

**Subject to Completion**  
**Preliminary Pricing Supplement dated October 28, 2004**

**PRICING SUPPLEMENT**

(To prospectus supplement and prospectus dated November 26, 2003)  
Pricing Supplement Number:



**1,000,000 Units**  
**Merrill Lynch & Co., Inc.**  
**Medium-Term Notes, Series C**  
**Leveraged Index Return Notes**  
**Linked to the Dow Jones–AIG Commodity Index<sup>SM</sup>**  
**due November , 2009**  
**(the “Notes”)**  
**\$10 original public offering price per unit**

**The Notes:**

- There will be no payments prior to maturity and we cannot redeem the Notes prior to maturity.
- Senior unsecured debt securities of Merrill Lynch & Co., Inc. part of a series entitled “Medium-Term Notes, Series C”.
- The Notes are designed for investors who are seeking leveraged exposure to increases in the Dow Jones–AIG Commodity Index (index symbol “DJAIG”), willing to forego interest payments on the Notes and willing to accept less than the \$10 original public offering price per unit if the level of the Dow Jones–AIG Commodity Index declines by more than 20% over the term of the Notes.
- The Notes will not be listed on any securities exchange or other trading facility.
- Expected settlement date: November , 2004.
- CUSIP No.:

**Payment at maturity:**

- The amount you receive at maturity will be based on the percentage change in the level of the Dow Jones–AIG Commodity Index over the term of the Notes. If the level of the Dow Jones–AIG Commodity Index:
  - has increased, you will receive an amount equal to \$10 per unit plus a supplemental amount expected to be between 110% and 125% of that increase;
  - has decreased by 20% or less, you will receive \$10 per unit; or
  - has decreased by more than 20%, you will receive less than \$10 per unit. Any decline in the Dow Jones–AIG Commodity Index in excess of 20% will result in the amount paid at maturity on the Notes being reduced by an amount equal to 125% of the decline in excess of 20%.

Information included in this pricing supplement supercedes information in the accompanying prospectus supplement and prospectus to the extent that it is different from that information.

**Investing in the Notes involves risks that are described in the “Risk Factors” section of this pricing supplement and the accompanying prospectus supplement.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this pricing supplement or the accompanying prospectus supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<u>Per Unit</u>	<u>Total</u>
Public offering price(1)	\$10.00	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to Merrill Lynch & Co., Inc.	\$	\$

(1) The public offering price and the underwriting discount for any single transaction to purchase units or more will be \$ per unit and \$ per unit, respectively.

**Merrill Lynch & Co.**

The date of this pricing supplement is November , 2004.

“Leveraged Index Return Notes” is a service mark of Merrill Lynch & Co., Inc.  
“Dow Jones,” “AIG®,” and “Dow Jones–AIG Commodity Index” are service marks of Dow Jones & Company, Inc. and American International Group, Inc. and have been licensed for use for certain purposes by Merrill Lynch & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated is an authorized licensee. The Notes are not sponsored, endorsed, sold or promoted by Dow Jones, AIG International Inc. or American International Group, Inc.

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## SUMMARY INFORMATION—Q&A

This summary includes questions and answers that highlight selected information from this pricing supplement and the accompanying prospectus supplement and prospectus to help you understand the Leveraged Index Return Notes Linked to the Dow Jones–AIG Commodity Index due November , 2009 (the “Notes”). You should carefully read this pricing supplement and the accompanying prospectus supplement and prospectus to fully understand the terms of the Notes, the Dow Jones–AIG Commodity Index (the “**Index**”) and the tax and other considerations that are important to you in making a decision about whether to invest in the Notes. You should carefully review the “Risk Factors” section in this pricing supplement and in the accompanying prospectus supplement, which highlights certain risks associated with an investment in the Notes, to determine whether an investment in the Notes is appropriate for you.

References in this pricing supplement to “ML&Co.,” “we,” “us” and “our” are to Merrill Lynch & Co., Inc. and references to “MLPF&S” are to Merrill Lynch, Pierce, Fenner & Smith Incorporated.

### **What are the Notes?**

The Notes will be part of a series of senior debt securities issued by ML&Co. entitled “Medium-Term Notes, Series C” and will not be secured by collateral. The Notes will rank equally with all of our other unsecured and unsubordinated debt. The Notes will mature on November , 2009. We cannot redeem the Notes at an earlier date. We will not make any payments on the Notes until maturity.

Each unit will represent a single Note with an original public offering price of \$10. You may transfer the Notes only in whole units. You will not have the right to receive physical certificates evidencing your ownership except under limited circumstances. Instead, we will issue the Notes in the form of a global certificate, which will be held by The Depository Trust Company, also known as DTC, or its nominee. Direct and indirect participants in DTC will record your ownership of the Notes. You should refer to the section entitled “Description of Debt Securities—Depository” in the accompanying prospectus.

### **Are there any risks associated with my investment?**

Yes, an investment in the Notes is subject to risks, including the risk of loss of your entire investment. Please refer to the section entitled “Risk Factors” in this pricing supplement and the accompanying prospectus supplement.

### **Who publishes the Index and what does the Index measure?**

The Index was created by AIG International Inc. (“AIGI”) in 1998 and is calculated by Dow Jones & Company, Inc. (“Dow Jones”) in conjunction with AIGI. The Index is designed to be a liquid and diversified benchmark for commodities. The Index is comprised of futures contracts (each, an “**Index Component**”) on twenty physical commodities traded on United States futures exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange. The relative weightings of the commodities that comprise the Index (the “**Index Commodities**”) are determined annually. Two-thirds of each weighting is based on five-year average trading volume and one-third of each weighting is based on five-year average annual world production. The component weightings are also determined by several rules designed to insure diversified commodity exposure.

Please note that an investment in the Notes does not entitle you to any direct or indirect ownership interest in the Index Components or the Index Commodities.

### **How has the Index performed historically?**

We have included a graph showing the year-end closing level of the Index for each year from 1998 through 2003 and a graph and table showing the month-end closing level of the Index from January 1999 through September 2004 in the section entitled “The Index—Historical Data on the Index” in this pricing supplement. We have provided this historical information to help you evaluate the behavior of the

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Index in various economic environments; however, past performance of the Index is not necessarily indicative of how the Index will perform in the future.

### What will I receive upon maturity of the Notes?

At maturity, for each unit of Notes you own, you will receive a payment equal to the **Redemption Amount**. The Redemption Amount we will pay on each unit will depend on the relation of the Ending Value to the Starting Value:

(i) If the Ending Value is greater than or equal to the Starting Value, the Redemption Amount per unit will equal:

$$\$10 + \left( \$10 \cdot \left( \frac{\text{Ending Value} - \text{Starting Value}}{\text{Starting Value}} \right) \cdot \text{Participation Rate} \right);$$

(ii) If the Ending Value is less than the Starting Value but is greater than or equal to the Threshold Value, the Redemption Amount per unit will equal the original public offering price of \$10 per unit; or

(iii) If the Ending Value is less than the Threshold Value, the Redemption Amount per unit will equal:

$$\$10 \cdot \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right) \cdot 125\%$$

The **Starting Value** will equal the closing level of the Index on the date the Notes are priced for initial sale to the public (the **Pricing Date**). We will disclose the Starting Value to you in the final pricing supplement delivered in connection with sales of the Notes.

The **Ending Value** means the average, arithmetic mean, of the levels of the Index at the close of the market on five business days shortly before the maturity of the Notes. We may calculate the Ending Value by reference to fewer than five or even a single day's closing level if, during the period shortly before the maturity of the Notes, there is a disruption in the trading in any of the Index Components or certain futures or options contracts relating to the Index.

The **Threshold Value** is 80% of the Starting Value.

The **Participation Rate** will be a fixed percentage expected to be between 110% and 125%. We will determine the actual Participation Rate on the Pricing Date and disclose it to you in the final pricing supplement delivered in connection with sales of the Notes.

In the event that the level of the Index declines over the term of the Notes by more than 20% from the Starting Value, the amount you receive at maturity will be less and may be significantly less than your initial investment in the Notes. Any decline in the Index below the Threshold Value will result in the amount paid at maturity on the Notes being reduced by an amount equal to 125% of the decline in excess of 20%.

For more specific information about the Redemption Amount, please see the section entitled "Description of the Notes" in this pricing supplement.

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### *Examples*

Set forth below are three examples of Redemption Amount calculations, assuming for Example 1, a Participation Rate of 117.5%, the midpoint of the expected range of 110% and 125%:

**Example 1**—At the stated maturity, the Index is above the hypothetical Starting Value:

Hypothetical Starting Value: 157.26  
Hypothetical Ending Value: 172.99

$$\text{Redemption Amount (per unit)} = \$10 + \left( \$10 \times \left( \frac{172.99 - 157.26}{157.26} \right) \times 117.5\% \right) = \$11.18$$

**Example 2**—At the stated maturity, the Index is below the hypothetical Starting Value but is not less than the Threshold Value:

Hypothetical Starting Value: 157.26  
Hypothetical Ending Value: 141.53

$$\text{Redemption Amount (per unit)} = \$10$$

**Example 3**—At the stated maturity, the Index is below the Threshold Value:

Hypothetical Starting Value: 157.26  
Hypothetical Ending Value: 78.63

$$\text{Redemption Amount (per unit)} = \$10 \times \left( \frac{78.63}{157.26} \right) \times 125\% = \$6.25$$

### **Will I receive interest payments on the Notes?**

You will not receive any interest payments on the Notes, but will instead receive the Redemption Amount at maturity. We have designed the Notes for investors who are seeking leveraged exposure to increases in the Index, willing to forego interest payments on the Notes, such as fixed or floating interest rates paid on standard senior non-callable debt securities, and willing to accept less than the \$10 original public offering price per unit if the level of the Index declines by more than 20% over the term of the Notes.

### **What about taxes?**

The U.S. federal income tax consequences of an investment in the Notes are complex and uncertain. By purchasing a Note, you and ML&Co. agree, in the absence of an administrative or judicial ruling to the contrary, to characterize a Note for all tax purposes as a pre-paid cash-settled forward contract linked to the level of the Index. Under this characterization of the Notes, you should be required to recognize gain or loss to the extent that you receive cash on the maturity date or upon a sale or exchange of a Note prior to the maturity date. You should review the discussion under the section entitled “United States Federal Income Taxation” in this pricing supplement.

### **Will the Notes be listed on a stock exchange?**

The Notes will not be listed on any securities exchange or other trading facility and we do not expect a trading market for the Notes to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity. You should review the section entitled “Risk Factors—A trading market for the Notes is not expected to develop” in this pricing supplement.

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### **What is the role of MLPF&S?**

Our subsidiary MLPF&S is the underwriter for the offering and sale of the Notes. After the initial offering, MLPF&S intends to buy and sell Notes to create a secondary market for holders of the Notes, and may stabilize or maintain the market price of the Notes during the initial distribution of the Notes. However, MLPF&S will not be obligated to engage in any of these market activities or continue them once it has started.

### **What is the role of Merrill Lynch Capital Services, Inc.?**

Merrill Lynch Capital Services, Inc. will serve as the calculation agent for purposes of calculating, among other things, the Ending Value and the Redemption Amount. Under certain circumstances, these duties could result in a conflict of interest between Merrill Lynch Capital Services, Inc.'s status as a subsidiary of ML&Co. and its responsibilities as calculation agent.

### **What is ML&Co.?**

Merrill Lynch & Co., Inc. is a holding company with various subsidiaries and affiliated companies that provide investment, financing, insurance and related services on a global basis.

For information about ML&Co., see the section entitled "Merrill Lynch & Co., Inc." in the accompanying prospectus. You should also read other documents ML&Co. has filed with the Securities and Exchange Commission, which you can find by referring to the section entitled "Where You Can Find More Information" in the accompanying prospectus.

## RISK FACTORS

Your investment in the Notes will involve risks. You should carefully consider the following discussion of risks before deciding whether an investment in the Notes is suitable for you.

### **Your investment may result in a loss**

We will not repay you a fixed amount of principal on the Notes at maturity. The payment at maturity on the Notes will depend on the change in the level of the Index. Because the level of the Index is subject to market fluctuations, the amount of cash you receive at maturity may be more or less than the \$10 original public offering price of the Notes. If the Ending Value is less than the Threshold Value, the Redemption Amount will be less and may be significantly less than the \$10 original public offering price of the Notes, in which case your investment in the Notes will result in a loss to you.

Any decline in the Index below the Threshold Value will result in the amount paid at maturity on the Notes being reduced by an amount equal to 125% of the decline in excess of 20%.

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

The yield that you will receive on your Notes, which could be negative, may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of ML&Co. with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

### **Your yield may be lower than the potential return on a direct investment in the Index Components or the Index Commodities**

The amount you receive at maturity may be lower than the potential return you could earn by investing in the Index Components or in the Index Commodities or by investing in a collective investment vehicle that trades in the Index Components.

### **You must rely on your own evaluation of the merits of an investment linked to the Index**

In the ordinary course of their businesses, affiliates of ML&Co. may, from time to time, express views on expected movements in the price of certain commodities, including the Index Commodities. These views are sometimes communicated to clients who participate in the commodity markets. However, these views, depending upon world-wide economic, political and other developments, may vary over differing time-horizons and are subject to change. Moreover, other professionals who deal in the commodity markets may at any time have significantly different views from those of our affiliates. For reasons such as these, we believe that most investors in the commodity markets derive information concerning those markets from multiple sources. In connection with your purchase of the Notes, you should investigate the relevant commodity markets and not rely on views which may be expressed by our affiliates in the ordinary course of their businesses with respect to future commodity price or futures price movements.

You should make such investigation as you deem appropriate as to the merits of an investment linked to the Index. Neither the offering of the Notes nor any views which may from time to time be expressed by our affiliates in the ordinary course of their businesses with respect to future commodity price or futures price movements constitutes a recommendation as to the merits of an investment in the Notes.

### **The Notes are linked to the Dow Jones-AIG Commodity Index and not the Dow Jones-AIG Commodity Index Total Return<sup>SM</sup>**

The Notes are linked to the Dow Jones-AIG Commodity Index and not the Dow Jones-AIG Commodity Index Total Return. The Dow Jones-AIG Commodity Index reflects returns that are potentially available through

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an unleveraged investment in the Index Components. The Dow Jones-AIG Commodity Index Total Return is a total return index which, in addition to reflecting the same returns of the Dow Jones-AIG Commodity Index, also reflects interest that could be earned on cash collateral invested in three-month United States Treasury bills. Because the Notes are linked to the Dow Jones-AIG Commodity Index and not the Dow Jones-AIG Commodity Index Total Return, the return on the Notes will not reflect the total return feature.

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

The trading value of the Notes will be affected by factors that interrelate in complex ways. The effect of one factor may offset the increase in the trading value of the Notes caused by another factor and the effect of one factor may exacerbate the decrease in the trading value of the Notes caused by another factor. For example, an increase in United States interest rates may offset some or all of any increase in the trading value of the Notes attributable to another factor, such as an increase in the level of the Index. The following paragraphs describe the expected impact on the market value of the Notes given a change in a specific factor, assuming all other conditions remain constant.

*The level of the Index is expected to affect the trading value of the Notes.* We expect that the market value of the Notes will depend substantially on the amount, if any, by which the level of the Index exceeds or does not exceed the Starting Value and the Threshold Value. If you choose to sell your Notes when the level of the Index exceeds the Starting Value, you may receive substantially less than the amount that would be payable at maturity based on this level because of the expectation that the Index will continue to fluctuate until the Ending Value is determined.

*Suspensions or disruptions of futures trading may adversely affect the value of the Notes.* The futures markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. These circumstances could adversely affect the value of the Notes.

*Changes in the levels of interest rates are expected to affect the trading value of the Notes.* We expect that changes in interest rates will affect the trading value of the Notes. Generally, if United States interest rates increase, the trading value of the Notes will decrease and, conversely, if United States interest rates decrease, the trading value of the Notes will increase.

*Changes in the volatility of the Index Commodities and the Index Components are expected to affect the trading value of the Notes.* Volatility is the term used to describe the size and frequency of price and/or market fluctuations. If the volatility of the Index Commodities or the Index Components increase, the trading value of the Notes will increase, and conversely, if the volatility of the Index Commodities or the Index Components decrease, the trading value of the Notes will decrease. The volatility of the Index Commodities and the Index Components is affected by a variety of factors, including weather, agriculture, disease, governmental programs and policies, national and international political and economic events, changes in interest and exchange rates and trading activity in futures contracts.

*As the time remaining to maturity of the Notes decreases, the "time premium" associated with the Notes will decrease.* We anticipate that before their maturity, the Notes may trade at a value above that which would be expected based on the level of interest rates and the level of the Index. This difference will reflect a "time premium" due to expectations concerning the level of the Index during the period before the stated maturity of the Notes. However, as the time remaining to the stated maturity of the Notes decreases, we expect that this time premium will decrease, lowering the trading value of the Notes.

*Changes in our credit ratings may affect the trading value of the Notes.* Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings



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may affect the trading value of the Notes. However, because your return on your Notes is dependent upon factors in addition to our ability to pay our obligations under the Notes, such as the percentage increase, if any, in the level of the Index at maturity, an improvement in our credit ratings will not reduce the other investment risks related to the Notes.

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

### **A trading market for the Notes is not expected to develop**

The Notes will not be listed on any securities exchange or other trading facility and we do not expect a trading market for the Notes to develop. Although our affiliate MLPF&S has indicated that it expects to bid for Notes offered for sale to it by holders of the Notes, it is not required to do so and may cease making such bids at any time. The limited trading market for your Notes may affect the price that you receive for your Notes if you do not wish to hold your investment until maturity.

### **Amounts payable on the Notes may be limited by state law**

New York State law governs the 1983 Indenture under which the Notes will be issued. New York has usury laws that limit the amount of interest that can be charged and paid on loans, which includes debt securities like the Notes. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to debt securities in which \$2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for the benefit of the holders of the Notes, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

### **Trading in the Index Commodities, Index Components and options on Index Commodities and Index Components by us and our affiliates may affect your return.**

Merrill Lynch Capital Services, Inc., an affiliate of ours, and certain of our other affiliates may, from time to time, trade in some or all of the Index Commodities on a spot and forward basis and other contracts and products in or related to the Index Commodities (including futures contracts and options on futures contracts traded on futures exchanges in the United States and other countries, and commodity options and swaps). Also, we may issue or our affiliates may underwrite other financial instruments with returns indexed to the prices of the Index Commodities or the Index Components and derivative commodities. These trading and underwriting activities could affect the level of the Index in a manner that could be adverse to your investment in the Notes.

### **Potential conflicts of interest could arise**

Our subsidiary Merrill Lynch Capital Services, Inc. is our agent for the purposes of calculating the Ending Value and the Redemption Amount. Under certain circumstances, the role of Merrill Lynch Capital Services, Inc. as our subsidiary and its responsibilities as calculation agent for the Notes could give rise to conflicts of interest. These conflicts could occur, for instance, in connection with its determination as to whether the level of the Index can be calculated on a particular trading day, or in connection with judgments that it would be required to make in the event of a discontinuance of the Index. See the sections entitled “Description of the Notes—Adjustments to the Index; Market Disruption Events” and “—Discontinuance of the Index” in this pricing supplement. Merrill Lynch Capital Services, Inc. is required to carry out its duties as calculation agent in good faith and using its reasonable judgment. However, because we control Merrill Lynch Capital Services, Inc., potential conflicts of interest could arise.

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

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### **Tax consequences are uncertain**

You should consider the tax consequences of investing in the Notes, aspects of which are uncertain. See the section entitled “United States Federal Income Taxation” in this pricing supplement.

### **Lack of Regulation by the CFTC**

The Notes are debt securities that are direct obligations of ML&Co. The net proceeds to be received by ML&Co. from the sale of the Notes will not be used to purchase or sell the Index Components for the benefit of holders of the Notes. An investment in the Notes does not constitute either an investment in the Index Components or in a collective investment vehicle that trades in the Index Components, i.e., the Notes do not constitute a direct or indirect investment by you in the trading of the underlying futures contracts that constitute the Index Components. Unlike an investment in the Notes, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the Commodity Futures Trading Commission (the “CFTC”) as a “commodity pool operator” (a “CPO”). Because the Notes are not interests in a commodity pool, the Notes will not be regulated by the CFTC as a commodity pool, ML&Co. will not be registered with the CFTC as a CPO and you will not benefit from the CFTC’s or any non-United States regulatory authority’s regulatory protections afforded to persons who trade in futures contracts or who invest in regulated commodity pools. The Notes do not constitute investments by you in futures contracts traded on regulated futures exchanges, which may only be transacted through a person registered with the CFTC as a “futures commission merchant” (“FCM”). ML&Co. is not registered with the CFTC as an FCM and you will not benefit from the CFTC’s or any other non-United States regulatory authority’s regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered FCM.

## DESCRIPTION OF THE NOTES

ML&Co. will issue the Notes as part of a series of senior debt securities entitled “Medium-Term Notes, Series C” under the 1983 Indenture, which is more fully described in the accompanying prospectus. The Notes will mature on November 15, 2009. Information included in this pricing supplement supercedes information in the accompanying prospectus supplement and prospectus to the extent that it is different from that information. The CUSIP number for the Notes is 463201 100.

While at maturity a beneficial owner of a Note will receive an amount equal to the Redemption Amount, there will be no other payment of interest, periodic or otherwise. See the section entitled “—Payment at Maturity”.

The Notes will not be subject to redemption by ML&Co. or at the option of any beneficial owner before maturity. If an Event of Default occurs with respect to the Notes, beneficial owners of the Notes may accelerate the maturity of the Notes, as described under “—Events of Default and Acceleration” in this pricing supplement and “Description of Debt Securities—Events of Default” in the accompanying prospectus.

ML&Co. will issue the Notes in denominations of whole units each with an original public offering price of \$10 per Note. You may transfer the Notes only in whole units. You will not have the right to receive physical certificates evidencing your ownership except under limited circumstances. Instead, we will issue the Notes in the form of a global certificate, which will be held by The Depository Trust Company, also known as DTC, or its nominee. Direct and indirect participants in DTC will record your ownership of the Notes. You should refer to the section entitled “Description of Debt Securities—Depository” in the accompanying prospectus.

The Notes will not have the benefit of any sinking fund.

### Payment at Maturity

At maturity, a beneficial owner of a Note will be entitled to receive the Redemption Amount of that Note, as provided below.

#### *Determination of the Redemption Amount*

The “Redemption Amount” for a Note will be determined by the calculation agent as described below.

(i) If the Ending Value is equal to or greater than the Starting Value, the Redemption Amount per unit will equal:

$$\$10 + \left( \$10 \cdot \left( \frac{\text{Ending Value} - \text{Starting Value}}{\text{Starting Value}} \right) \cdot \text{Participation Rate} \right);$$

(ii) If the Ending Value is less than the Starting Value but is equal to or greater than the Threshold Value, the Redemption Amount per unit will equal the original public offering price of \$10 per unit; or

(iii) If the Ending Value is less than the Threshold Value, the Redemption Amount per unit will equal:

$$\$10 \cdot \left( \frac{\text{Ending Value}}{\text{Starting Value}} \right) \cdot 125\%$$

The “Starting Value” will equal the closing level of the Index on the Pricing Date. We will disclose the Starting Value to you in the final pricing supplement delivered in connection with sales of the Notes.

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The “Ending Value” will be determined by the calculation agent and will equal the average, arithmetic mean, of the closing levels of the Index determined on each of the first five Calculation Days during the Calculation Period. If there are fewer than five Calculation Days during the Calculation Period, then the Ending Value will equal the average, arithmetic mean, of the closing levels of the Index on those Calculation Days. If there is only one Calculation Day during the Calculation Period, then the Ending Value will equal the closing level of the Index on that Calculation Day. If no Calculation Days occur during the Calculation Period, then the Ending Value will equal the closing level of the Index determined on the last scheduled Index Business Day in the Calculation Period, regardless of the occurrence of a Market Disruption Event (as described below under “—Adjustments to the Index; Market Disruption Events”) on that scheduled Index Business Day.

The “Threshold Value” is 80% of the Starting Value.

The “Participation Rate” will be a fixed percentage expected to be between 110% and 125%. We will determine the actual Participation Rate on the Pricing Date and disclose it to you in the final pricing supplement delivered in connection with sales of the Notes.

The “**Calculation Period**” means the period from and including the seventh scheduled Index Business Day before the maturity date to and including the second scheduled Index Business Day before the maturity date.

A “**Calculation Day**” means any Index Business Day during the Calculation Period on which a Market Disruption Event has not occurred.

An “**Index Business Day**” means a day on which the Index or any successor index is calculated and published.

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

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**Hypothetical Returns**

The following table illustrates, for the hypothetical Starting Value and a range of hypothetical Ending Values of the Index:

- the percentage change from the hypothetical Starting Value to the hypothetical Ending Value;
- the total amount payable at maturity for each Note;
- the total rate of return to beneficial owners of the Notes; and
- the pretax annualized rate of return to beneficial owners of the Notes.

The table below includes a Threshold Value of 80% and assumes a Participation Rate of 117.5%, the midpoint of the expected Participation Rate of 110% and 125%.

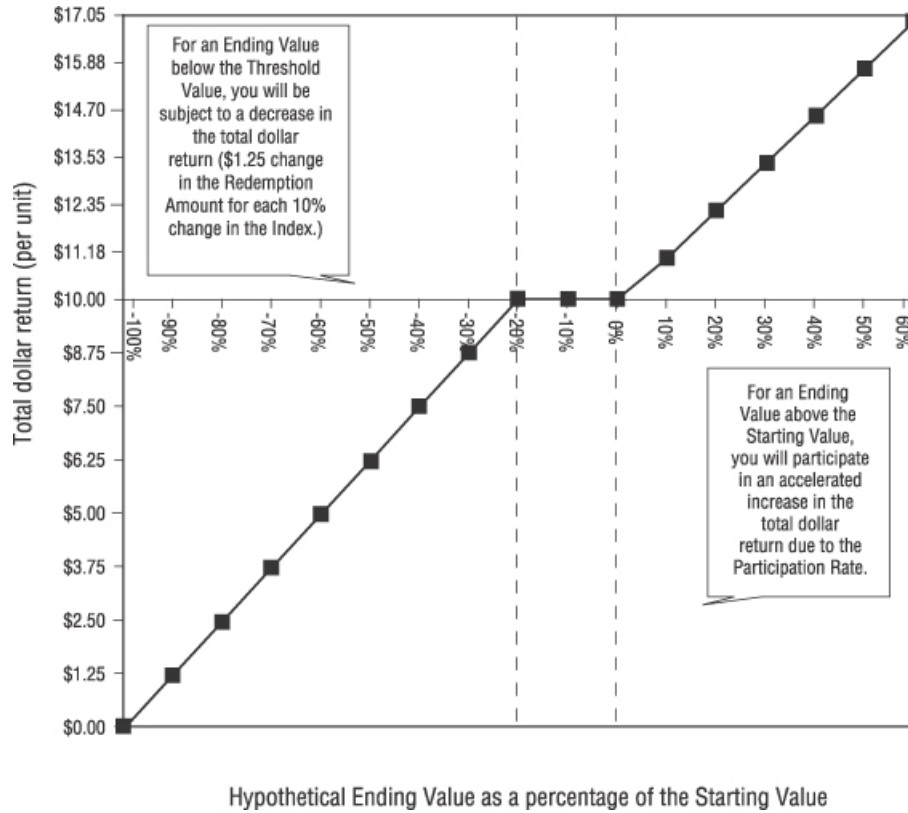
Hypothetical Ending Value	Percentage change from the hypothetical Starting Value to the hypothetical Ending Value	Total amount payable at maturity per Note	Total rate of return on the Notes	Pretax annualized rate of return on the Notes(1)	Pretax annualized return of commodities included in the Index
0.00	-100%	\$ 0.00	-100.00%	—	—
15.73	-90%	\$ 1.25	-87.50%	-37.51%	-41.09%
31.45	-80%	\$ 2.50	-75.00%	-25.86%	-29.70%
47.18	-70%	\$ 3.75	-62.50%	-18.67%	-22.66%
62.90	-60%	\$ 5.00	-50.00%	-13.38%	-17.49%
78.63	-50%	\$ 6.25	-37.50%	-9.17%	-13.38%
94.35	-40%	\$ 7.50	-25.00%	-5.67%	-9.95%
110.08	-30%	\$ 8.75	-12.50%	-2.65%	-7.00%
125.80	-20%	\$10.00	0.00%	0.00%	-4.41%
141.53	-10%	\$10.00	0.00%	0.00%	-2.09%
157.26(2)	0%	\$10.00	0.00%	0.00%	0.00%
172.98	10%	\$11.18	11.75%	2.23%	1.91%
188.71	20%	\$12.35	23.50%	4.26%	3.68%
204.43	30%	\$13.53	35.25%	6.12%	5.31%
220.16	40%	\$14.70	47.00%	7.85%	6.84%
235.88	50%	\$15.88	58.75%	9.45%	8.27%
251.61	60%	\$17.05	70.50%	10.95%	9.61%

- (1) The annualized rates of return specified in this column are calculated on a semiannual bond equivalent basis and assume an investment term from October 26, 2004 to October 27, 2009, a term expected to be equal to that of the Notes.
- (2) This is the hypothetical Starting Value. The actual Starting Value will be determined on the Pricing Date and will be disclosed in the final pricing supplement delivered in connection with sales of the Notes.

The above figures are for purposes of illustration only. The actual Redemption Amount received by you and the resulting total and pretax annualized rates of return will depend on the actual Starting Value, Ending Value, Participation Rate and term of your investment.

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The following graph illustrates the total dollar return (per unit) you would receive on each Note for a range of hypothetical Ending Values (as expressed as a percentage change from the hypothetical Starting Value), including a Threshold Value of 80% and assuming a Participation Rate of 117.5%, the midpoint of the expected Participation Rate of 110% and 125%.



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### **Adjustments to the Index; Market Disruption Events**

If at any time Dow Jones or AIGI make a material change in the formula for or the method of calculating the Index or in any other way materially modify the Index so that the Index does not, in the opinion of the calculation agent, fairly represent the level of the Index had those changes or modifications not been made, then, from and after that time, the calculation agent will, at the close of business in New York, New York, on each date that the closing level of the Index is to be calculated, make any adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a calculation of a level of a futures index comparable to the Index as if those changes or modifications had not been made, and calculate the closing level with reference to the Index, as so adjusted. Accordingly, if the method of calculating the Index is modified so that the level of the Index is a fraction or a multiple of what it would have been if it had not been modified, e.g., due to a split, then the calculation agent will adjust the Index in order to arrive at a level of the Index as if it had not been modified, e.g., as if a split had not occurred.

“**Market Disruption Event**” means either of the following events as determined by the calculation agent:

- (a) the suspension of or material limitation on trading for more than two hours of trading, or during the one-half hour period preceding the close of trading, on the applicable exchange (without taking into account any extended or after-hours trading session), in any futures contract used in the calculation of the Index or any successor index (without taking into account any extended or after-hours trading session);
- (b) the suspension of or material limitation on trading for more than two hours of trading, or during the one-half hour period preceding the close of trading, on the applicable exchange (without taking into account any extended or after-hours trading session), whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise, in options contracts or futures contracts related to the Index, or any successor index, which are traded on any major U.S. exchange; or
- (c) the failure on any day of the applicable exchange to publish the official daily settlement prices for that day for any futures contract used in the calculation of the Index.

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

- (1) a limitation on the hours in a trading day and/or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange; and
- (2) a suspension in trading on the applicable exchange (without taking into account any extended or after-hours trading session), in any futures contract used in the calculation of the Index or any successor index, by reason of a price change reflecting the maximum permitted price change from the previous trading day's settlement price will constitute a Market Disruption Event.

As a result of terrorist attacks on September 11, 2001, many of the commodities markets were closed on September 12, 2001 and September 13, 2001, and levels of the Index are not available for those dates. Those market closures would have constituted Market Disruption Events. The occurrence of a Market Disruption Event could effect the calculation of the payment at maturity you may receive. See the section entitled “—Payment at Maturity” in this pricing supplement.

### **Discontinuance of the Index**

If Dow Jones and AIGI discontinues publication of the Index and Dow Jones, AIGI or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be

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comparable to the Index (a “**successor index**”), then, upon the calculation agent’s notification of that determination to the trustee and ML&Co., the calculation agent will substitute the successor index as calculated by Dow Jones, AIGI or any other entity for the Index and calculate the Ending Value as described above under “—Payment at Maturity”. Upon any selection by the calculation agent of a successor index, ML&Co. will cause notice to be given to holders of the Notes.

In the event that Dow Jones and AIGI discontinue publication of the Index and:

- the calculation agent does not select a successor index; or
- the successor index is no longer published on any of the Calculation Days,

the calculation agent will compute a substitute level for the Index in accordance with the procedures last used to calculate the Index before any discontinuance. If a successor index is selected or the calculation agent calculates a level as a substitute for the Index as described below, the successor index or level will be used as a substitute for the Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If Dow Jones and AIGI discontinue publication of the Index before the Calculation Period and the calculation agent determines that no successor index is available at that time, then on each DJ-AIG Business Day (as described below under the section entitled “The Index” in this pricing supplement) until the earlier to occur of:

- the determination of the Ending Value; or
- a determination by the calculation agent that a successor index is available,

the calculation agent will determine the value that would be used in computing the Redemption Amount as described in the preceding paragraph as if that day were a Calculation Day. The calculation agent will cause notice of each value to be published not less often than once each month in *The Wall Street Journal* or another newspaper of general circulation, and arrange for information with respect to these values to be made available by telephone.

Notwithstanding these alternative arrangements, discontinuance of the publication of the Index may adversely affect trading in the Notes.

### **Events of Default and Acceleration**

In case an Event of Default with respect to any Notes has occurred and is continuing, the amount payable to a beneficial owner of a Note upon any acceleration permitted by the Notes, with respect to each \$10 original public offering price of each unit, will be equal to the Redemption Amount, calculated as though the date of acceleration were the stated maturity date of the Notes. If a bankruptcy proceeding is commenced in respect of ML&Co., the claim of the beneficial owner of a Note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the \$10 original public offering price of the Note plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Notes.

In case of default in payment of the Notes, whether at their maturity or upon acceleration, from and after that date the Notes will bear interest, payable upon demand of their beneficial owners, at the rate of      % per annum, to the extent that payment of any interest is legally enforceable on the unpaid amount due and payable on that date in accordance with the terms of the Notes to the date payment of that amount has been made or duly provided for.



## THE INDEX

The Index is a proprietary index that was created by Dow Jones and AIGI to provide a liquid and diversified benchmark for commodities. The Index was established on July 14, 1998. The Index is currently comprised of futures contracts (each, an “Index Component”) on twenty physical commodities. A commodity futures contract is a bilateral agreement that provides for the purchase and sale of a specified type and quantity of a commodity during a stated delivery month for a fixed price. The twenty commodities for 2004 that comprise the Index (the “Index Commodities”) are: aluminum; cocoa; coffee; copper; corn; cotton; crude oil; gold; heating oil; hogs; live cattle; natural gas; nickel; silver; soybeans; soybean oil; sugar; unleaded gasoline; wheat; and zinc. For 2005, nineteen Index Commodities will comprise the Index, with cocoa to be removed due to the operation of the diversification rules described below. Futures contracts on the Index are currently listed for trading on the Chicago Board of Trade (the “CBOT”). The Index Commodities currently trade on United States exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (the “LME”).

The Index tracks what is known as a rolling futures position, which is a position where, on a periodic basis, futures contracts on physical commodities specifying delivery on a nearby date must be sold and futures contracts on physical commodities that have not yet reached the delivery period must be purchased. An investor with a rolling futures position is able to avoid delivering underlying physical commodities while maintaining exposure to those commodities. The rollover for each Index Component occurs over a period of five DJ-AIG Business Days each month according to a pre-determined schedule.

The methodology for determining the composition and weighting of the Index and for calculating its value is subject to modification by Dow Jones and AIGI at any time. Currently, Dow Jones disseminates the Index value at approximately 15 second intervals from 8:00 a.m. to 3:00 p.m., New York time, and publishes a daily Index value at approximately 4:00 p.m., New York time, on each DJ-AIG Business Day on Bloomberg page DJAIG.

A “**DJ-AIG Business Day**” means a day on which the sum of the Commodity Index Percentages (as described below under “—Annual Reweighting and Rebalancing of the Index”) for the Index Commodities that are open for trading is greater than 50%.

The Index was created using the following four main principles:

*Economic Significance:* To achieve a fair representation of a diversified group of commodities to the world economy, the Index uses both liquidity data and dollar-weighted production data in determining the relative quantities of included commodities. The Index primarily relies on liquidity data, or the relative amount of trading activity of a particular commodity, as an important indicator of the value placed on that commodity by financial and physical market participants. The Index also relies on production data as a useful measure of the importance of a commodity to the world economy.

*Diversification:* In order to avoid the Index being subjected to micro-economic shocks in one commodity or sector, diversification rules have been established and are applied annually on a price-percentage basis in order to maintain diversified commodities exposure over time.

*Continuity:* The Index is intended to provide a stable benchmark so that there is confidence that historical performance data is based on a structure that bears some resemblance to both the current and future composition of the Index.

*Liquidity:* The inclusion of liquidity as a weighting factor helps to ensure that the Index can accommodate substantial investment flows.

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**Designated Contracts for each Index Commodity**

A futures contract known as a Designated Contract is selected for each Index Commodity. With the exception of several LME contracts, where the Dow Jones-AIG Oversight Committee (the "Oversight Committee") believes that there exists more than one futures contract with sufficient liquidity to be chosen as a Designated Contract for an Index Commodity, the Oversight Committee selects the futures contract that is traded in North America and denominated in United States dollars. If more than one of those contracts exists, the Oversight Committee will select the most actively traded contract. Data concerning this Designated Contract will be used to calculate the Index. The termination or replacement of a futures contract on an established exchange occurs infrequently. If a Designated Contract were to be terminated or replaced, a comparable futures contract would be selected, if available, to replace that Designated Contract. The Designated Contracts for the Index Commodities included in the Index for 2004 are traded on the LME, the Coffee, Sugar & Cocoa Exchange (the "CSCE"), the Commodities Exchange (the "COMEX"), the New York Cotton Exchange (the "NYCE") and the New York Mercantile Exchange (the "NYMEX") and are as follows:

<u>Commodity Price Quote</u>	<u>Current Weighting of Designated Contract(1)</u>	<u>Exchange</u>	<u>Units</u>
Light, Sweet Crude Oil \$/barrel	18.46%	NYMEX	1,000 barrels
Henry Hub Natural Gas \$/mmbtu	13.60%	NYMEX	10,000 mmbtu
High Grade Primary Aluminum \$/metric ton	6.52%	LME	25 metric tons
Live Cattle cents/pound	5.92%	CME	40,000 lbs
High Grade Copper(3) cents/pound	5.83%	COMEX	25,000 lbs
Heating Oil cents/gallon	5.67%	NYMEX	42,000 gallons
Gold \$/troy oz.	5.20%	COMEX	100 troy oz.
New York Harbor Unleaded Gasoline cents/gallon	5.20%	NYMEX	42,000 gallons
Soybeans cents/bushel	4.41%	CBOT	5,000 bushels
Lean Hogs cents/pound	4.34%	CME	40,000 lbs
Corn cents/bushel	4.31%	CBOT	5,000 bushels
World Sugar No. 11 cents/pound	3.59%	CSCE	112,000 lbs
Wheat cents/bushel	3.41%	CBOT	5,000 bushels
Coffee "C" cents/pound	2.83%	CSCE	37,500 lbs
Silver cents/troy oz.	2.20%	COMEX	5,000 troy oz.

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<u>Commodity Price Quote</u>	<u>Current Weighting of Designated Contract(1)</u>	<u>Exchange</u>	<u>Units</u>
Special High Grade Zinc \$/metric ton	2.00%	LME	25 metric tons
Cotton cents/pound	1.71%	NYCE	50,000 lbs
Soybean Oil cents/pound	1.66%	CBOT	60,000 lbs
Cocoa(2) \$/metric ton	1.57%	CSCE	10 metric tons
Primary Nickel \$/metric ton	1.57%	LME	6 metric tons

- (1) The column in the above table titled “Current Designated Contract Weighting” reflects the approximate weightings as of October 25, 2004 of the 20 commodities currently included in the Index.
- (2) Cocoa will be removed from the Index as of January 2005.
- (3) The Index uses the high grade copper contract traded on the COMEX Division of the NYMEX for Copper contract prices and LME volume data in determining the weighting for the Index.

**Commodity Groups**

For purposes of applying the diversification rules discussed above and below, the commodities available for inclusion in the Index are assigned to “Commodity Groups”. The Commodity Groups, and the commodities currently included in each Commodity Group, are as follows:

**Index Weighting by Commodity Group as of October 25, 2004**

Energy	42.93%
Industrial Metals	15.92%
Grains	12.14%
Livestock	10.27%
Softs	9.70%
Precious Metals	7.40%
Vegetable Oil	1.66%

<u>Commodity Group:</u>	<u>Commodities:</u>	<u>Commodity Group:</u>	<u>Commodities:</u>
Energy	Crude Oil Heating Oil Natural Gas Unleaded Gasoline	Softs	Cocoa Coffee Cotton Sugar
Industrial Metals	Aluminum Copper Lead Nickel Tin Zinc	Precious Metals	Gold Platinum Silver
Grains	Corn Soybeans Wheat	Vegetable Oil	Soybean Oil
Livestock	Lean Hogs Live Cattle		

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### Annual Reweighting and Rebalancing of the Index

The Index is reweighted and rebalanced each year in January on a price-percentage basis. The annual weightings for the Index are determined each year in June or July by AIGI under the supervision of the Oversight Committee. The Oversight Committee was established by Dow Jones and AIGI to assist with the operation of the Index. The annual weightings are announced in July and implemented the following January. The composition of the Index for 2004 was approved by the Oversight Committee at a meeting held in July 2003 and the composition for 2005 was recently approved at a meeting held on July 22, 2004. The next Index reweighting and rebalancing will take place in January 2005 based on the following composition percentages for the Index for 2005:

<u>The Dow Jones- AIG Commodity Index Commodity</u>	<u>2005 Commodity Index Percentages Weighting</u>
Crude Oil	12.810567%
Natural Gas	12.282992%
Soybeans	7.595688%
Aluminum	7.055306%
Live Cattle	6.152719%
Gold	5.978087%
Corn	5.937836%
Copper	5.887357%
Wheat	4.869456%
Lean Hogs	4.388980%
Unleaded Gasoline	4.051497%
Heating Oil	3.854944%
Cotton	3.231786%
Coffee	3.024406%
Sugar	2.933043%
Zinc	2.673422%
Soybean Oil	2.665386%
Nickel	2.606530%
Silver	2.000000%

The relative weightings of the component commodities included in the Index are determined annually according to both liquidity and dollar-adjusted production data in two-thirds and one-third shares, respectively. Each June, for each commodity designated for potential inclusion in the Index, liquidity is measured by the commodity liquidity percentage (the "CLP") and production by the commodity production percentage (the "CPP"). The CLP for each commodity is determined by taking a five-year average of the product of trading volume and the historic dollar value of the Designated Contract for that commodity, and dividing the result by the sum of the products for all commodities which were designated for potential inclusion in the Index. The CPP is determined for each commodity by taking a five-year average of annual world production figures, adjusted by the historic dollar value of the Designated Contract, and dividing the result by the sum of the production figures for all the commodities which were designated for potential inclusion in the Index. The CLP and CPP are then combined (using a ratio of 2:1) to establish the Commodity Index Percentage (the "CIP") for each commodity. The CIP is then adjusted in accordance with the diversification rules described below in order to determine the commodities which will be included in the Index and their respective percentage weights.

To ensure that no single commodity or commodity sector dominates the Index, the following diversification rules are applied to the annual reweighting and rebalancing of the Index as of January of the applicable year:

- No related group of commodities designated as a Commodity Group (e.g., energy, precious metals, livestock or grains) may constitute more than 33% of the Index;

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- No single commodity may constitute more than 15% of the Index;
- No single commodity, together with its derivatives (e.g., crude oil, together with heating oil and unleaded gasoline), may constitute more than 25% of the Index; and
- No single commodity in the Index may constitute less than 2% of the Index.

Following the annual reweighting and rebalancing of the Index in January, the percentage of any single commodity or group of commodities at any time prior to the next reweighting or rebalancing will fluctuate and may exceed or be less than the percentages set forth above.

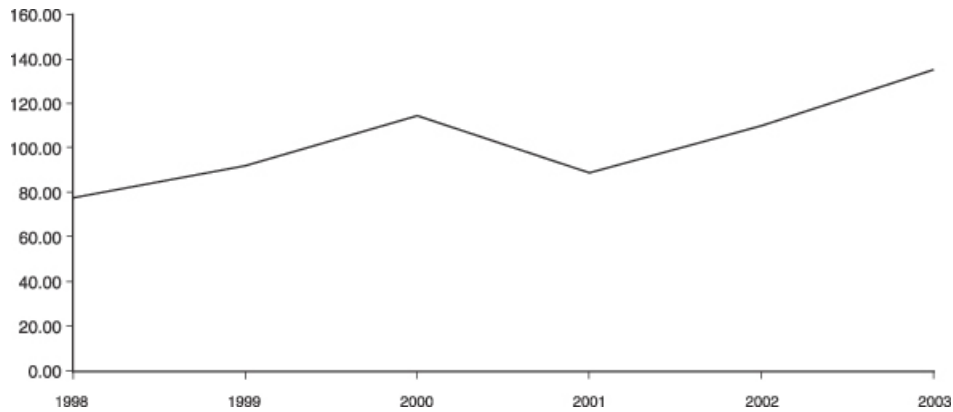
Following application of the diversification rules discussed above, the CIPs are incorporated into the Index by calculating the new unit weights for each Index Commodity. Near the beginning of each new calendar year, the CIPs, along with the settlement prices on that date for the Index Components, are used to determine the commodity index multiplier (the "CIM") for each Index Commodity. The CIM is used to achieve the percentage weightings of the Index Commodities, in dollar terms, indicated by their respective CIPs. After the CIMs are calculated, they remain fixed throughout the year. As a result, the observed price percentage of each Index Commodity will float throughout the year, until the CIMs are reset the following year based on new CIPs.

### **Computation of the Index**

The Index is calculated by Dow Jones, in conjunction with AIGI by applying the impact of the changes to the prices of the Index Components (based on their relative weightings). Once the CIMs are determined as discussed above, the calculation of the Index is a mathematical process whereby the CIMs for the Index Components are multiplied by the prices in United States dollars for the Index Components. These products are then summed. The percentage change in this sum is then applied to the prior Index level to calculate the current Index level.

### **Historical Data on the Index**

The following graph sets forth the closing levels of the Index on the last business day of each year from 1998 through 2003, as published by Dow Jones and AIGI. The historical performance of the Index should not be taken as an indication of future performance, and no assurance can be given that the level of the Index will not decline and thereby reduce the Redemption Amount which may be payable to you at maturity.

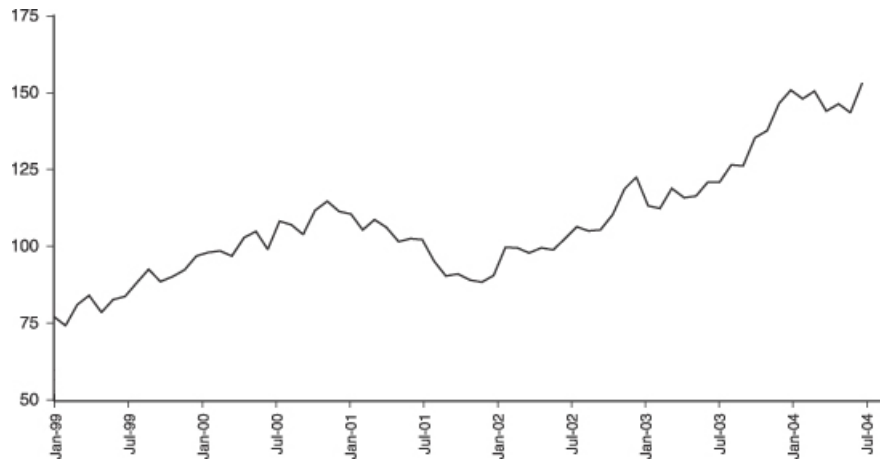


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The following table sets forth the level of the Index at the end of each month in the period from January 1999 through September 2004. This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the Notes may be. Any historical upward or downward trend in the level of the Index during any period set forth below is not an indication that the Index is more or less likely to increase or decrease at any time during the term of the Notes.

	1999	2000	2001	2002	2003	2004
January	77.19	96.82	111.37	88.31	118.64	137.62
February	74.24	98.06	110.48	90.48	122.53	146.45
March	81.02	98.52	105.37	99.59	113.17	150.84
April	84.00	96.88	108.71	99.43	112.36	148.05
May	78.56	102.84	106.09	97.76	118.82	150.44
June	82.60	104.76	101.57	99.52	115.79	144.03
July	83.73	99.00	102.57	98.83	116.40	146.41
August	88.21	108.17	102.23	102.58	120.90	143.56
September	92.44	106.98	95.11	106.29	120.90	153.18
October	88.42	103.82	90.41	105.05	126.57	
November	90.09	111.59	90.96	105.25	126.09	
December	92.27	114.61	89.03	110.28	135.27	

The following graph sets forth the historical performance of the Index presented in the preceding table. Past movements of the Index are not necessarily indicative of the future levels of the Index. On October 25, 2004, the closing level of the Index was 157.26.



## License Agreement

Dow Jones, AIG and ML&Co. have entered into a non-exclusive license agreement providing for the license to ML&Co., in exchange for a fee, of the right to use the Index in connection with certain securities, including the Notes.

The license agreement among Dow Jones, AIG and ML&Co. provides that the following language must be stated in this pricing supplement:

“Dow Jones,” “AIG,” and “Dow Jones-AIG Commodity Index,” are service marks of Dow Jones & Company, Inc. (“Dow Jones”) and American International Group, Inc. (“American International Group”), as the

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This pricing supplement relates only to the Notes and does not relate to the exchange-traded physical commodities underlying any of the Dow Jones-AIG Commodity Index components. Investors in the Notes should not conclude that the inclusion of a futures contract in the Dow Jones-AIG Commodity Index is any form of investment recommendation of the futures contract or the underlying exchange-traded physical commodity by Dow Jones, American International Group, AIGI or any of their subsidiaries or affiliates. The information in this pricing supplement regarding the Dow Jones-AIG Commodity Index components has been derived solely from publicly available documents. None of Dow Jones, American International Group, AIGI or any of their subsidiaries or affiliates has made any due diligence inquiries with respect to the Dow Jones-AIG Commodity Index components in connection with the Notes. None of Dow Jones, American International Group, AIGI or any of their subsidiaries or affiliates makes any representation that these publicly available documents or any other publicly available information regarding the Dow Jones-AIG Commodity Index components, including without limitation a description of factors that affect the prices of such components, are accurate or complete.

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## UNITED STATES FEDERAL INCOME TAXATION

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

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

### General

There are no statutory provisions, regulations, published rulings or judicial decisions addressing or involving the characterization and treatment, for U.S. federal income tax purposes, of the Notes or securities with terms substantially the same as the Notes. Accordingly, the proper U.S. federal income tax characterization and treatment of the Notes is uncertain. Pursuant to the terms of the Notes, ML&Co. and every holder of a Note agree (in the absence of an administrative determination or judicial ruling to the contrary) to characterize a Note for all tax purposes as a pre-paid cash-settled forward contract linked to the level of the Index. In the opinion of Tax Counsel, this characterization and tax treatment of the Notes, although not the only reasonable characterization and tax treatment, is based on reasonable interpretations of law currently in effect and, even if successfully challenged by the Internal Revenue Service (the “IRS”), will not result in the imposition of penalties. The treatment of the Notes described above is not, however, binding on the IRS or the courts. No statutory, judicial or administrative authority directly addresses the characterization of the Notes or instruments similar to the Notes for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to the Notes.

Due to the absence of authorities that directly address instruments that are similar to the Notes, significant aspects of the U.S. federal income tax consequences of an investment in the Notes are not certain, and no assurance can be given that the IRS or the courts will agree with the characterization described above. Accordingly, prospective purchasers are urged to consult their own tax advisors regarding the U.S. federal

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income tax consequences of an investment in the Notes (including alternative characterizations of the Notes) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Unless otherwise stated, the following discussion is based on the assumption that the treatment described above is accepted for U.S. federal income tax purposes.

### **Tax Treatment of the Notes**

Assuming the characterization of the Notes as set forth above, Tax Counsel believes that the following U.S. federal income tax consequences should result.

*Tax Basis.* A U.S. Holder's tax basis in a Note will equal the amount paid by the U.S. Holder to acquire the Note.

*Payment on the Maturity Date.* Upon the receipt of cash at maturity of the Notes, a U.S. Holder will recognize gain or loss. The amount of that gain or loss will be the extent to which the amount of the cash received differs from the U.S. Holder's tax basis in the Note. It is uncertain whether any gain or loss would be treated as ordinary income or loss or capital gain or loss. Absent a future clarification in current law (by an administrative determination or judicial ruling), where required, ML&Co. intends to report any gain or loss to the IRS in a manner consistent with the treatment of that gain or loss as capital gain or loss. If any gain or loss is treated as capital gain or loss, then that gain or loss will generally be long-term capital gain or loss, as the case may be, if the U.S. Holder held the Note for more than one year at maturity. The deductibility of capital losses is subject to certain limitations.

*Sale or Exchange of the Notes.* Upon a sale or exchange of a Note prior to the maturity of the Notes, a U.S. Holder will generally recognize capital gain or loss equal to the difference between the amount realized on the sale or exchange and the U.S. Holder's tax basis in the Note so sold or exchanged. Capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. As discussed above, the deductibility of capital losses is subject to certain limitations.

### **Possible Alternative Tax Treatments of an Investment in the Notes**

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

If the IRS were successful in asserting that the CPDI Regulations applied to the Notes, the timing and character of income thereon would be significantly affected. Among other things, a U.S. Holder would be required to accrue original issue discount on the Notes every year at a "comparable yield" for us, determined at the time of issuance of the Notes. Furthermore, any gain realized at maturity or upon a sale or other disposition of the Notes would generally be treated as ordinary income, and any loss realized at maturity or upon a sale or other disposition of the Notes would be treated as ordinary loss to the extent of the U.S. Holder's prior accruals of original issue discount and capital loss thereafter.

Even if the CPDI Regulations do not apply to the Notes, other alternative U.S. federal income tax characterizations or treatments of the Notes may also be possible, and if applied could also affect the timing and the character of the income or loss with respect to the Notes. Accordingly, prospective purchasers are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes.

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### **Constructive Ownership Law**

Section 1260 of the Internal Revenue Code of 1986, as amended (the “Code”), treats a taxpayer owning certain types of derivative positions in property as having “constructive ownership” of that property, with the result that all or a portion of any long-term capital gain recognized by that taxpayer with respect to the derivative position will be recharacterized as ordinary income. In its current form, Section 1260 of the Code does not apply to the Notes. If Section 1260 of the Code were to apply to the Notes in the future, however, the effect on a U.S. Holder of a Note would be to treat all or a portion of any long-term capital gain recognized by the U.S. Holder on the sale, exchange or maturity of a Note as ordinary income. In addition, Section 1260 of the Code would impose an interest charge on any gain that was recharacterized. U.S. Holders should consult their tax advisors regarding the potential application of Section 1260 of the Code, if any, to the purchase, ownership and disposition of a Note.

### **Non-U.S. Holders**

Based on the treatment of each Note as a pre-paid cash-settled forward contract linked to the level of the Index, in the case of a non-U.S. Holder, a payment made with respect to a Note on the maturity date will not be subject to United States withholding tax, provided that the non-U.S. Holder complies with applicable certification requirements and that the payment is not effectively connected with a United States trade or business of the non-U.S. Holder. Any capital gain realized upon the sale or other disposition of a Note by a non-U.S. Holder will generally not be subject to U.S. federal income tax if (i) that gain is not effectively connected with a United States trade or business of the non-U.S. Holder and (ii) in the case of an individual non-U.S. Holder, the individual is not present in the United States for 183 days or more in the taxable year of the sale or other disposition, or the gain is not attributable to a fixed place of business maintained by the individual in the United States, and the individual does not have a “tax home” (as defined for U.S. federal income tax purposes) in the United States.

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

### **Backup Withholding**

A beneficial owner of a Note may be subject to backup withholding at the applicable statutory rate of U.S. federal income tax on certain amounts paid to the beneficial owner unless the beneficial owner provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against the beneficial owner’s U.S. federal income tax provided the required information is furnished to the IRS.

## ERISA CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan (a “plan”) subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), should consider the fiduciary standards of ERISA in the context of the plan’s particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan, and whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (also “plans”) from engaging in certain transactions involving “plan assets” with persons who are “parties in interest” under ERISA or “disqualified persons” under the Code (“parties in interest”) with respect to the plan or account. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) (“non-ERISA arrangements”) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws (“similar laws”).

The acquisition of the Notes by a plan with respect to which we, MLPF&S or certain of our affiliates is or becomes a party in interest may constitute or result in prohibited transaction under ERISA or Section 4975 of the Code, unless those Notes are acquired pursuant to and in accordance with an applicable exemption. The U.S. Department of Labor has issued five prohibited transaction class exemptions, or “PTCEs”, that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the Notes. These exemptions are:

- (1) PTCE 84-14, an exemption for certain transactions determined or effected by independent qualified professional asset managers;
- (2) PTCE 90-1, an exemption for certain transactions involving insurance company pooled separate accounts;
- (3) PTCE 91-38, an exemption for certain transactions involving bank collective investment funds;
- (4) PTCE 95-60, an exemption for transactions involving certain insurance company general accounts; and
- (5) PTCE 96-23, an exemption for plan asset transactions managed by in-house asset managers.

The Notes may not be purchased or held by (1) any plan, (2) any entity whose underlying assets include “plan assets” by reason of any plan’s investment in the entity (a “plan asset entity”) or (3) any person investing “plan assets” of any plan, unless in each case the purchaser or holder is eligible for the exemptive relief available under one or more of the PTCEs listed above or another applicable similar exemption. Any purchaser or holder of the Notes or any interest in the Notes will be deemed to have represented by its purchase and holding of the Notes that it either (1) is not a plan or a plan asset entity and is not purchasing those Notes on behalf of or with “plan assets” of any plan or plan asset entity or (2) with respect to the purchase or holding, is eligible for the exemptive relief available under any of the PTCEs listed above or another applicable exemption. In addition, any purchaser or holder of the Notes or any interest in the Notes which is a non-ERISA arrangement will be deemed to have represented by its purchase and holding of the Notes that its purchase and holding will not violate the provisions of any similar law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing the Notes on behalf of or with “plan assets” of any plan, plan asset entity or non-ERISA arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above or any other applicable exemption, or the potential consequences of any purchase or holding under similar laws, as applicable.

## USE OF PROCEEDS AND HEDGING

The net proceeds from the sale of the Notes will be used as described under “Use of Proceeds” in the accompanying prospectus and to hedge market risks of ML&Co. associated with its obligation to pay the Redemption Amount.

## SUPPLEMENTAL PLAN OF DISTRIBUTION

MLPF&S has advised ML&Co. that it proposes initially to offer all or part of the Notes directly to the public on a fixed price basis at the offering prices set forth on the cover of this pricing supplement. After the initial public offering, the public offering prices may be changed. The obligations of MLPF&S are subject to certain conditions and it is committed to take and pay for all of the Notes if any are taken.

## EXPERTS

The restated consolidated financial statements and the related restated financial statement schedule incorporated in this pricing supplement by reference from the Current Report on Form 8-K of Merrill Lynch & Co., Inc. and subsidiaries dated May 4, 2004 for the year ended December 26, 2003 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports dated March 1, 2004 (May 4, 2004 as to Note 2) (which express unqualified opinions, and which report on the consolidated financial statements includes explanatory paragraphs for the change in accounting method in 2002 for goodwill amortization to conform to Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, and for the change in accounting method in 2004 for stock-based compensation to conform to Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, as amended by Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation—Transition and Disclosure* by retroactively restating its 2003, 2002 and 2001 consolidated financial statements), which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

With respect to the unaudited condensed consolidated financial statements for the periods ended March 26, 2004 and March 28, 2003 and June 25, 2004 and June 27, 2003, which are incorporated herein by reference, Deloitte & Touche LLP, an independent registered public accounting firm, have applied limited procedures in accordance with standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports included in Merrill Lynch & Co., Inc. and subsidiaries’ Quarterly Reports on Form 10-Q for the quarters ended March 26, 2004 and June 25, 2004 and incorporated by reference herein, they did not audit and they do not express an opinion on those unaudited condensed consolidated financial statements. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited condensed consolidated financial statements because those reports are not “reports” or a “part” of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

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**1,000,000 Units**

**Merrill Lynch & Co., Inc.**

**Medium-Term Notes, Series C**

**Leveraged Index Return Notes**

**Linked to the Dow Jones–AIG Commodity Index**

**due November , 2009**

**(the “Notes”)**

**\$10 original public offering price per unit**

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**PRICING SUPPLEMENT**

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**Merrill Lynch & Co.**

**November , 2004**