to the Participant (in the event of Career Retirement or Retirement) or to the Participant's beneficiary (in the event of death); provided, however, that in the event that a beneficiary of the Participant's Account is the Participant's estate or is otherwise not a natural person, then (i) if the Participant has elected a regular payment election pursuant to Section 5.1(a), the applicable portion of the Account Balance will be paid in a single payment to such beneficiary notwithstanding any election of installment payments, and (ii) if the Participant has elected modified installment payments pursuant to Section 5.1(b), the applicable portion of the Account Balance will continue to be payable as modified installment payments or annuitized payments, as the case may be, in accordance with Section 5.1(b), but only to a single person consisting of the administrator or executor of the Participant's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

(b) Other Termination of Employment - Forfeiture of Leverage. If the Participant's employment terminates at any time for any reason other than death, Career Retirement or Retirement, then, notwithstanding the Participant's elections hereunder, any Available Benchmark Return Account Balance will be paid to the Participant, as soon as practicable, in a single payment if the Account Balance is fully liquid, or as available, as soon thereafter as is practicable, notwithstanding the Participant's elections hereunder. In the event that a Participant's employment

terminates at any time for any reason other than death, disability, Career Retirement or Retirement, such Participant will forfeit all rights to the leveraged portion of such Participant's KECALP Unit Account, including any future Leveraged Distributions, unless the Administrator, in his sole discretion, determines that such forfeiture would be detrimental to Merrill Lynch based on the Net Asset Value of the KECALP Units; provided, however, that such forfeiture will not occur: if (1) the Participant is terminated by ML & Co. as the result of a reduction in staff, (2) the Participant delivers to ML & Co. a release of claims (in a form approved by the Director of Human Resources of ML & Co. and counsel) he or she may have against the corporation or any of its subsidiaries and (3) such Participant complies with the terms of such release. In the event of such forfeiture, the Participant's Account Balance and Debit Balance will be restated by the Administrator, as of the date of termination, to reflect what such balances would have been had the Participant selected no leverage under Section 3.4(c). To the extent necessary, the Participant's Account Balance will also be adjusted, as of the date of the termination, to credit the Participant with the amount of any Unleveraged Distributions that were previously applied to the repayment of the Leveraged Principal Amount and any Interest Amounts and, to the extent necessary, any Leveraged Distributions paid out to the Participant will be restated as a Debit Balance. Leveraged and Unleveraged Distributions shall be deemed to have been applied and distributed proportionately. All calculations hereunder shall be made by the Administrator and shall be final and determinative.

(c) Leave of Absence, Transfer or Disability. The Participant's employment will not be considered as terminated if the Participant is on an approved leave of absence or if the Participant transfers or is transferred but remains in the employ of the Company or if the Participant is eligible to receive disability payments under the ML & Co. Basic Long-Term Disability Plan.

(d) Discretion to Alter Payment Date. Notwithstanding the provisions of Sections 5.2(a) and (b), if the Participant's employment terminates for any reason, the Administrator may, in his sole discretion, direct that the Account Balance be paid at some other time or that it be paid in installments; provided that no such direction that adversely affects the rights of the Participant or his or her beneficiary under this Plan shall be implemented without the consent of the affected Participant or beneficiary. This direction may be revoked by the Administrator at any time in his sole discretion.

5.3 Withholding of Taxes.

ML & Co. will deduct or withhold from any payment to be made or deferred hereunder any U.S. Federal, state or local or foreign income or employment taxes required by law to be withheld or require the Participant or the Participant's beneficiary to pay any amount, or the balance of any amount, required to be withheld.

5.4 Beneficiary.

(a) Designation of Beneficiary. The Participant may designate, in a writing delivered to the Administrator or his designee before the Participant's death, a beneficiary to receive payments in the event of the Participant's death. The Participant may also designate a contingent beneficiary to receive payments in accordance with this Plan if the primary beneficiary does not survive the Participant. The Participant may designate more than one person as the Participant's beneficiary or contingent beneficiary, in which case (i) no contingent beneficiary would receive any payment unless all of the primary beneficiaries predeceased the Participant, and (ii) the surviving beneficiaries in any class shall share in any payments in proportion to the percentages of interest assigned to them by the Participant.

(b) Change in Beneficiary. The Participant may change his or her beneficiary or contingent beneficiary (without the consent of any prior beneficiary) in a writing delivered to the Administrator or his designee before the Participant's death. Unless the Participant states otherwise in writing, any change in beneficiary or contingent beneficiary will automatically revoke prior such designations of the Participant's beneficiary or of the Participant's contingent beneficiary, as the case may be, under this Plan only; and any designations under other deferral agreements or plans of the Company will remain unaffected.

(c) Default Beneficiary. In the event that a Participant does not designate a beneficiary, or no designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's surviving spouse, if the Participant is married at the time of his or her death and not subject to a court-approved agreement or court decree of separation, or otherwise the person or persons designated to receive benefits on account of the Participant's death under the ML & Co. Basic Group Life Insurance Plan (the "Life Insurance Plan"). However, if an unmarried Participant does not have coverage in effect under the Life Insurance Plan, or the Participant has assigned his or her death benefit under the Life Insurance Plan, any amounts payable to the Participant's beneficiary under the Plan will be paid to the Participant's estate.

(d) If the Beneficiary Dies During Payment. If a beneficiary who is receiving or is entitled to receive payments hereunder dies after the Participant dies, but before all the payments have been made, the portion of the Account Balance to which that beneficiary was entitled will be paid as soon as practicable in one lump sum to such beneficiary's estate and not to any contingent beneficiary the Participant may have designated; provided, however, that if the beneficiary was receiving modified installment payments or annuitized payments pursuant to Section 5.1(b), the applicable portion of the Account Balance will continue to be paid as modified installment payments or annuitized payments, as the case may be, in accordance with Section 5.1(b), but only to a single person consisting of the administrator or executor of the beneficiary's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

5.5 Hardship Distributions.

ML & Co. may pay to the Participant, on such terms and conditions as the Administrator may establish, such part or all of the Account Balance as he may, in his sole discretion based upon substantial evidence submitted by the Participant, determine necessary to alleviate hardship caused by an unanticipated emergency or necessity outside of the Participant's control affecting the Participant's personal or family affairs. Such payment will be made only at the Participant's written request and with the express approval of the Administrator and will be made on the date selected by the Administrator in his sole discretion. The balance of the Account, if any, will continue to be governed by the terms of this Plan. Hardship shall be deemed to exist only on account of expenses for medical care (described in Code Section 213(d)) of the Participant, the Participant's spouse or the Participant's dependents (described in Code Section 152); payment of unreimbursed tuition and related educational fees for the Participant, the Participant's spouse or the Participant's dependents; the need to prevent the Participant's eviction from or, foreclosure on, the Participant's principal residence; unreimbursed damages resulting from a natural disaster; or such other financial need deemed by the Administrator in his sole discretion to be immediate and substantial.

5.6 Domestic Relations Orders.

Notwithstanding the Participant's elections hereunder, ML & Co. will pay to, or to the Participant for the benefit of, the Participant's spouse or former spouse the portion of the Participant's Account Balance specified in a valid court order entered in a domestic relations proceeding involving the Participant's divorce or legal separation. Such payment will be made net of any amounts the Company may be required to withhold under applicable federal, state or local law. After such payment, references herein to the Participant's "Deferred Amounts" (including, without limitation, for purposes of determining the Annual Charge applicable to any remaining Account Balance) shall mean the Participant's original Deferred Amounts times an amount equal to one minus a fraction, the numerator of which is the gross amount (prior to withholding) paid pursuant to the order, and the denominator of which is the Participant's Account Balance immediately prior to payment.

ARTICLE VI

ADMINISTRATION OF THE PLAN

6.1 Powers of the Administrator.

The Administrator has full power and authority to interpret, construe and administer this Plan so as to ensure that it provides deferred compensation for the Participants as members of a select group of management or highly compensated employees within the meaning of Title I of ERISA. The Administrator's interpretations and construction hereof, and actions hereunder, including any determinations regarding the amount or recipient of any payments, will be binding and conclusive on all persons for all purposes. The Administrator will not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan unless attributable to his willful misconduct or lack of good faith. The Administrator may designate persons to carry out the specified responsibilities of the Administrator and shall not be liable for any act or omission of a person as designated.

6.2 Payments on Behalf of an Incompetent.

If the Administrator finds that any person who is entitled to any payment hereunder is a minor or is unable to care for his or her affairs because of disability or incompetency, payment of the Account Balance may be made to anyone found by the Administrator to be the committee or other authorized representative of such person, or to be otherwise entitled to such payment, in the manner and under the conditions that the Administrator determines. Such payment will be a complete discharge of the liabilities of ML & Co. hereunder with respect to the amounts so paid.

6.3 Corporate Books and Records Controlling.

The books and records of the Company will be controlling in the event that a question arises hereunder concerning the amount of Adjusted Compensation, Incentive Compensation, Sign-On Bonus, Eligible Compensation, the Deferred Amounts, the Account Balance, the designation of a beneficiary, or any other matters.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.1 Litigation.

The Company shall have the right to contest, at its expense, any ruling or decision, administrative or judicial, on an issue that is related to the Plan and that the Administrator believes to be important to Participants, and to conduct any such contest or any litigation arising therefrom to a final decision.

7.2 Headings Are Not Controlling.

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

7.3 Governing Law.

To the extent not preempted by applicable U.S. Federal law, this Plan will be construed in accordance with and governed by the laws of the State of New York as to all matters, including, but not limited to, matters of validity, construction, and performance.

7.4 Amendment and Termination.

ML & Co., through the Administrator, reserves the right to amend or terminate this Plan at any time, except that no such amendment or termination shall adversely affect the right of a Participant to his or her Account Balance (as reduced by the Annual Charge, the Debit Balance or the Leveraged Principal Amount and Interest thereon, as set forth in Section 3.4) as of the date of such amendment or termination.

EXHIBIT 11

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
COMPUTATION OF PER COMMON SHARE EARNINGS
(in millions, except per share amounts)

<TABLE>
<CAPTION>

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 25, 1998	Sept. 26, 1997	Sept. 25, 1998	Sept.26, 1998
<S>	<C>	<C>	<C>	<C>
EARNINGS (LOSS)				
Net earnings (loss)	$(164)	$ 502	$ 915	$1,466
Preferred stock dividends	(9)	(9)	(28)	(29)
Net earnings (loss) applicable to common stockholders	$(173)	$ 493	$ 887	$1,437
WEIGHTED-AVERAGE SHARES OUTSTANDING	357.6	339.8	354.1	339.2
EFFECT OF DILUTIVE INSTRUMENTS				
Employee stock options	29.6	30.6	30.9	29.2
FCCAAP shares	16.2	21.1	16.7	20.8
Restricted units	5.0	5.4	4.9	5.0
ESPP shares	-	-	.1	.1
Convertible debt	-	-	-	.1
DILUTIVE POTENTIAL COMMON SHARES	50.8	57.1	52.6	55.2
TOTAL WEIGHTED-AVERAGE DILUTED SHARES	408.5 (1)	396.9	406.7	394.4
BASIC EARNINGS (LOSS) PER SHARE	$(.49)	$1.45	$2.50	$ 4.24
DILUTED EARNINGS (LOSS) PER SHARE	$(.49)(1)	$1.24	$2.18	$ 3.64

</TABLE>

(1) Since accounting principles require that a net loss not be diluted by potential common shares, diluted loss per share for the 1998 third quarter is calculated using weighted-average shares outstanding only.

Notes:

Basic and diluted earnings per share are based on actual numbers before rounding.

Prior periods have been restated for the Midland Walwyn merger, as required under pooling-of-interests accounting.

EXHIBIT 12

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND
COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(dollars in millions)

<TABLE>
<CAPTION>

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 25, 1998	Sept. 26, 1997	Sept.25, 1998	Sept. 26, 1997
<S>	<C>	<C>	<C>	<C>
Pretax earnings (loss) from continuing operations	$ (206)	$ 789	$ 1,602	$ 2,376
Add: Fixed charges	4,954	4,249	14,448	12,106
Pretax earnings before fixed charges	$4,748	$5,038	$16,050	$14,482
Fixed charges:				
Interest	$4,860	$4,190	$14,199	$11,929
Other (A)	94	59	249	177
Total fixed charges	$4,954	$4,249	$14,448	$12,106
Preferred stock dividend requirements	$ 15	$ 15	$ 46	$ 47
Total combined fixed charges and preferred stock dividends	$4,969	$4,264	$14,494	$12,153
Ratio of earnings to fixed charges (B)	.96	1.19	1.11	1.20
Ratio of earnings to combined fixed charges and preferred stock dividends (B)	.96	1.18	1.11	1.19

</TABLE>

(A) Other fixed charges consist of the interest factor in rentals, amortization of debt expense, and preferred stock dividend requirements of majority-owned subsidiaries.

(B) The ratio calculations indicate a less than one-to-one coverage for the three months ended September 25, 1998. Pretax loss from continuing operations for the three months ended September 25, 1998 is inadequate to cover fixed charges. The deficient amounts for the respective ratios are $206 and $221.

Note: Prior periods have been restated for the Midland Walwyn merger, as required under pooling-of-interests accounting.

Exhibit 15

November 9, 1998

Merrill Lynch & Co., Inc.
World Financial Center
North Tower
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 condensed consolidated financial information of Merrill Lynch & Co., Inc. and subsidiaries as of September 25, 1998 and for the three- and nine-month periods ended September 25, 1998 and September 26, 1997 as indicated in our report dated November 9, 1998; because we did not perform an audit, we expressed no opinion on that information. The unaudited interim condensed consolidated financial information gives retroactive effect to the 1998 merger of Merrill Lynch and Midland Walwyn Inc., which has been accounted for as a pooling-of-interests, as described in Note 2 to the condensed consolidated financial statements.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 25, 1998, is incorporated by reference in the following documents, as amended:

Filed on Form S-8:

Registration Statement No. 33-41942 (1986 Employee Stock Purchase Plan)

Registration Statement No. 33-17908 (Incentive Equity Purchase Plan)

Registration Statement No. 33-33336 (Long-Term Incentive Compensation Plan)

Registration Statement No. 33-51831 (Long-Term Incentive Compensation Plan)

Registration Statement No. 33-51829 (401(k) Savings and Investment Plan)

Registration Statement No. 33-54154 (Non-Employee Directors' Equity Plan)

Registration Statement No. 33-54572 (401(k) Savings and Investment Plan (Puerto Rico))

Registration Statement No. 33-56427 (Amended and Restated 1994 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-55155 (1995 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-60989 (1996 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-09779 (1997 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-32209 (1998 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-00863 (401(k) Savings & Investment Plan)

Registration Statement No. 333-13367 (Restricted Stock Plan for Former Employees of Hotchkis and Wiley)

Registration Statement No. 333-15009 (1997 KECALP Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-17099 (Deferred Unit and Stock Unit Plan for Non-Employee Directors)

Registration Statement No. 333-18915 (Long-Term Incentive Compensation Plan for Managers and Producers)

Registration Statement No. 333-33125 (Employee Stock Purchase Plan for Employees of Merrill Lynch Partnerships)

Registration Statement No. 333-41425 (401(k) Savings & Investment Plan)

Registration Statement No. 333-56291 (Long-Term Incentive Compensation Plan for Managers and Producers)

Registration Statement No. 333-60211 (1999 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-62311 (Replacement Options; Midland Walwyn Inc.)

Filed on Form S-3:

Debt Securities:

Registration Statement No. 33-54218

Registration Statement No. 2-78338

Registration Statement No. 2-89519

Registration Statement No. 2-83477

Registration Statement No. 33-03602

Registration Statement No. 33-17965

Registration Statement No. 33-27512

Registration Statement No. 33-35456

Registration Statement No. 33-42041

Registration Statement No. 33-45327

Registration Statement No. 33-49947

Registration Statement No. 33-51489

Registration Statement No. 33-52647

Registration Statement No. 33-60413

Registration Statement No. 33-61559

Registration Statement No. 33-65135

Registration Statement No. 333-13649

Registration Statement No. 333-25255

Registration Statement No. 333-28537

Registration Statement No. 333-44173

Registration Statement No. 333-59997

Medium Term Notes:

Registration Statement No. 2-96315

Registration Statement No. 33-03079

Registration Statement No. 33-05125

Registration Statement No. 33-09910

Registration Statement No. 33-16165

Registration Statement No. 33-19820

Registration Statement No. 33-23605

Registration Statement No. 33-27549

Registration Statement No. 33-38879

Other Securities:

Registration Statement No. 33-33335 (Common Stock)

Registration Statement No. 33-45777 (Common Stock)

Registration Statement No. 33-55363 (Preferred Stock)

Registration Statement No. 333-02275 (Long-Term Incentive Compensation Plan)

Registration Statement No. 333-16603 (TOPrS)

Registration Statement No. 333-20137 (TOPrS)

Registration Statement No. 333-24889 (Long-Term Incentive Compensation Plan, and Long-Term Incentive Compensation Plan for Managers and Producers)

Registration Statement No. 333-36651 (Hotchkis and Wiley Resale)

Registration Statement No. 333-42859 (TOPrS)

Registration Statement No. 333-59263 (Merrill Lynch & Co., Canada Ltd., Midland Walwyn Inc.)

We are also aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP
New York, New York

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<F1>Includes $5,202 of securities received as collateral, net of securities
pledged as collateral, and $18,386 of securities pledged as collateral, recorded
pursuant to the provisions of Statement of Financial Accounting Standards
No. 127 ("SFAS No. 127").
<F2>Includes $23,588 of obligation to return securities received as collateral,
recorded pursuant to the provisions of SFAS No. 127.
<F3>Includes $1,777 of Preferred Securities issued by Subsidiaries.
</FN>

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