

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-A

FOR REGISTRATION OF CERTAIN CLASSES OF SECURITIES  
PURSUANT TO SECTION 12(b) OR (g) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Merrill Lynch & Co., Inc.

(Exact name of registrant as specified in its charter)

Delaware

13-2740599

(State of incorporation or organization) (I.R.S. Employer  
Identification No.)

World Financial Center  
North Tower  
250 Vesey Street  
New York, New York

10281

(Address of principal executive offices) (Zip Code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which  
to be so registered each class is to be registered

Real Estate Investment Trust New York Stock Exchange  
Portfolio Total Return  
Market Index Target-  
Term Securities/SM/  
("MITTS(R)") due  
August 31, 2000

Securities to be registered pursuant to Section 12(g) of the Act:

None

(Title of class)

(R) "MITTS" is a registered service mark of Merrill Lynch & Co., Inc.  
/SM/ "Market Index Target-Term Securities" is a service mark of Merrill Lynch &  
Co., Inc.

Item 1. Description of Registrant's Notes to be Registered.

The description of the general terms and provisions of the Real Estate  
Investment Trust Portfolio Total Return Market Index Target-Term Securities due  
August 31, 2000 to be issued by Merrill Lynch & Co., Inc. (the "MITTS") set  
forth in the Preliminary Prospectus Supplement dated July 26, 1994, and the  
Prospectus dated March 24, 1994, attached hereto as Exhibit 99(a) is hereby  
incorporated by reference and contains certain proposed terms and provisions.  
The description of the MITTS contained in the Prospectus Supplement to be filed  
pursuant to Rule 424(b) under the Securities Act of 1933, as amended, under  
Registration Statement Number 33-52647, which will contain the final terms and  
provisions of the MITTS, is hereby deemed to be incorporated by reference into  
this Registration Statement and to be a part hereof.

Item 2. Exhibits.

- 99(a) Preliminary Prospectus Supplement dated  
July 26, 1994, and Prospectus dated March 24 1994.
- 99(b) Form of Note.
- 99(c) Copy of Indenture between Merrill Lynch & Co., Inc. and  
Chemical Bank (successor by merger to Manufacturers Hanover

Trust Company), dated as of April 1, 1983, as amended and restated, and Supplemental Indenture thereto, dated as of March 15, 1990.\*/

Other securities issued by Merrill Lynch & Co., Inc. are listed on the New York Stock Exchange.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has caused this registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

MERRILL LYNCH & CO., INC.

/S/ Gregory T. Russo

By: \_\_\_\_\_  
Gregory T. Russo  
Secretary

Date: August 15, 1994

\*/Exhibit 99(c) is incorporated by reference from Exhibit 99(c) to Registrant's Registration Statement on Form 8-A dated July 20, 1992.

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

MERRILL LYNCH & CO., INC.

EXHIBITS  
TO  
FORM 8-A DATED AUGUST 15, 1994

Commission File No. 1-7182

INDEX TO EXHIBITS  
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Exhibit No.  
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- |       |   |
|-------|---|
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\*/Exhibit 99(c) is incorporated by reference from Exhibit 99(c) to Registrant's Registration Statement on Form 8-A dated July 20, 1992.

SUBJECT TO COMPLETION AND AMENDMENT  
 PRELIMINARY PROSPECTUS DATED JULY 26, 1994

PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED MARCH 24, 1994)

[LOGO OF MERRILL LYNCH]  
 2,500,000 UNITS  
 MERRILL LYNCH & CO., INC.  
 REAL ESTATE INVESTMENT TRUST PORTFOLIO TOTAL RETURN  
 MARKET INDEX TARGET-TERM SECURITIES(SM) DUE AUGUST 31, 2000  
 ("MITTS(R) ")

An aggregate principal amount of \$25,000,000 of Real Estate Investment Trust Portfolio Total Return Market Index Target-Term Securities(SM) due August 31, 2000 (the "Securities" or "MITTS(R)") of Merrill Lynch & Co., Inc. (the "Company") are being offered hereby. Each \$10 principal amount of Securities will be deemed a "Unit" for purposes of trading and transfer at the Securities Depository described below. Units will be transferable by the Securities Depository, as more fully described below, in denominations of whole Units.

The Securities are being offered at an original issue price of 100% of the principal amount thereof, and will mature on August 31, 2000. At maturity, a beneficial owner of a Security will be paid the Total Return Portfolio Value with respect to each \$10 principal amount of the Security; provided, however, that the amount payable at maturity will not be less than \$9.00 for each Unit of the Securities (the "Minimum Payment"). The Total Return Portfolio Value will be an amount based upon the value of a portfolio (the "Portfolio") of specified stocks of real estate investment trusts ("REITs") plus the aggregate dollar amount of dividends paid on such stocks after the issuance of the Securities as more fully described herein. The value of the Portfolio on the date the Securities are priced by the Company for initial offering to the public will equal \$10 (the "Original Portfolio Value"). While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Total Return Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity.

IF THE TOTAL RETURN PORTFOLIO VALUE IS LESS THAN THE ORIGINAL PORTFOLIO VALUE, THE AMOUNT PAYABLE AT MATURITY WITH RESPECT TO A SECURITY WILL BE LESS THAN THE PRINCIPAL AMOUNT OF SUCH SECURITY.

The Securities are to be issued as a series of Senior Debt Securities under the Chemical Indenture described herein. The Securities are not redeemable prior to maturity.

For information as to the calculation of the amount that will be paid at maturity, the calculation and the composition of the Portfolio and certain tax consequences to beneficial owners of the Securities, see "Description of Securities," "The Portfolio" and "Certain United States Federal Income Tax Considerations" in this Prospectus Supplement. FOR OTHER INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "SPECIAL CONSIDERATIONS" IN THIS PROSPECTUS SUPPLEMENT.

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

Application will be made to list the Securities on the New York Stock Exchange.

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

<TABLE>  
 <CAPTION>

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT	PROCEEDS TO THE COMPANY(1)
<S>	<C>	<C>	<C>
Per Unit.....	\$10	\$	\$

Total..... \$ \$ \$  
</TABLE>

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

The Securities are offered by the Underwriter, subject to prior sale, when, as and if issued by the Company and accepted by the Underwriter and subject to certain other conditions. The Underwriter reserves the right to reject orders in whole or in part. It is expected that delivery of the Securities will be made in New York, New York on or about , 1994.

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

MERRILL LYNCH & CO.

THE DATE OF THIS PROSPECTUS SUPPLEMENT IS AUGUST , 1994.

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

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

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

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#### SUMMARY

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

Issuer ..... Merrill Lynch & Co., Inc.

Securities Offered ... \$25,000,000 Real Estate Investment Trust Portfolio  
Total Return Market Index Target-Term Securities  
("MITTS") due August 31, 2000. The Securities are to be  
issued as a series of Senior Debt Securities under the  
Chemical Indenture described herein.

Listing ..... Application will be made to list the Securities on the  
New York Stock Exchange.

Denominations ..... Units consisting of \$10 principal amount of Securities  
and integral multiples thereof.

Original Issue Price . 100%

Maturity ..... August 31, 2000

Payment at Maturity .. At maturity, a beneficial owner of a Security will be  
entitled to receive, with respect to each \$10 principal  
amount of the Security, the Total Return Portfolio  
Value; provided, however, that the amount payable at  
maturity will not be less than \$9 for each \$10  
principal amount of Securities (the "Minimum Payment").  
The "Total Return Portfolio Value" will be determined  
by Merrill Lynch, Pierce, Fenner & Smith Incorporated,  
an affiliate of the Company, or successor thereto (the  
"Calculation Agent"), and will equal the average (mean)  
of the Daily Total Return Portfolio Values determined  
on each of the first forty-five Calculation Days (or  
such other lesser number of Calculation Days as shall  
occur) during the Calculation Period. The "Daily Total  
Return Portfolio Value" for any Calculation Day will be  
determined by Bridge Data Company (the "Pricing Agent")  
and will equal (i) the Equity Value, plus (ii) the  
Aggregate Dividend Value for such Calculation Day. The  
Pricing Agent currently intends to publish the Daily  
Total Return Portfolio Value three times during each  
business day.

If the Total Return Portfolio Value is less than the Original Portfolio Value, the amount payable at maturity with respect to a Security will be less than the principal amount of such Security; provided, however, that the amount payable at maturity will not be less than the Minimum Payment.

Equity Value ..... "Equity Value" for any Calculation Day will equal the sum of the products of the Market Prices and the applicable Multipliers for the Portfolio Securities (as defined below). The "Market Price" of a Portfolio Security is the closing price of such Portfolio Security on such Calculation Day as more fully described herein. The "Multiplier" relating to each Portfolio Security will be specified under the caption "Description of Securities--Portfolio Securities" below and indicates the number of shares (or fraction

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of one share) of such Portfolio Security included in the calculation of the Daily Total Return Portfolio Value. The Multipliers will remain constant for the term of the Securities unless adjusted for certain corporate events such as stock splits, reverse stock splits or stock dividends or similar adjustments. See "Description of Securities--Adjustments to the Multiplier and Portfolio" in this Prospectus Supplement.

Aggregate Dividend Value ..... "Aggregate Dividend Value" for any Calculation Day will equal the sum of the Dividend Payment amount for each Portfolio Security. The "Dividend Payment" with respect to a Portfolio Security for any Calculation Day will equal the sum of the products of (i) each dividend paid by the issuer of such Portfolio Security on one share of such Portfolio Security during the period from the issue date of the Securities through such Calculation Day multiplied by (ii) the Multiplier applicable to such Portfolio Security at the time each such dividend is paid.

Original Portfolio Value ..... On the date the Securities are priced for initial sale to the public, the Multiplier for each Portfolio Security will be initially set so that the Portfolio value on such date equals \$10 (the "Original Portfolio Value").

Portfolio Securities . The stocks indicated under the caption "Description of Securities--Portfolio Securities" below will be used to calculate the Daily Total Return Portfolio Value. Beneficial owners of the Securities will not have any right to receive Portfolio Securities. The Portfolio Securities are equity securities issued by twenty real estate investment trusts ("REITs"). The initial Multipliers will be determined so that each Portfolio Security represents a percentage of the Original Portfolio Value on the date the Securities are priced for initial sale to the public based on a measure of the liquidity of such Portfolio Security as compared to the other Portfolio Securities. See "Description of Securities--Portfolio Securities" in this Prospectus Supplement. The inclusion of a Portfolio Security in the Portfolio is not a recommendation to buy or sell such Portfolio Security, and neither the Company nor any of its affiliates make any representation to any purchaser of Securities as to the performance of the Portfolio.

Special Considerations ..... The purchase of the Securities involves certain special considerations. The payment at maturity on the Securities will be based on the Total Return Portfolio Value which reflects both changes in the prices of the Portfolio Securities (i.e., the Equity Value) and dividends paid on the Portfolio Securities (i.e., the Aggregate Dividend Value). Decreases in the Equity Value may offset the Aggregate Dividend Value such that the Total Return Portfolio Value may be less than the Original Portfolio Value and result in a payment at maturity less than the principal amount of the Securities. If the Total Return Portfolio Value is less than \$9, the Minimum Payment will be paid at the maturity of the Securities and no additional amount will be paid to reflect the Aggregate Dividend Value.

If the Total Return Portfolio Value is less than the Original Portfolio Value, beneficial owners of the Securities will receive less than the principal amount of such Securities at maturity, but not less than the Minimum Payment. This will be true even though the Daily Total Return Portfolio

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Value on one or more days prior to the Calculation Period may have exceeded the Original Portfolio Value. While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Total Return Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity. The return based on the Total Return Portfolio Value relative to the Original Portfolio Value generally will not produce the same return as if the Portfolio Securities were purchased and held for a similar period, because, among other reasons, any payment at maturity on the Securities will not reflect the opportunity to reinvest dividends as they are paid on the Portfolio Securities. See "Special Considerations" in this Prospectus Supplement.

There can be no assurance as to how the Securities will trade in the secondary market or whether such market will be liquid. It is expected that the secondary market for the Securities will be affected by the creditworthiness of the Company and by a number of other factors including interest rates, the Aggregate Dividend Value, volatility of the Daily Total Return Portfolio Value, the time remaining to maturity and dividend rates. The trading value of the Securities is expected to depend primarily on the extent of the increase, if any, of the Daily Total Return Portfolio Value over the Original Portfolio Value. If, however, Securities are sold prior to the maturity date at a time when the Daily Total Return Portfolio Value exceeds the Original Portfolio Value, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such excess of the Daily Total Return Portfolio Value over the Original Portfolio Value were to prevail during the Calculation Period because of the possible fluctuation of the Daily Total Return Portfolio Value between the time of such sale and the calculation of the Total Return Portfolio Value. The price at which a beneficial owner will be able to sell Securities prior to maturity may be at a discount, which could be substantial, from the principal amount thereof, if, at such time, the Daily Total Return Portfolio Value is below, equal to or not sufficiently above the Original Portfolio Value. A discount could also result from rising interest rates.

Beneficial owners of the Securities will receive a payment at maturity which will be based on the Equity Value and the Aggregate Dividend Value, but will not have any right to receive any of the Portfolio Securities.

It is suggested that prospective investors who consider purchasing the Securities should reach an investment decision only after carefully considering the suitability of the Securities in light of the prospective investor's particular circumstances. Prospective investors should also consider the risks specific to the Portfolio, including the risks relating to the real estate market, as described in "The Portfolio".

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

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#### SPECIAL CONSIDERATIONS

##### PAYMENT AT MATURITY

The payment at maturity on the Securities will be based on the Total Return

Portfolio Value which reflects both changes in the prices of the Portfolio Securities (i.e., the Equity Value) and dividends paid on the Portfolio Securities (i.e., the Aggregate Dividend Value). Decreases in the Equity Value may offset the Aggregate Dividend Value such that the Total Return Portfolio Value may be less than the Original Portfolio Value and result in a payment at maturity less than the principal amount of the Securities. If the Total Return Portfolio Value is less than \$9, the Minimum Payment will be paid at the maturity of the Securities and no additional amount will be paid to reflect the Aggregate Dividend Value.

If the Total Return Portfolio Value is less than the Original Portfolio Value, beneficial owners of the Securities will receive less than the principal amount of such Securities at maturity, but not less than the Minimum Payment. Beneficial owners will receive only the return of principal if the Total Return Portfolio Value equals the Original Portfolio Value. This will be true even though the Daily Total Return Portfolio Value on one or more days prior to the Calculation Period may have exceeded the Original Portfolio Value since the Total Return Portfolio Value is calculated on the basis of the average of the Daily Total Return Portfolio Values only on certain Calculation Days. While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Total Return Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity.

Even if the principal of the Securities is fully returned, such return of principal does not reflect any opportunity cost implied by inflation and other factors relating to the time value of money.

The return based on the Total Return Portfolio Value relative to the Original Portfolio Value generally will not produce the same return as if the Portfolio Securities were purchased and held for a similar period, because, among other reasons, any payment at maturity on the Securities will not reflect the opportunity to reinvest dividends as they are paid on the Portfolio Securities. The payment of dividends on the Portfolio Securities is reflected in the Aggregate Dividend Value which is used to determine the Daily Total Return Portfolio Values and in turn the Total Return Portfolio Value. There will be no payments prior to the maturity of the Securities to reflect the payment of dividends on the Portfolio Securities during the term of the Securities.

The Indenture provides that the Indenture and the Securities will be governed by and construed in accordance with the laws of New York. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to Securities in which \$2,500,000 or more has been invested. While the Company believes that New York law would be given effect by a state or Federal court sitting outside of New York, state laws frequently regulate the amount of interest that may be charged to and paid by a borrower (including, in some cases, corporate borrowers). It is suggested that prospective investors consult their personal advisors with respect to the applicability of such laws. The Company will covenant for the benefit of the Holders of the Securities, to the extent permitted by law, not to claim voluntarily the benefits of any laws concerning usurious rates of interest against a Holder of the Securities.

#### TRADING

Application will be made to list the Securities on the New York Stock Exchange. There can be no assurance as to how the Securities will trade in the secondary market or whether such market will be liquid. It is expected that the secondary market for the Securities will be affected by the creditworthiness of the Company and by a number of other factors. The trading value of the Securities is expected to depend primarily on the extent of the increase, if any, of the Daily Total Return Portfolio Value over the Original Portfolio Value. If, however, Securities are sold prior to the maturity date at a time when the Daily Total Return Portfolio Value exceeds the Original Portfolio Value, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such excess of the Daily Total Return Portfolio

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Value over the Original Portfolio Value were to prevail during the Calculation Period due to the possibility of fluctuation of the Daily Total Return Portfolio Value between the time of such sale and the calculation of the Total Return Portfolio Value. Furthermore, the price at which a beneficial owner will be able to sell Securities prior to maturity may be at a discount, which could be substantial, from the principal amount thereof, if, at such time, the Daily Total Return Portfolio Value is below, equal to or not sufficiently above the Original Portfolio Value. A discount could also result from rising interest rates.

The trading values of the Securities may be affected by a number of interrelated factors, including those listed below. The relationship among these factors is complex, including how these factors affect the value of the principal amount of the Securities payable at maturity, if any, in excess of the principal amount of the Securities. Accordingly, investors should be aware

that factors other than the level of the Daily Total Return Portfolio Value are likely to affect their trading value. The expected theoretical effect on the trading value of the Securities of each of the factors listed below, assuming in each case that all other factors are held constant, is as follows:

Interest Rates. In general, if U.S. interest rates increase, the value of the Securities is expected to decrease. If U.S. interest rates decrease, the value of the Securities is expected to increase. Interest rates may also affect the U.S. economy, and, in turn, affect the Daily Total Return Portfolio Value.

Volatility of the Daily Total Return Portfolio Value. If the volatility of the Daily Total Return Portfolio Value increases, the trading value of the Securities is expected to increase. If the volatility of the Daily Total Return Portfolio Value decreases, the trading value of the Securities is expected to decrease.

Time Remaining to Maturity. The Securities may trade at a value above that which may be inferred from the level of the Daily Total Return Portfolio Value. This difference will reflect a "time premium" due to expectations concerning the Daily Total Return Portfolio Value during the period prior to maturity of the Securities. As the time remaining to maturity of the Securities decreases, however, this time premium is expected to decrease, thus decreasing the trading value of the Securities.

Aggregate Dividend Value. As the Aggregate Dividend Value increases because dividends are paid on the Portfolio Securities, the value of the Securities is expected to increase.

Dividend Rates. In general, if dividend rates on the Portfolio Securities increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the Portfolio Securities decrease, the value of the Securities is expected to increase. However, rising dividend rates on the Portfolio Securities may increase the value of the Portfolio Securities and, in turn, increase the value of the Securities. Conversely, falling dividend rates on the Portfolio Securities may decrease the value of the Portfolio Securities and, in turn, decrease the value of the Securities.

#### OTHER CONSIDERATIONS

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

Prospective investors should also consider the risks specific to the Portfolio, including the risks relating to the real estate market, as described in "The Portfolio".

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

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#### RECENT DEVELOPMENTS

The following summary of certain consolidated financial information concerning the Company for the six months ended June 25, 1993 and July 1, 1994 was derived from, and is qualified in its entirety by reference to, the financial information and data contained in the Company's Current Report on Form 8-K dated July 19, 1994, and other documents incorporated by reference herein. See "Incorporation of Certain Documents by Reference" in the accompanying Prospectus. The Current Report on Form 8-K dated July 19, 1994 (which includes unaudited preliminary financial information for the three and six months ended July 1, 1994) and certain other documents incorporated herein by reference will be superseded by the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 1994. In the opinion of management of the Company, all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of the results of operations for the six months ended July 1, 1994 have been included.

The Company conducts its business in highly volatile markets. Consequently, the Company's results can be affected by many factors, including general market conditions, the liquidity of secondary markets, the level and volatility of interest rates and currency values, the valuation of securities positions, competitive conditions, and the size, number and timing of transactions. In periods of unfavorable market activity, profitability can be adversely affected because certain expenses remain relatively fixed. As a result, net earnings and revenues can vary significantly from period to period. Thus, interim results may not necessarily be representative of the full year results of operations.

<TABLE>  
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SIX MONTHS ENDED  
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	JUNE 25, 1993	JULY 1, 1994
	-----	-----
	(IN THOUSANDS, EXCEPT RATIOS)	
<S>	<C>	<C>
Revenues.....	\$ 7,921,993	\$9,219,111
Net Revenues(1).....	\$ 5,166,613	\$5,229,547
Earnings before income taxes and cumulative effect of change in accounting principle.....	\$ 1,185,229	\$1,084,870
Cumulative effect of change in accounting principle(2).....	\$ (35,420)	\$ --
Net earnings.....	\$ 652,013	\$ 623,568
Ratio of earnings to fixed charges(3).....	1.4	--
Total assets(4).....	\$130,631,933	\$ --
Long-term borrowings(4).....	\$ 12,525,414	\$ --
Stockholders' equity(4).....	\$ 5,267,155	\$ --

</TABLE>

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Notes:

- (1) Net revenues are revenues net of interest expense.
- (2) Net earnings for 1993 have been reduced by \$35,420,000 to reflect the effect of the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits".
- (3) The ratio of earnings to fixed charges for the six months ended July 1, 1994 is not available as of the date of this Prospectus Supplement. At April 1, 1994, the ratio of earnings to fixed charges was 1.3. For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consists of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consists of interest costs and that portion of rentals estimated to be representative of the interest factor.
- (4) Certain information as of July 1, 1994 is not available as of the date of the Prospectus Supplement. At April 1, 1994, total assets, long-term borrowings and stockholders' equity were \$179,683,796,000, \$14,852,894,000, and \$5,603,067,000, respectively. To finance its diverse activities, the Company and certain of its subsidiaries borrow substantial amounts of short-term funds on a regular basis. Although the amount of short-term borrowings significantly varies with the level of general business activity, on April 1, 1994, \$492,147,000 of bank loans and \$14,965,436,000 of commercial paper were outstanding. In addition, certain of the Company's subsidiaries lend securities and enter into repurchase agreements to obtain financing. At April 1, 1994, cash deposits for securities loaned and securities sold under agreements to repurchase amounted to \$1,619,172,000 and \$66,156,594,000, respectively. From April 1, 1994 to July 22, 1994, long-term borrowings, net of repayments and repurchases, increased in the amount of approximately \$101,917,000.

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SIX MONTHS ENDED JULY 1, 1994

Strong financial markets, evident throughout 1993 and continuing into the first six weeks of 1994, weakened during the remainder of the 1994 first-half primarily as a result of higher interest rates, unsettled currency markets, and investor caution. Persistent inflation concerns prompted the Federal Reserve to increase short-term interest rates throughout the first six months of 1994. Rising U.S. interest rates, a weak U.S. dollar, reduced underwriting volumes, and unsettled international financial markets contributed to lower levels of business activity industrywide.

For the first six months of 1994, net earnings were \$623.6 million, down \$28.4 million (4%) from the \$652.0 million reported in last year's record first-half. Net earnings for the 1993 period included a \$35.4 million cumulative effect charge (net of \$25.1 million of applicable income tax benefits) related to the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits". Earnings before the cumulative effect of the change in accounting principle decreased 9% from the \$687.4 million reported in the 1993 first-half. Earnings per common share for the first six months of 1994 were \$2.87 primary and fully diluted versus \$2.88 primary and \$2.87 fully diluted (\$3.04 primary and \$3.03 fully diluted, before the 1993 cumulative effect charge) in the prior year's period.

As previously reported, 1993 six month results included a non-recurring pretax lease charge totaling \$103.0 million (\$59.7 million after income taxes) related to the Company's decision not to occupy certain office space at its World Financial Center Headquarters ("Headquarters") facility. An agreement to sublet this space was entered into in the 1993 fourth quarter.

Total revenues increased 16% from the 1993 six-month period to \$9,219 million. Revenues after interest expense ("net revenues") increased 1% in the 1994 first-half to \$5,230 million.

Commission revenues increased 12% from the 1993 six-month period to \$1,559 million on the strength of higher mutual fund, commodity, and listed securities transactions commissions. Mutual fund commissions benefited from increased

distribution and redemption fees earned on mutual funds sold in prior periods. Sales of third party mutual funds decreased from a year ago as transactions in such funds declined, particularly in the 1994 second quarter. Commissions on listed securities and commodity transactions benefited from higher trading volume.

Interest and dividend revenues for the first six months of 1994 rose 37% to \$4,517 million. Interest expense, which includes dividend expense, increased 45% to \$3,990 million. Net interest profit decreased 1% to \$528 million, due primarily to an increase in short-term interest rates and a general flattening of the yield curve, which is the difference between short-term and long-term interest rates. As a result, interest spreads declined, while financing and hedging costs increased from the comparable 1993 period.

Principal transactions revenues decreased 18% for the 1994 six-month period to \$1,228 million. Fixed-income and foreign exchange trading revenues, in the aggregate, decreased due to lower revenues from corporate bonds and preferred stock, non-U.S. government and agency securities, and foreign exchange activities. Equity and commodity trading revenues, in the aggregate, also decreased due to a modest loss from convertible securities, partially offset by higher revenues from commodities trading and foreign equities activities.

Investment banking revenues totaled \$766 million, down 11% in the 1994 first-half. Underwriting activity was slow as industrywide volume in the 1994 second quarter fell to the lowest level since the 1991 third quarter. Lower underwriting revenues were reported in corporate debt and preferred stock, convertible securities, and municipal bonds. Strategic service revenues, which include merger and acquisition fees and advisory service fees, benefited from an increase in merger and acquisition advisory assignments in various industries.

Asset management and portfolio service fees increased 18% to \$876 million due, in part, to increases in stock and bond fund assets under management. Other revenues rose 106% from the 1993 first-half to \$273 million. Contributing to this advance were net realized investment gains in the 1994 period, compared with net investment losses in the year-ago period.

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Non-interest expenses increased 4% over the corresponding 1993 period to \$4,145 million (7% excluding the non-recurring lease charge of \$103.0 million). Compensation and benefits expense, which represented 64% of non-interest expenses, rose 4% from the 1993 six-month period. An increase in the number of full-time employees led to higher base wages, benefit expenses, and production-related compensation. Offsetting this increase was lower incentive compensation tied to reduced profitability. Compensation and benefits expense, as a percentage of net revenues, was 50.6% in 1994 first-half compared with 49.2% in the corresponding 1993 period.

Occupancy costs decreased 35% compared to the corresponding 1993 period (6% excluding the non-recurring pretax lease charge of \$103.0 million), benefiting from continued relocation of support staff to lower cost facilities and reduced space requirements at the Headquarters facility. Other facilities-related costs, which include communications and equipment rental expense and depreciation and amortization expense, rose 11% primarily due to the increased use of market data services and higher depreciation expense from the acquisition of technology-related equipment.

Brokerage, clearing, and exchange fees were up 23% from last year's six-month period due to increased clearinghouse fees related to risk management activities in volatile markets and higher commodity trading volume. Advertising and market development expenses rose 15% from the 1993 six-month period as a result of increased international business initiatives and higher recognition program costs, particularly in the first quarter of 1994. Professional fees were up 43% from the year-ago period due primarily to increased system consulting fees related to technology improvements and higher legal fees. Other expenses advanced 9% due to increased provisions related to customer receivables and higher client-related printing costs.

Income tax expense totaled \$461 million for the 1994 first-half, down 7% from the year earlier period. The tax rate for the 1994 six-month period was 42.5% versus 42.0% in the comparable 1993 period.

On January 1, 1994 the Company adopted Financial Accounting Standards Board Interpretation No. 39 ("Interpretation No. 39"), "Offsetting of Amounts Related to Certain Contracts". Interpretation No. 39 affects the financial statement presentation of balances related to swap, forward, and other similar exchange or conditional type contracts, and certain unconditional type contracts. Prior to the adoption of Interpretation No. 39, the Company followed industry practice in reporting balances for certain types of contracts on a net basis. Unrealized gains and losses for swap, forward, and other similar contracts were reported net on the balance sheet by contract type, while certain receivables and payables related to resale and repurchase agreements were reported net by counterparty. The adoption of Interpretation No. 39 increased assets and liabilities at April 1, 1994 by approximately \$14.0 billion.

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

In the normal course of business, the Company underwrites, trades, and holds non-investment grade securities in connection with its market-making, investment banking, insurance, and derivative structuring activities. These activities are subject to risks related to the creditworthiness of the issuers and the liquidity of the market for such securities, in addition to the usual risks associated with investing, extending credit, underwriting, and trading in investment grade instruments.

Information concerning the Company's positions in highly leveraged and non-investment grade securities and investments in highly leveraged transactions at July 1, 1994 is not available as of the date of this Prospectus Supplement. At April 1, 1994, the carrying value of the extensions of credit provided to corporations entering into leveraged transactions aggregated \$323 million (excluding unutilized revolving lines of credit and other lending commitments of \$56 million), consisting primarily of senior term and subordinated financings to 39 medium-sized corporations. At April 1, 1994, the Company had no bridge loans outstanding. Loans to highly leveraged corporations are carried at unpaid principal balance less a reserve for

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estimated losses. The allowance for loan losses is estimated based on a review of each loan, and consideration of economic, market, and credit conditions. Direct equity investments made in conjunction with the Company's investment and merchant banking activities, which are generally recorded at the lower of cost or estimated net realizable value, aggregated \$296 million at April 1, 1994, representing investments in 81 enterprises. Equity investments in privately held corporations for which sale is restricted by government or contractual requirements are carried at the lower of cost or estimated net realizable value. At April 1, 1994, the Company held interests in partnerships, totaling \$99 million (recorded on the cost basis), that invest in highly leveraged transactions and non-investment grade securities. The Company has a co-investment arrangement to enter into direct equity investments. At April 1, 1994, the additional co-investment commitments were \$30 million. As of April 1, 1994, the Company also has committed to invest an additional \$18 million in partnerships that invest in leveraged transactions. The Company has committed to invest up to \$50 million in a partnership which is expected to be funded by the end of 1994.

As a market-maker, the Company holds trading positions in non-investment grade securities.

At April 1, 1994, the fair value of long and short non-investment grade trading positions represented 4% of aggregated consolidated trading inventories.

The Company's insurance subsidiaries hold non-investment grade securities. At April 1, 1994, non-investment grade insurance investments were \$457 million, representing 6.4% of the total insurance investments. At April 1, 1994, non-investment grade securities of insurance subsidiaries were classified as trading or available-for-sale and were carried at fair value.

At April 1, 1994, the largest non-investment grade concentration consisted of various issues of a Latin American sovereign totaling \$480 million, of which \$166 million represented on-balance sheet hedges. No single industry sector accounted for more than 17% of total non-investment grade positions. At April 1, 1994, the Company held an aggregate carrying value of \$293 million in debt and equity securities of issuers in various stages of bankruptcy proceedings. Approximately 61% of this amount resulted from the Company's market-making activities.

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#### DESCRIPTION OF SECURITIES

##### GENERAL

The Securities are to be issued as a series of Senior Debt Securities under the Senior Indenture specified as the "Chemical Indenture", which is more fully described in the accompanying Prospectus. The principal amount of each Security will equal \$10 for each Unit. The Securities will mature on August 31, 2000.

While at maturity a beneficial owner of a Security may receive an amount in excess of the principal amount of such Security if the Total Return Portfolio Value exceeds the Original Portfolio Value, there will be no payment of interest, periodic or otherwise, prior to maturity. See "Payment at Maturity" below.

The Securities are not subject to redemption by the Company or at the option of any Holder prior to maturity. Upon the occurrence of an Event of Default with respect to the Securities, Holders of the Securities may accelerate the

maturity of the Securities, as described under "--Events of Default and Acceleration" below and "Description of Debt Securities--General--Events of Default" in the accompanying Prospectus.

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

#### PAYMENT AT MATURITY

At maturity, a beneficial owner of a Security will be entitled to receive, with respect to each \$10 principal amount of the Security, the Total Return Portfolio Value; provided, however, that the amount payable at maturity will not be less than \$9 for each \$10 principal amount of Securities (the "Minimum Payment"). Based on the prices of the Portfolio Securities on the date the Securities are priced by the Company for initial offering to the public, the Multipliers will be initially set so that the value of the Portfolio on such date will equal \$10 (the "Original Portfolio Value").

If the Total Return Portfolio Value is equal to \$9 or less, a beneficial owner of a Security will receive the Minimum Payment of \$9 for each \$10 principal amount of the Securities at maturity. If the Total Return Portfolio Value is between \$9 and \$10, a beneficial owner of a Security will receive between \$9 and \$10 for each \$10 principal amount of the Securities at maturity.

The "Total Return Portfolio Value" will be determined by Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of the Company, or successor thereto (the "Calculation Agent"), and will equal the average (mean) of the Daily Total Return Portfolio Values determined on each of the first forty-five Calculation Days during the Calculation Period. If there are fewer than forty-five Calculation Days, then the Total Return Portfolio Value will equal the average (mean) of the Daily Total Return Portfolio Values on such Calculation Days, and if there is only one Calculation Day, then the Total Return Portfolio Value will equal the Daily Total Return Portfolio Value on such Calculation Day. If no Calculation Days occur during the Calculation Period because of Market Disruption Events, then the Total Return Portfolio Value will equal the Daily Total Return Portfolio Value determined on the last scheduled NYSE Trading Day in the Calculation Period, regardless of the occurrence of a Market Disruption Event on such day. The "Calculation Period" means the period from and including the ninetieth scheduled NYSE Trading Day prior to the maturity date to and including the fourth scheduled NYSE Trading Day prior to the maturity date. "Calculation Day" with respect to the Portfolio Securities means any NYSE Trading Day during the Calculation Period on which a Market Disruption Event with respect to a Portfolio Security has not occurred. "NYSE Trading Day" for purposes of determining the Daily Total Return Portfolio Value shall mean a day on which trading is generally conducted on the New York Stock Exchange and in the over-the-counter market for equity securities in the United States as determined by the Calculation Agent.

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The "Daily Total Return Portfolio Value" for any Calculation Day will be determined by Bridge Data Company, or successor thereto (the "Pricing Agent"), and will equal (i) the Equity Value, plus (ii) the Aggregate Dividend Value for such Calculation Day.

"Equity Value" for any Calculation Day will equal the sum of the products of the Market Prices and the applicable Multipliers for the Portfolio Securities (as defined below). The "Multiplier" relating to each Portfolio Security will be specified under the caption "Description of Securities--Portfolio Securities" below.

"Aggregate Dividend Value" for any Calculation Day will equal the sum of the Dividend Payments for each Portfolio Security. The "Dividend Payment" with respect to a Portfolio Security for any Calculation Day will equal the sum of the products of (i) each dividend paid by the issuer of such Portfolio Security on one share of such Portfolio Security during the period from the issue date of the Securities through such Calculation Day (but not including any reinvestment thereof) multiplied by (ii) the Multiplier applicable to such Portfolio Security at the time each such dividend is paid. A dividend will be considered paid by an issuer on the day the issuer actually pays such dividend and not on the day such dividend is declared or the record date for the payment of such dividend is fixed.

"Market Price" means for a Calculation Day (i) the last reported sale price, regular way, on such day on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Portfolio Security is listed or admitted to trading, or (ii) if not listed or admitted to trading on any such securities exchange or if such last reported sale price is not obtainable, the last reported regular way sale price on the over-the-counter market as reported on the Nasdaq National Market ("NNM") or OTC Bulletin Board Service ("OTC Bulletin Board") operated by the National Association of Securities Dealers, Inc. (the "NASD") on such day, or (iii) if the last reported sale price is not available pursuant to (i) and (ii) above, the mean of the last reported bid and offer price on the over-the-counter market as reported on the NNM or OTC Bulletin Board on such day as determined by the Pricing Agent. If the Portfolio Security is not listed on a national

securities exchange in the United States, is not a NNM security or is not included in the OTC Bulletin Board operated by the NASD, Market Price means the average (mean) of the last available bid and offer prices in the United States over-the-counter market of the three dealers which have the highest volume of transactions in such Portfolio Security in the immediately preceding calendar month as determined by the Calculation Agent based on information that is reasonably available to it. The term "NNM security" shall include a security included in any successor to such system and the term "OTC Bulletin Board Service" shall include any successor service thereto. If the Pricing Agent is required to use the bid and offer price for a Portfolio Security to determine the Market Price of such Portfolio Security pursuant to the foregoing, the Pricing Agent shall not use any bid or offer price announced by Merrill Lynch, Pierce, Fenner & Smith Incorporated or any other affiliate of the Company or the Pricing Agent.

"Market Disruption Event" with respect to a Portfolio Security means either of the following events, as determined by the Calculation Agent:

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

(ii) the suspension or material limitation (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in option contracts related to a Portfolio Security traded on any exchange for more than two hours of trading or during the period one-half hour prior to the time that such Portfolio Security is to be priced.

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For the purposes of this definition, a limitation on the hours in a trading day and/or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange.

All determinations made by the Calculation Agent or the Pricing Agent, as the case may be, shall be at the sole discretion of the Calculation Agent or the Pricing Agent, as the case may be, and, in the absence of a determination of manifest error, shall be conclusive for all purposes and binding on the Company and beneficial owners of the Securities. All percentages resulting from any calculation on the Securities will be rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent with one-half cent being rounded upwards.

PORTFOLIO SECURITIES

The common stocks of the issuers listed below (the "Portfolio Securities") will be used to calculate the Daily Total Return Portfolio Value. Holders of the Securities will not have any right to receive the Portfolio Securities. The following table sets forth the issuers of the Portfolio Securities, the value of market capitalization of the Portfolio Securities, the percentage of each Portfolio Security in the Original Portfolio Value and their initial Multipliers. The percentage of each Portfolio Security in the Original Portfolio Value was based on a measure of the liquidity of each such Portfolio Security as compared to other Portfolio Securities as more fully described below. The market capitalization of a Portfolio Security was not used to determine the percentage of each Portfolio Security in the Original Portfolio Value.

<TABLE>  
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ISSUERS OF THE PORTFOLIO SECURITIES	APPROXIMATE MARKET VALUE OF ISSUERS OF PORTFOLIO SECURITIES (1)	% OF PORTFOLIO VALUE REPRESENTED	
		IN ORIGINAL PORTFOLIO VALUE (2)	INITIAL MULTIPLIER (2)
-----	-----	-----	-----
	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Burnham Pacific Proper- ties, Inc. ....	\$ 270	3.00%	
Carr Realty Corporation.	\$ 269	3.00%	
Duke Realty Investments, Inc. ....	\$ 435	9.00%	
Excel Realty Trust,			

Inc. ....	\$ 216	2.00%
Federal Realty Invest- ment Trust.....	\$ 818	6.00%
Gables Residential Trust.....	\$ 234	6.00%
General Growth Proper- ties, Inc. ....	\$ 509	4.00%
Health and Retirement Property Trust.....	\$ 678	9.00%
Health Care Property In- vestors, Inc. ....	\$ 793	5.00%
JP Realty, Inc. ....	\$ 276	6.00%
Kimco Realty Corpora- tion.....	\$ 737	3.00%
Nationwide Health Prop- erties, Inc. ....	\$ 672	5.00%
New Plan Realty Trust...	\$1,059	7.00%
Simon Property Group, Inc. ....	\$1,282	10.00%
Taubman Centers, Inc. ..	\$ 502	2.00%
TriNet Corporate Realty Trust, Inc. ....	\$ 263	4.00%
Urban Shopping Centers, Inc. ....	\$ 307	3.00%
Weingarten Realty In- vestors.....	\$1,007	8.00%
Wellsford Residential Property Trust.....	\$ 211	3.00%
Western Investment Real Estate Trust.....	\$ 233	2.00%

</TABLE>

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- (1) The approximate total market value of the issuer of a Portfolio Security was calculated by multiplying the most recent publicly available number of outstanding shares (excluding treasury shares) of the Portfolio Security of such issuer by the Market Price for such share on July 19, 1994.
- (2) The initial Multipliers will be determined on the date the Securities are priced by the Company for initial offering to the public. The percentage of the value of each Portfolio Security indicated in the foregoing table is based on market prices of the Portfolio Securities on July 15, 1994.

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The percentage of the Original Portfolio Value represented by each Portfolio Security was determined by the Calculation Agent on July 15, 1994 and equaled the Average Dollar Volume of such Portfolio Security expressed as a percentage of the Total Average Dollar Volume of all Portfolio Securities for the 180 calendar days preceding July 15, 1994 rounded to the nearest whole percent; provided, however, such percentage was not allowed to exceed 10%. Since the Portfolio Security issued by Simon Property Group, Inc. would otherwise have exceeded 10% of the Original Portfolio Value, the percentage of the Original Portfolio Value assigned to such Portfolio Security was set at 10% and the percentage of the Original Portfolio Value represented by each other Portfolio Security was determined by allocating the remaining 90% of the Original Portfolio Value to the other Portfolio Securities based on the Average Dollar Volume of each such other Portfolio Security relative to the Total Average Dollar Volume of all Portfolio Securities, excluding the Portfolio Security issued by Simon Property Group, Inc. "Average Dollar Volume" for a Portfolio Security means the product of the daily average (mean) number of shares of such Portfolio Security based on the number of shares traded during the specified period and the last reported sale price of such Portfolio Security on July 15, 1994 as such information is reported on the information service operated by Bloomberg, L.P. The Calculation Agent and an affiliate together own a 30% limited partnership interest of Bloomberg, L.P. "Total Average Dollar Volume" means the total of the Average Dollar Volumes for each Portfolio Security during the specified period. Portfolio Securities which have a higher Average Dollar Volume relative to other Portfolio Securities will have a greater weight in the Original Portfolio Value, subject to the limitation that no Portfolio Security may represent more than 10% of the Original Portfolio Value. The initial Multiplier with respect to each Portfolio Security will be determined by the Calculation Agent on the date that the Securities are priced by the Company for initial offering to the public (the "Pricing Date") and will equal the number of shares, or portion of a share, of such Portfolio Security which could be purchased on the Pricing Date by the portion of the Original Portfolio Value allocated to such Portfolio Security using the closing market price of such Portfolio Security on the Pricing Date. The respective Multipliers will remain constant for the term of the Securities unless adjusted for certain corporate events, as described below.

The Daily Total Return Portfolio Value for any Calculation Day will equal the sum of the Equity Value and the Aggregate Dividend Value (determined as described herein on such Calculation Day). The Total Return Portfolio Value, however, is calculated based on averaging the Daily Total Return Portfolio Values on certain Calculation Days.

The Pricing Agent currently intends to publish the Daily Total Return Portfolio Value three times during each business day calculated in the same manner as the Daily Total Return Portfolio Value will be calculated on a Calculation Day. The Pricing Agent will make available information concerning the Daily Total Return Portfolio Value to the electronic reporting services operated by Bloomberg, L.P. and to newspapers and specialized trade publications. There can be no assurance that such information will ultimately be published by such sources. Investors will be able to request the current Daily Total Return Portfolio Value from their brokers, who will generally be able to obtain the Daily Total Return Portfolio Value from such electronic reporting services. If an investor has a Merrill Lynch brokerage account, such investor should consult his/her Financial Consultant, who will generally be able to obtain the Daily Total Return Portfolio Value from such electronic reporting services.

#### ADJUSTMENTS TO THE MULTIPLIER AND PORTFOLIO

The Multiplier with respect to any Portfolio Security and the Portfolio will be adjusted as follows:

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

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

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3. There will be no adjustments to the Multipliers to reflect cash dividends or distributions paid with respect of a Portfolio Security. Cash dividends will be included in the calculation of the Aggregate Dividend Value.

4. If the issuer of a Portfolio Security is being liquidated or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, such Portfolio Security will continue to be included in the Portfolio so long as a Market Price for such Portfolio Security is available. If a Market Price is no longer available for a Portfolio Security for whatever reason, including the liquidation of the issuer of such Portfolio Security or the subjection of the issuer of such Portfolio Security to a proceeding under any applicable bankruptcy, insolvency or other similar law, then the value of such Portfolio Security will equal zero in connection with calculating the Equity Value and Total Return Portfolio Value for so long as no Market Price is available, and no attempt will be made to find a replacement stock or increase the value of the Portfolio to compensate for the deletion of such Portfolio Security.

5. If the issuer of a Portfolio Security has been subject to a merger or consolidation and is not the surviving entity, then a value for such Portfolio Security will be determined at the time such issuer is merged or consolidated and will equal the last available Market Price for such Portfolio Security and that value will be constant for the remaining term of the Securities. At such time, no adjustment will be made to the Multiplier of such Portfolio Security. The Company may at its sole discretion increase such last available Market Price to reflect payments or dividends of securities or other consideration to holders of such Portfolio Security in connection with such a merger or consolidation which may not be reflected in such last available Market Price.

6. If the issuer of a Portfolio Security issues to all of its shareholders equity securities of an issuer other than the issuer of the Portfolio Security, then such new equity securities will be added to the Portfolio as a new Portfolio Security. The Multiplier for such new Portfolio Security will equal the product of the original Multiplier with respect to the Portfolio Security for which the new Portfolio Security is being issued (the "Original Portfolio Security") and the number of shares of the new Portfolio Security issued with respect to one share of the Original Portfolio Security. The Dividend Payment for such new Portfolio Security will be determined as described herein, except that the period during which dividends paid by the issuer of such new Portfolio Security will be from the date such new Portfolio Security is issued to holders of the Original Portfolio Security through the relevant Calculation Date.

No adjustments of any Multiplier of a Portfolio Security will be required unless such adjustment would require a change of at least 1% in the Multiplier

then in effect. The Multiplier resulting from any of the adjustments specified above will be rounded to the nearest one thousandth with five ten-thousandths being rounded upward.

No adjustments to the Multiplier of any Portfolio Security or to the Portfolio will be made other than those specified above.

#### HYPOTHETICAL PAYMENTS

The following table illustrates, for a range of hypothetical Equity Values and hypothetical Aggregate Dividend Values, the percentage change in the Equity Value, the Total Return Portfolio Value, the amount payable at maturity for each \$10 principal amount of Securities and the pretax annualized rate of return to beneficial owners of the Securities. AN INVESTMENT IN THE PORTFOLIO SECURITIES WOULD BE SIGNIFICANTLY DIFFERENT THAN INVESTING IN THE SECURITIES, BECAUSE, AMONG OTHER REASONS, ANY PAYMENT AT MATURITY ON THE SECURITIES WILL NOT REFLECT THE OPPORTUNITY TO REINVEST DIVIDENDS AS THEY ARE PAID ON THE PORTFOLIO SECURITIES.

<TABLE>  
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HYPOTHETICAL EQUITY VALUE	PERCENTAGE CHANGE IN EQUITY VALUE	HYPOTHETICAL AGGREGATE DIVIDEND VALUE (2)	TOTAL RETURN PORTFOLIO VALUE	AMOUNT PAYABLE AT MATURITY PER MITTS	PRETAX ANNUALIZED RATE OF RETURN AT MATURITY (1) (2)
<S>	<C>	<C>	<C>	<C>	<C>
\$0.00	-100%	\$2.01	\$2.01	\$9.00	-1.76%
\$1.00	-90%	\$2.23	\$3.23	\$9.00	-1.76%
\$2.00	-80%	\$2.45	\$4.45	\$9.00	-1.76%
\$3.00	-70%	\$2.67	\$5.67	\$9.00	-1.76%
\$4.00	-60%	\$2.89	\$6.89	\$9.00	-1.76%
\$5.00	-50%	\$3.11	\$8.11	\$9.00	-1.76%
\$5.73	-42.70%	\$3.27	\$9.00	\$9.00	-1.76%

</TABLE>

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<TABLE>  
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HYPOTHETICAL EQUITY VALUE	PERCENTAGE CHANGE IN EQUITY VALUE	HYPOTHETICAL AGGREGATE DIVIDEND VALUE (2)	TOTAL RETURN PORTFOLIO VALUE	AMOUNT PAYABLE AT MATURITY PER MITTS	PRETAX ANNUALIZED RATE OF RETURN AT MATURITY (1) (2)
<S>	<C>	<C>	<C>	<C>	<C>
\$ 6.00	-40.00%	\$3.32	\$ 9.32	\$ 9.32	-1.16%
\$ 7.00	-30.00%	\$3.54	\$10.54	\$10.54	0.88%
\$ 8.00	-20.00%	\$3.76	\$11.76	\$11.76	2.72%
\$ 9.00	-10.00%	\$3.98	\$12.98	\$12.98	4.40%
\$10.00	0.00%	\$4.20	\$14.20	\$14.20	5.93%
\$11.00	10.00%	\$4.42	\$15.42	\$15.42	7.35%
\$12.00	20.00%	\$4.64	\$16.64	\$16.64	8.67%
\$13.00	30.00%	\$4.86	\$17.86	\$17.86	9.90%
\$14.00	40.00%	\$5.07	\$19.08	\$19.08	11.06%
\$15.00	50.00%	\$5.29	\$20.29	\$20.29	12.15%
\$16.00	60.00%	\$5.51	\$21.51	\$21.51	13.18%
\$17.00	70.00%	\$5.73	\$22.73	\$22.73	14.17%
\$18.00	80.00%	\$5.95	\$23.95	\$23.95	15.10%
\$19.00	90.00%	\$6.17	\$25.17	\$25.17	15.99%
\$20.00	100.00%	\$6.39	\$26.39	\$26.39	16.84%

</TABLE>

- (1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis. All returns assume a maturity of six years.
- (2) The annualized pretax rates of return and hypothetical Aggregate Dividend Values specified in the preceding table were calculated assuming (i) dividends are paid at the end of each calendar quarter from the date the Securities are issued by the Company at a constant dividend yield of 7% per annum on the hypothetical Equity Value of the Portfolio Securities at the end of each such quarter, and (ii) the hypothetical Equity Value of the Portfolio Securities at the end of each such quarter is determined based on the Equity Value increasing or decreasing, as the case may be, from \$10 to the hypothetical Equity Value specified in the table in a straight line manner. The aggregate dividend yield of the Portfolio Securities was approximately 7% as of July 15, 1994.

The above figures are for purposes of illustration only. The actual amount payable at maturity with respect to the Securities will depend entirely on the actual Total Return Portfolio Value.

#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Securities shall have occurred and be continuing, the amount payable to a Holder of a Security upon any acceleration permitted by the Securities will be equal to the amount payable calculated as though the date of early repayment were the maturity date of the Securities. See "Description of Securities--Payment at Maturity" in this Prospectus Supplement. If a bankruptcy proceeding is commenced in respect of the Company, the claim of the Holder of a Security may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Security plus an additional amount, if any, of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Securities.

In case of default in payment at the maturity date of the Securities (whether at their stated maturity or upon acceleration), from and after the maturity date the Securities shall bear interest, payable upon demand of the Holders thereof, at the rate of 7 1/2% per annum (to the extent that payment of such interest shall be legally enforceable) on the unpaid amount due and payable on such date in accordance with the terms of the Securities to the date payment of such amount has been made or duly provided for.

#### SECURITIES DEPOSITORY

Upon issuance, all Securities will be represented by one or more fully registered global securities (the "Global Securities"). Each such Global Security will be deposited with, or on behalf of, The Depository Trust Company, as Securities Depository, registered in the name of the Securities Depository or a nominee thereof.

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Unless and until it is exchanged in whole or in part for Securities in definitive form, no Global Security may be transferred except as a whole by the Securities Depository to a nominee of such Securities Depository or by a nominee of such Securities Depository to such Securities Depository or another nominee of such Securities Depository or by such Securities Depository or any such nominee to a successor of such Securities Depository or a nominee of such successor.

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

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

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

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

the Securities in definitive form and will not be considered the owners or Holders thereof under the Chemical Indenture. Accordingly, each Person owning a beneficial interest in a Global Security must rely on the procedures of the Securities Depository and, if such Person is not a Participant, on the procedures of the Participant through which such Person owns its interest, to exercise any rights of a Holder under the Chemical Indenture. The Company understands that under existing industry practices, in the event that the Company requests any action of Holders or that an owner of a beneficial interest in such a Global Security desires to give or take any action which a Holder is entitled to give or take under the Chemical Indenture, the Securities Depository would authorize the Participants holding the relevant beneficial interests to give or take such action, and such Participants would authorize Beneficial Owners owning through such Participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the Securities Depository to Participants, by Participants to Indirect Participants, and by Participants and Indirect Participants to Beneficial Owners will be governed by

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arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of the principal of, and any additional amount payable at maturity with respect to, Securities registered in the name of the Securities Depository or its nominee will be made to the Securities Depository or its nominee, as the case may be, as the Holder of the Global Securities representing such Securities. None of the Company, the Trustee or any other agent of the Company or agent of the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests or for supervising or reviewing any records relating to such beneficial ownership interests. The Company expects that the Securities Depository, upon receipt of any payment of principal or any additional amount payable at maturity in respect of a Global Security, will credit the accounts of the Participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in such Global Security as shown on the records of the Securities Depository. The Company also expects that payments by Participants to Beneficial Owners will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants.

If (x) the Securities Depository is at any time unwilling or unable to continue as Securities Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that the Global Securities shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Securities, the Global Securities will be exchangeable for Securities in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$10 and integral multiples thereof. Such definitive Securities shall be registered in such name or names as the Securities Depository shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the Securities Depository from Participants with respect to ownership of beneficial interests in such Global Securities.

#### THE PORTFOLIO

##### GENERAL

While the Portfolio consists of common stocks of issuers that are REITs, the Portfolio is not intended to provide an indication of the pattern of price movements of the REIT industry generally. Each of the issuers of a Portfolio Security files certain information reports with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934. Such reports generally contain a description of the business of the issuer, financial statements and certain other information which may be material to potential investors in the Securities. Information filed with the SEC is available at the offices of the Commission specified under "Available Information" in the attached Prospectus. Neither the Company nor Merrill Lynch, Pierce, Fenner & Smith Incorporated makes any representation or warranty as to the accuracy or completeness of such reports. THE INCLUSION OF A PORTFOLIO SECURITY IN THE PORTFOLIO IS NOT A RECOMMENDATION TO BUY OR SELL SUCH PORTFOLIO SECURITY, AND NEITHER THE COMPANY NOR ANY OF ITS AFFILIATES MAKE ANY REPRESENTATION TO ANY PURCHASER OF SECURITIES AS TO THE PERFORMANCE OF THE PORTFOLIO.

The Company or its affiliates may presently or from time to time engage in business with one or more of the issuers of the Portfolio Securities, including extending loans to, making equity investments in, or selling property to such issuers or providing advisory services to such issuers, including merger and acquisition advisory services. In the course of such business, the Company or its affiliates may acquire non-public information with respect to such issuers and, in addition, one or more affiliates of the Company may publish research reports with respect to such issuers. The Company does not make any

representation to any purchaser of Securities with respect to any matters whatsoever relating to such issuers. Any prospective purchaser of a Security should undertake an independent investigation of the issuers of the Portfolio Securities as in its judgment is appropriate to make an informed decision with respect to an investment in the Securities.

REAL ESTATE INVESTMENT TRUSTS ("REITS")

The Portfolio consists of stocks issued by REITs. REITs invest primarily in income producing real estate or real estate-related loans or interests and are generally required to distribute to shareholders at least 95% of their taxable income (other than net capital gains) for each year. A REIT generally is not subject to U.S. federal income tax on income distributed to shareholders. The Portfolio Securities are subject to the requirements of the federal securities laws and the rules of any stock exchanges on which their shares are traded as to such matters as financial reporting, corporate governance and disclosure of material business developments. REITs can invest in various segments of the real estate market, including health care related properties, commercial properties and residential properties. The primary real estate market segment that each issuer of a Portfolio Security invests in is specified below under "Real Estate Market Segments".

The Portfolio Securities are subject to risks similar to those associated with the direct ownership of real estate (in addition to securities markets risks). These include declines in the value of real estate generally, risks related to general and local economic conditions, dependency on the management skill of both the officers of the REITs and the managers of the underlying properties, possible lack of diversification, possible lack of availability of financing, changes in interest rates, overbuilding, oversupply of properties for sale, extended vacancies of properties, increased competition, increases in property taxes and operating expenses, changes in zoning laws, environmental clean-up costs, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, natural disasters, limitations on rents, and changes in neighborhood values and the appeal of properties to tenants. Each of the foregoing factors, as well as factors affecting the securities markets generally, may affect the values of the securities comprising the Portfolio Securities. In addition, REITs could possibly fail to qualify for tax free pass-through of income under the Internal Revenue Code of 1986, as amended. Investors should note that many REITs utilize "leverage" (i.e., the borrowing of funds for investment purposes). Leverage increases both investment opportunity and investment risk and could cause a REIT's operations, or the market value of its shares, to be adversely affected in periods of rising interest rates.

REAL ESTATE MARKET SEGMENTS

The following table sets forth the issuers of the Portfolio Securities and the primary real estate market segment in which each such issuer invests:

<TABLE>

<CAPTION>

ISSUER OF THE PORTFOLIO SECURITY	REAL ESTATE MARKET SEGMENTS
-----	-----
<S>	<C>
Burnham Pacific Properties, Inc. ....	Commercial Properties
Carr Realty Corporation.	Office Buildings
Duke Realty Investments, Inc. ....	Industrial/Office
Excel Realty Trust, Inc. ....	Shopping Centers
Federal Realty Investment Trust.....	Shopping Centers
Gables Residential Trust.....	Apartments
General Growth Properties, Inc. ....	Shopping Centers
Health and Retirement Property Trust.....	Nursing Homes/Rehabilitation
Health Care Property Investors, Inc. ....	Long-Term Care/Rehabilitation
JP Realty, Inc. ....	Shopping Centers
Kimco Realty Corporation.....	Shopping Centers
Nationwide Health Properties, Inc. ....	Long-Term Care/Nursing Homes
New Plan Realty Trust...	Shopping Centers/Apartments
Simon Property Group, Inc. ....	Regional Shopping Malls/Power Centers
Taubman Centers, Inc. ..	Regional Shopping Malls
TriNet Corporate Realty Trust, Inc. ....	Industrial/Office

Urban Shopping Centers, Inc. ....	Regional Shopping Malls
Weingarten Realty Investors.....	Shopping Centers
Wellsford Residential Property Trust.....	Apartments
Western Investment Real Estate Trust.....	Shopping Centers

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HISTORICAL INFORMATION

The following table sets forth the high and low Market Price and yearly dividend payments during 1991, 1992, 1993 and during 1994 through July 19, 1994, and the Market Price on July 19, 1994 for each Portfolio Security. The historical prices of the Portfolio Securities should not be taken as an indication of future performance, and no assurance can be given that the Daily Total Return Portfolio Value will increase sufficiently to cause the beneficial owners of the Securities to receive an amount in excess of the Minimum Payment at the maturity of the Securities.

PORTFOLIO SECURITIES	HIGH	LOW	LAST	DIVIDEND
<S>	<C>	<C>	<C>	<C>
BURNHAM PACIFIC PROPERTIES, INC.				
1991.....	\$16.000	\$11.875		\$1.36
1992.....	\$17.875	\$14.500		\$1.36
1993.....	\$20.875	\$15.875		\$1.39
1994.....	\$19.000	\$17.000	\$17.375	\$0.70
CARR REALTY CORPORATION				
1991.....	(1)	(1)		(1)
1992.....	(1)	(1)		(1)
1993 (2).....	\$27.125	\$20.625		\$1.06
1994.....	\$24.375	\$20.250	\$20.875	\$0.88
DUKE REALTY INVESTMENTS, INC.				
1991.....	\$16.797	\$11.547		\$1.68
1992.....	\$18.375	\$13.656		\$1.68
1993.....	\$26.000	\$15.750		\$1.68
1994.....	\$27.250	\$21.000	\$27.125	\$0.90
EXCEL REALTY TRUST, INC.				
1991.....	(1)	(1)		(1)
1992.....	(1)	(1)		(1)
1993 (2).....	\$21.250	\$17.875		\$0.65
1994.....	\$22.250	\$18.375	\$20.000	\$0.85
FEDERAL REALTY INVESTMENT TRUST				
1991.....	\$20.500	\$13.750		\$1.50
1992.....	\$25.000	\$18.875		\$1.53
1993.....	\$30.000	\$24.125		\$1.55
1994.....	\$28.625	\$23.750	\$26.000	\$0.78
GABLES RESIDENTIAL TRUST				
1991.....	(1)	(1)		(1)
1992.....	(1)	(1)		(1)
1993.....	(1)	(1)		(1)
1994 (2).....	\$26.000	\$22.375	\$23.125	\$0.78
GENERAL GROWTH PROPERTIES, INC.				
1991.....	(1)	(1)		(1)
1992.....	(1)	(1)		(1)
1993 (2).....	\$25.750	\$19.250		\$0.68
1994.....	\$22.625	\$19.250	\$22.375	\$1.15
HEALTH AND RETIREMENT PROPERTY TRUST				
1991.....	\$14.375	\$ 7.625		\$0.99
1992.....	\$14.500	\$ 9.125		\$1.25
1993.....	\$16.750	\$11.625		\$1.29
1994.....	\$16.250	\$14.000	\$15.375	\$0.99
HEALTH CARE PROPERTY INVESTORS, INC.				
1991.....	\$24.375	\$16.750		\$1.62
1992.....	\$26.875	\$19.625		\$1.73
1993.....	\$33.500	\$24.000		\$1.85
1994.....	\$32.500	\$27.250	\$29.750	\$1.47

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PORTFOLIO SECURITIES	HIGH	LOW	LAST	DIVIDEND
<S>	<C>	<C>	<C>	<C>
JP REALTY, INC.				
1991.....	(1)	(1)		(1)

1992.....	(1)	(1)		(1)
1993.....	(1)	(1)		(1)
1994 (2).....	\$22.375	\$17.625	\$20.875	\$0.72
KIMCO REALTY CORPORATION				
1991 (2).....	\$21.500	\$19.750		\$0.00
1992.....	\$31.000	\$21.500		\$1.48
1993.....	\$39.125	\$30.625		\$1.88
1994.....	\$38.500	\$34.000	\$36.750	\$1.50
NATIONWIDE HEALTH PROPERTIES, INC.				
1991.....	\$27.500	\$16.750		\$2.06
1992.....	\$32.500	\$25.250		\$2.23
1993.....	\$42.125	\$31.500		\$2.43
1994.....	\$42.125	\$35.375	\$37.000	\$1.29
NEW PLAN REALTY TRUST				
1991.....	\$24.250	\$16.250		\$1.17
1992.....	\$26.000	\$19.875		\$1.25
1993.....	\$26.125	\$21.750		\$1.30
1994.....	\$24.250	\$21.000	\$21.500	\$0.66
SIMON PROPERTY GROUP, INC.				
1991.....	(1)	(1)		(1)
1992.....	(1)	(1)		(1)
1993 (2).....	\$22.625	\$22.375		\$0.00
1994.....	\$28.000	\$22.500	\$27.500	\$0.95
TAUBMAN CENTERS, INC.				
1991.....	(1)	(1)		(1)
1992 (2).....	\$11.750	\$11.375		\$0.07
1993.....	\$15.375	\$10.500		\$0.88
1994.....	\$13.500	\$10.750	\$11.250	\$0.44
TRINET CORPORATE REALTY TRUST, INC.				
1991.....	(1)	(1)		(1)
1992.....	(1)	(1)		(1)
1993 (2).....	\$30.000	\$22.625		\$1.27
1994.....	\$32.875	\$26.250	\$28.500	\$1.17
URBAN SHOPPING CENTERS, INC.				
1991.....	(1)	(1)		(1)
1992.....	(1)	(1)		(1)
1993 (2).....	\$24.375	\$20.000		\$0.00
1994.....	\$23.750	\$20.875	\$22.375	\$0.88
WEINGARTEN REALTY INVESTORS				
1991.....	\$32.875	\$24.125		\$1.92
1992.....	\$37.625	\$29.500		\$2.04
1993.....	\$45.250	\$36.500		\$2.16
1994.....	\$40.500	\$36.625	\$38.750	\$1.14
WELLSFORD RESIDENTIAL PROPERTY TRUST				
1991.....	(1)	(1)		(1)
1992 (2).....	\$23.625	\$21.875		\$0.16
1993.....	\$30.625	\$23.625		\$1.68
1994.....	\$27.250	\$22.750	\$23.000	\$0.90

</TABLE>

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<TABLE>

<CAPTION>

PORTFOLIO SECURITIES	HIGH	LOW	LAST	DIVIDEND
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
WESTERN INVESTMENT REAL ESTATE TRUST				
1991.....	\$18.500	\$10.625		\$1.29
1992.....	\$14.250	\$11.125		\$1.12
1993.....	\$17.125	\$12.250		\$1.12
1994.....	\$15.000	\$12.375	\$14.000	\$0.56

</TABLE>

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(1) No shares of the issuer were publicly outstanding during the year.

(2) Shares of the issuer were publicly outstanding during a portion of the year.

#### HYPOTHETICAL HISTORICAL DAILY TOTAL RETURN PORTFOLIO VALUES

The following table and graph set forth hypothetical Daily Total Return Portfolio Values on the last business day of each month since January 1991 and the hypothetical Daily Total Return Portfolio Value on July 19, 1994 (the "Hypothetical Historical Daily Total Return Portfolio Values"). Except as described below, the Hypothetical Historical Daily Total Return Portfolio Values were calculated on the same basis as the Daily Total Return Portfolio Value will be calculated in the future. The \$10 Hypothetical Historical Daily Total Return Portfolio Value corresponding to July 19, 1994 is provided as an illustration of past movements of the Hypothetical Historical Daily Total Return Portfolio Value only. The Multiplier for each Portfolio Security will be initially set so that the Original Portfolio Value equals \$10 on the date the Securities are priced for initial offering to the public. The Hypothetical Historical Daily Total Return Portfolio Value at any given prior date was equal to the sum of the products of the then current market prices for the relevant

Portfolio Securities on the last business day of the respective month and the applicable Multipliers plus the aggregate dividends paid on such Portfolio Securities since January 1, 1991 multiplied by the applicable Multipliers. For months during which one or more of the Portfolio Securities were not outstanding and publicly traded, the Hypothetical Historical Daily Total Return Portfolio Value was calculated based upon the values of the remaining Portfolio Securities that were then publicly traded. The Multipliers with respect to the remaining publicly traded Portfolio Securities were adjusted to reflect the increased weighing of each such remaining Portfolio Security. Only nine of the twenty Portfolio Securities were outstanding during the entire period illustrated below.

THE EXPERIENCE OF THE HYPOTHETICAL HISTORICAL DAILY TOTAL RETURN PORTFOLIO VALUES SHOULD NOT BE TAKEN AS AN INDICATION OF FUTURE PERFORMANCE OF THE DAILY TOTAL RETURN PORTFOLIO VALUE AND NO ASSURANCE CAN BE GIVEN THAT THE VALUE OF THE DAILY TOTAL RETURN PORTFOLIO VALUE WILL INCREASE SUFFICIENTLY TO RESULT IN A PAYMENT AT MATURITY GREATER THAN THE MINIMUM PAYMENT TO BENEFICIAL OWNERS OF THE SECURITIES AT MATURITY OR OTHERWISE. BECAUSE THE PORTFOLIO SECURITIES WERE NOT ALL OUTSTANDING AND PUBLICLY TRADING DURING THE ENTIRE PERIOD ILLUSTRATED BELOW, THE HYPOTHETICAL HISTORICAL DAILY TOTAL RETURN PORTFOLIO VALUES DO NOT REFLECT ALL OF THE PORTFOLIO SECURITIES DURING THE ENTIRE PERIOD ILLUSTRATED BELOW.

<TABLE>  
<CAPTION>

DATE - - - - -	HYPOTHETICAL HISTORICAL DAILY TOTAL RETURN PORTFOLIO VALUE FOR THE MONTH END -----
<S>	<C>
1991	
January.....	\$4.99
February.....	5.12
March.....	5.57
April.....	5.73
May.....	5.92
June.....	5.78
July.....	5.78
August.....	6.00
September.....	6.12
October.....	6.16
November(1).....	6.19
December.....	6.67

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<TABLE>  
<CAPTION>

DATE - - - - -	HYPOTHETICAL HISTORICAL DAILY TOTAL RETURN PORTFOLIO VALUE FOR THE MONTH END -----
<S>	<C>
1992	
January.....	\$ 6.88
February.....	6.76
March.....	6.55
April.....	6.52
May.....	6.96
June.....	6.80
July.....	7.13
August.....	7.22
September.....	7.31
October.....	7.32
November(2).....	7.54
December.....	7.73
1993	
January.....	8.00
February(3).....	8.53
March.....	9.10
April(4).....	8.80
May(5).....	8.69
June.....	8.90
July.....	8.87
August(6).....	9.22
September.....	9.56
October(7).....	9.51
November.....	9.01
December(8).....	9.00
1994	
January(9).....	9.29
February.....	9.73

March.....	9.59
April.....	9.68
May.....	9.90
June.....	9.79
July 19.....	10.00

</TABLE>

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- (1) Kimco Realty Corporation was included in the calculation of the Hypothetical Historical Total Return Portfolio Value commencing with this month.
  - (2) Taubman Centers, Inc. and Wellsford Residential Property Trust were included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.
  - (3) Carr Realty Corporation was included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.
  - (4) General Growth Properties, Inc. was included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.
  - (5) TriNet Corporate Realty Trust, Inc. was included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.
  - (6) Excel Realty Trust, Inc. was included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.
  - (7) Urban Shopping Centers, Inc. was included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.
  - (8) Simon Property Group, Inc. was included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.
  - (9) Gables Residential Trust and JP Realty, Inc. were included in the calculation of the Hypothetical Historical Daily Total Return Portfolio Value commencing with this month.

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The following graph sets forth the Hypothetical Historical Daily Total Return Portfolio Values on the last business day of each month since January 1991 and the Hypothetical Historical Daily Total Return Portfolio Value on July 19, 1994. PAST MOVEMENTS OF THE HYPOTHETICAL HISTORICAL DAILY TOTAL RETURN PORTFOLIO VALUES ARE NOT NECESSARILY INDICATIVE OF FUTURE MOVEMENTS OF THE DAILY TOTAL RETURN PORTFOLIO VALUE.

[GRAPHIC NO. 1 APPEARS HERE]

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Set forth in full below is the opinion of Brown & Wood, counsel to the Company, as to certain United States Federal income tax consequences of the purchase, ownership and disposition of the Securities. Such opinion is based upon laws, regulations, rulings and decisions now in effect (or, in the case of certain regulations, in proposed form), all of which are subject to change (including changes in effective dates) or possible differing interpretations. The discussion below deals only with Securities held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding Securities as a hedge against currency risks or as a position in a "straddle" for tax purposes. It also does not deal with holders other than original purchasers (except where otherwise specifically noted). Persons considering the purchase of the Securities should consult their own tax advisors concerning the application of United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Securities arising under the laws of any other taxing jurisdiction.

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

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

GENERAL

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

#### U.S. HOLDERS

Under general principles of current United States Federal income tax law, payments of interest on a debt instrument generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting). Under these principles, the amount payable at maturity with respect to a Security in excess of the principal amount thereof, if any, would be treated as contingent interest and generally would be includible in income by a U.S. Holder as ordinary interest on the date the amount payable at maturity is accrued (i.e., determined) or when such amount is received (in accordance with the U.S. Holder's regular method of tax accounting). In addition, if the amount payable at maturity with respect to a Security exceeds the principal amount thereof, then such Security would be treated as having been retired at maturity in exchange for an amount equal to the principal amount thereof. If, however, the amount payable at maturity with respect to a Security is equal to or less than the principal amount thereof, then such Security would be treated as having been retired at maturity in exchange for an amount equal to the entire amount payable at maturity with respect to such Security. Upon the sale, exchange or retirement of a Security, a U.S. Holder generally would recognize taxable gain or loss in an amount equal to the difference between the amount realized on the sale, exchange or retirement and such U.S. Holder's tax basis in the Security. A U.S. Holder's tax basis in a Security generally will equal such U.S. Holder's initial investment in the Security. Such gain or loss generally would be long-term capital gain or loss if the Security were held by the U.S. Holder for more than one year (subject to the market discount rules, as discussed below). It is possible, however, that the IRS may assert that any amounts realized upon the sale or exchange of a Security prior to maturity in excess of the principal amount thereof constitutes ordinary interest income (subject to the bond premium rules, as discussed below). Nonetheless, although the matter is not free from doubt, under current law, any gain realized upon the sale or exchange of a Security prior to maturity should be treated entirely as capital gain (subject to the market discount rules, as discussed below).

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On January 27, 1994, the IRS issued final Treasury regulations (the "OID Regulations") under the original issue discount provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which replaced certain proposed Treasury regulations that were issued on December 21, 1992 dealing with debt instruments issued with original issue discount. The OID Regulations generally apply to debt instruments issued on or after April 4, 1994; therefore by their terms they apply to the Securities.

Under the OID Regulations, if a debt instrument qualifies as a "variable rate debt instrument," then a special set of rules would apply to the debt instrument whereby all "qualified stated interest" payments on the debt instrument generally would be taxable to a U.S. Holder as ordinary interest income in accordance with the U.S. Holder's regular method of tax accounting. In general, a debt instrument will qualify as a "variable rate debt instrument" under the OID Regulations (and would therefore not be treated as a contingent payment debt obligation) if (a) its issue price does not exceed the total noncontingent principal payments provided for under the terms of the debt instrument by more than a specified de minimis amount and (b) it provides for stated interest, paid or compounded at least annually, at current values of a single objective rate. In general, an "objective rate" is a rate which is

determined using a single fixed formula and which is based upon either the yield or changes in the price of one or more items of actively traded personal property (other than stock or debt of the issuer or a related party). The Securities will not qualify as "variable rate debt instruments" under the OID Regulations because the stated principal amount of the Securities (i.e., \$10) exceeds the total noncontingent principal payments provided for under the terms of the Securities (i.e., \$9 or the Minimum Payment) by an amount in excess of an amount equal to .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to the maturity of a Security from its issue date (i.e., the de minimis amount) and because the Securities provide for stated interest (i.e., the amount payable at maturity with respect to a Security based upon the Portfolio) which is neither paid nor compounded at least annually. Since the Securities will not qualify as "variable rate debt instruments" under the OID Regulations, the Securities will be treated as contingent payment debt obligations.

It is not entirely clear under current law how the Securities will be taxed since they are classified as contingent payment debt obligations. As noted above, under general principles of current United States Federal income tax law, the amount payable at maturity with respect to a Security in excess of the principal amount thereof, if any, would be treated as contingent interest and generally would be includible in income by a U.S. Holder as ordinary interest on the date the amount payable at maturity is determined or when such amount is received (in accordance with the U.S. Holder's regular method of tax accounting). In addition, if the amount payable at maturity with respect to a Security exceeds the principal amount thereof, then such Security would be treated as having been retired at maturity in exchange for an amount equal to the principal amount thereof. Alternatively, if the amount payable at maturity with respect to a Security is equal to or less than the principal amount thereof, then a U.S. Holder generally would recognize taxable gain or loss at maturity in an amount equal to the difference between the amount payable at maturity and such U.S. Holder's tax basis in the Security. Such gain or loss generally would be long-term capital gain or loss if the Security were held by the U.S. Holder for more than one year (subject to the market discount rules, as discussed below).

However, in 1986, the Treasury Department issued proposed regulations (the "1986 Proposed Regulations") under the original issue discount provisions of the Code concerning contingent payment debt obligations. The 1986 Proposed Regulations were not replaced by the OID Regulations and contain a retroactive effective date of July 1, 1982. In 1991, the Treasury Department issued additional proposed regulations (the "1991 Proposed Regulations" and, together with the OID Regulations and the 1986 Proposed Regulations, the "Treasury Regulations") concerning contingent payment debt obligations which, if applicable to the Securities, would bifurcate a Security into a debt instrument and a right based upon the value of the Portfolio. The 1991 Proposed Regulations, which contain a retroactive effective date of February 20, 1991, would not apply to any debt instrument where the issue price of the debt instrument exceeds the total noncontingent payments due under the debt instrument by more than an insubstantial amount. Although neither the 1991 Proposed Regulations nor the 1986 Proposed Regulations define the term

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"insubstantial" and therefore the matter is not free from doubt, the 1991 Proposed Regulations should not be applied to the Securities in the event such regulations are ultimately adopted in their current form, because the issue price of the Securities should be treated as exceeding the total noncontingent payments due under the Securities by more than an insubstantial amount. Alternatively, if the 1986 Proposed Regulations are ultimately adopted in their current form, such regulations should apply to the Securities.

Under the 1986 Proposed Regulations, the amount payable at maturity with respect to a Security in excess of the principal amount thereof, if any, would generally be includible in income by a U.S. Holder as ordinary interest at the time the amount payable at maturity is determined, regardless of the U.S. Holder's regular method of tax accounting. In addition, if the amount payable at maturity with respect to a Security exceeds the principal amount thereof, then such Security would be treated as having been retired at maturity in exchange for an amount equal to the principal amount thereof. If, however, the amount payable at maturity with respect to a Security is equal to or less than the principal amount thereof, then, under the 1986 Proposed Regulations, a U.S. Holder generally would recognize taxable gain or loss at maturity in an amount equal to the difference between the amount payable at maturity and such U.S. Holder's tax basis in the Security. Such gain or loss generally would be long-term capital gain or loss if the Security were held by the U.S. Holder for more than one year (subject to the market discount rules, as discussed below).

There is no assurance that either the 1986 Proposed Regulations or the 1991 Proposed Regulations will be adopted or, if adopted, adopted in their current forms. In addition, on January 19, 1993, the Treasury Department issued proposed regulations (the "1993 Proposed Regulations"), concerning contingent payment debt obligations, which would have replaced both the 1986 Proposed Regulations and the 1991 Proposed Regulations and which would have provided for a set of rules with respect to the timing and character of income, gain or loss

on a Security that differ from the rules contained in the 1986 Proposed Regulations and the 1991 Proposed Regulations with respect to the timing and character of income, gain or loss on a Security. The 1993 Proposed Regulations, which would have applied to debt instruments issued 60 days or more after the 1993 Proposed Regulations became final, generally provided for several alternative timing methods which would have required annual interest accruals to reflect either a market yield for the debt instrument, determined as of the issue date, or a reasonable estimate of the performance of contingencies. The amount of interest deemed to accrue in a taxable year pursuant to such methods would have been currently includible in income by a U.S. Holder, with subsequent adjustments to the extent that the estimate of income was incorrect. In addition, under the 1993 Proposed Regulations, any gain realized on the sale, exchange or retirement of a contingent payment debt obligation would have been treated entirely as ordinary interest income and any loss realized on the sale, exchange or retirement of a contingent payment debt obligation would have been treated entirely as a capital loss. However, on January 22, 1993, the United States Government's Office of Management and Budget announced that certain proposed regulations which had not yet been published in the Federal Register, including the 1993 Proposed Regulations, had been withdrawn. It is unclear whether the 1993 Proposed Regulations will be re-proposed or, if re-proposed, what effect, if any, such regulations would have on the Securities. Furthermore, on March 1, 1994, the Treasury Department and the IRS stated their intent to issue proposed regulations under the original issue discount provisions of the Code concerning contingent payment debt obligations when they released their 1994 Priorities for Tax Regulations and Other Administrative Guidance. Presumably, these proposed regulations, if issued, would replace both the 1986 Proposed Regulations and the 1991 Proposed Regulations. Based upon the foregoing, the continued viability of the 1986 Proposed Regulations and the 1991 Proposed Regulations is uncertain. It should also be noted that proposed Treasury regulations are not binding upon either the IRS or taxpayers prior to becoming effective as temporary or final regulations.

The Company, where required, currently intends to file information returns with the IRS treating each Security as a debt instrument of the Company for United States Federal income tax purposes (as discussed above) and reporting contingent interest on, if any, and gross proceeds received upon the sale, exchange or retirement of each Security in accordance with general principles of current United States Federal income tax law (as described above), in the absence of any change or clarification in the law, by regulation or

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otherwise. Prospective investors in the Securities are urged to consult their own tax advisors regarding the application of the Treasury Regulations to their investment in the Securities and the effect of possible changes to the Treasury Regulations.

#### MARKET DISCOUNT AND PREMIUM

If a U.S. Holder purchases a Security for an amount that is less than the principal amount thereof (i.e., the Security's original issue price), the amount of the difference will be treated as "market discount," unless such difference is less than a specified de minimis amount (generally 1/4 of 1% of the Security's stated principal amount multiplied by the number of complete years to maturity from the date the U.S. Holder purchased such Security).

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

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

If a U.S. Holder purchases a Security for an amount that is greater than the principal amount thereof, such U.S. Holder will be considered to have purchased the Security with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may offset ordinary interest otherwise required to be included in

respect of the Security at maturity by the amount of such excess and would reduce its tax basis in the Security by the amount of any such interest offset taken.

#### NON-U.S. HOLDERS

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

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the organization or institution. The Treasury Department is considering implementation of further certification requirements aimed at determining whether the issuer of a debt obligation is related to holders thereof.

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

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

#### BACKUP WITHHOLDING

Backup withholding of United States Federal income tax at a rate of 31% may apply to payments made in respect of the Securities to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Securities to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

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

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the IRS.

#### USE OF PROCEEDS

The net proceeds from the sale of the Securities will be used as described under "Use of Proceeds" in the attached Prospectus and to hedge market risks affecting the value of the payment at maturity in respect of the Securities. The Company does not intend to confine its hedging activities to any particular

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") has agreed, subject to the terms and conditions of the Underwriting Agreement and a Terms Agreement, to purchase from the Company \$25,000,000 aggregate principal amount of Securities.

The Underwriter has advised the Company that it proposes initially to offer all or part of the Securities directly to the public at the offering price set forth on the cover page of this Prospectus Supplement and to certain dealers at such price less a concession not in excess of . % of the principal amount of the Securities. After the initial public offering, the public offering price and concession may be changed.

The underwriting of the Securities will conform to the requirements set forth in the applicable sections of Schedule E to the By-Laws of the National Association of Securities Dealers, Inc.

VALIDITY OF SECURITIES

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

PROSPECTUS

LOGO OF MERRILL LYNCH  
MERRILL LYNCH & CO., INC.  
DEBT SECURITIES AND WARRANTS

Merrill Lynch & Co., Inc. (the "Company") intends to sell from time to time up to \$8,043,015,546 aggregate principal amount (or net proceeds in the case of warrants and in the case of securities issued at an original issue discount), or its equivalent in such foreign currencies or units of two or more currencies, based on the applicable exchange rate at the time of offering, as shall be designated by the Company at the time of offering, of its senior debt securities ("Senior Debt Securities"), subordinated debt securities ("Subordinated Debt Securities" and, together with the Senior Debt Securities, the "Debt Securities"), warrants to purchase Debt Securities ("Debt Warrants"), warrants entitling the holders thereof to receive from the Company a payment or delivery determined by reference to decreases or increases in the level of an index or portfolio based on one or more equity or debt securities (including the price or yield of such securities), any statistical measure of economic or financial performance (including any consumer price, currency or mortgage index) or the price or value of any commodity or a combination thereof (the "Index Warrants") and warrants to receive from the Company the cash value in U.S. dollars of the right to purchase ("Currency Call Warrants") or to sell ("Currency Put Warrants" and, together with the Currency Call Warrants, the "Currency Warrants") such foreign currencies or units of two or more currencies as shall be designated by the Company at the time of offering. The Debt Securities, Debt Warrants, Index Warrants and Currency Warrants, which are collectively called the "Securities", may be offered either jointly or separately and will be offered to the public on terms determined by market conditions at the time of sale and set forth in a prospectus supplement.

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

Each issue of Securities may vary, where applicable, as to aggregate principal amount, maturity date, public offering or purchase price, interest rate or rates, if any, and timing of payments thereof, provision for redemption, sinking fund requirements, if any, exercise provisions, currencies of denomination or currencies otherwise applicable thereto and any other variable terms and method of distribution. The accompanying Prospectus Supplement (the "Prospectus Supplement") sets forth the specific terms with regard to the Securities in respect of which this Prospectus is being delivered.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.  
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Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") as agent or may be offered and reoffered through, or through underwriting syndicates managed or co-managed by, one or more of the following: MLPF&S; Bear, Stearns & Co. Inc.; Donaldson, Lufkin & Jenrette Securities Corporation; The First Boston Corporation; Goldman, Sachs & Co.; Kidder, Peabody & Co. Incorporated; Lehman Brothers Inc.; Morgan Stanley & Co. Incorporated; Nomura Securities International, Inc.; PaineWebber Incorporated; and Salomon Brothers Inc, or directly to purchasers by the Company. The Company has entered into agreements with such firms with respect to the Securities providing for agency sales of the Securities through MLPF&S or the purchase and offering from time to time by one or more of such firms, either alone or with the several members of any syndicate formed by them. Additional agreements respecting the distribution of the Securities may be entered into from time to time by the Company. Securities may not be sold without delivery of a Prospectus Supplement describing such issue of Securities and the method and terms of offering thereof.

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The date of this Prospectus is March 24, 1994.

#### AVAILABLE INFORMATION

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

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 25, 1992, Quarterly Reports on Form 10-Q for the quarters ending March 26, 1993, June 25, 1993 and September 24, 1993, and Current Reports on Form 8-K dated January 25, 1993, January 26, 1993, January 28, 1993, February 1, 1993, February 22, 1993, March 1, 1993, March 19, 1993, April 13, 1993, April 15, 1993, April 22, 1993, April 27, 1993, April 29, 1993, June 24, 1993, June 28, 1993, July 7, 1993, July 13, 1993, July 27, 1993, September 8, 1993, September 13, 1993, September 23, 1993, October 7, 1993, October 11, 1993, October 15, 1993, October 27, 1993, December 17, 1993, December 22, 1993, December 27, 1993, December 30, 1993, January 20, 1994, January 24, 1994, January 27, 1994, February 3, 1994, March 9, 1994 and March 24, 1994 filed pursuant to Section 13 of the Exchange Act, are hereby incorporated by reference into this Prospectus.

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

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

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, insurance and related services worldwide. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), is one of the largest securities firms in the world. MLPF&S is a broker in securities, options contracts, commodity and financial futures contracts, a distributor of selected insurance products, a dealer in options and in corporate and municipal securities and an investment banking

firm. Merrill Lynch Government Securities Inc. is a primary dealer in obligations issued by the U.S. Government or agencies thereof or guaranteed or insured by Federal agencies or instrumentalities. Merrill Lynch Capital Services, Inc. and Merrill Lynch Derivative Products, Inc. are the Company's primary derivative subsidiaries which enter into interest rate and currency swaps and other derivative transactions. Merrill Lynch Asset Management, L.P. manages mutual funds and provides investment advisory services. Other subsidiaries provide financial services outside the United States similar to those of MLPF&S and are engaged in such other activities as international banking, lending and providing other investment and financing services. The Company's insurance underwriting and marketing operations consist of the underwriting of life insurance and annuity products through subsidiaries of Merrill Lynch Insurance Group, Inc., and the sale of life insurance and annuities through Merrill Lynch Life Agency Inc. and other life insurance agencies associated with MLPF&S.

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

#### USE OF PROCEEDS

The Company intends to use the net proceeds from the sale of the Securities for general corporate purposes. Such uses may include the funding of investments in, or extensions of credit to, its subsidiaries, the funding of assets held by the Company or its subsidiaries, including securities inventories, customer receivables and loans (including business loans, home equity loans and loans in connection with investment banking-related merger and acquisition activities) and the lengthening of the average maturity of the Company's borrowings (including the refunding of maturing indebtedness). The precise amount and timing of investments in, and extensions of credit to, its subsidiaries will depend upon their funding requirements and the availability of other funds to the Company and its subsidiaries. Pending such applications, the net proceeds will be temporarily invested or applied to the reduction of short-term indebtedness. A substantial portion of the proceeds from the sale of any Currency Warrants or Index Warrants may be used to hedge market risks with respect to such Warrants. Management of the Company expects that it will, on a recurrent basis, engage in additional financings as the need arises to finance the growth of the Company or to lengthen the average maturity of its borrowings. To the extent that Securities being purchased for resale by MLPF&S are not resold, the aggregate proceeds to the Company and its subsidiaries would be reduced.

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#### SUMMARY FINANCIAL INFORMATION

The following summary consolidated financial information was derived from, and is qualified in its entirety by reference to, the financial statements and other information and data contained in the Company's Annual Report on Form 10-K for the year ended December 25, 1992 and Current Report on Form 8-K dated March 9, 1994. See "Incorporation of Certain Documents by Reference." The Current Report on Form 8-K, dated March 9, 1994 (which includes the audited financial statements for the Company for its 1993 fiscal year and other supplementary information) and the other documents incorporated herein by reference will be superseded by the Company's Annual Report on Form 10-K for the year ended December 31, 1993. The year-end results include 52 weeks for 1989, 1990, 1991 and 1992 and 53 weeks for 1993.

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

<TABLE>  
<CAPTION>

#### YEAR ENDED LAST FRIDAY IN DECEMBER

	1989	1990	1991	1992	1993
	(IN THOUSANDS, EXCEPT RATIOS)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$11,273,223	\$11,147,229	\$12,352,812	\$ 13,412,668	\$ 16,588,177
Net Revenues.....	\$ 5,902,195	\$ 5,783,329	\$ 7,246,468	\$ 8,577,401	\$ 10,558,230
Earnings (loss) before income taxes, discontinued operations and cumulative effect of changes in accounting					

principles(1).....	\$ (158,386)	\$ 282,328	\$ 1,017,418	\$ 1,621,389	\$ 2,424,808
Discontinued operations (net of income taxes)(1).....	\$ 3,981	--	--	--	--
Cumulative effect of changes in accounting principles (net of applicable income taxes)(1).....	--	--	--	\$ (58,580)	\$ (35,420)
Net earnings (loss)(1)..	\$ (213,385)	\$ 191,856	\$ 696,117	\$ 893,825	\$ 1,358,939
Ratio of earnings to fixed charges(2).....	--	1.1	1.2	1.3	1.4
Total assets.....	\$63,942,263	\$68,129,527	\$86,259,343	\$107,024,173	\$152,910,362
Long-term borrowings(3)..	\$ 6,897,109	\$ 6,341,559	\$ 7,964,424	\$ 10,871,100	\$ 13,468,900
Stockholders' equity(4)..	\$ 3,151,343	\$ 3,225,430	\$ 3,818,088	\$ 4,569,104	\$ 5,485,913

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- (1) Net loss for 1989 includes an after-tax reduction of \$395,000,000 (\$470,000,000 before income taxes) resulting from a provision for the costs of divesting certain nonstrategic product lines and business activities, consolidating and relocating selected retail and support facilities and downsizing certain other operations. Results for 1989 have been restated to reflect the effects of discontinued operations related to the sale of the Company's real estate brokerage, relocation and related services subsidiary, Fine Homes International, L.P. ("FHI"), in the third quarter of 1989. Discontinued operations include the results of FHI's operations through September 15, 1989 (the date of final disposition) and the loss on disposal in 1989. Net earnings for 1992 have been reduced by \$58,580,000 to reflect the effects of the adoption of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and SFAS No. 109, "Accounting for Income Taxes." Net earnings for 1993 have been reduced by \$35,420,000 to reflect the effects of the adoption of SFAS No. 112, "Employers' Accounting for Postemployment Benefits."
- (2) For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consists of earnings from continuing operations before income taxes and fixed charges. "Fixed charges" consists of interest costs and that portion of rentals estimated to be representative of the interest factor. In 1989, fixed charges exceeded pretax earnings before fixed charges by \$187,564,000.
- (3) To finance its diverse activities, the Company and certain of its subsidiaries borrow substantial amounts of short-term funds on a regular basis. Although the amount of short-term borrowings significantly varies with the level of general business activity, on December 31, 1993, \$972,159,000 of bank loans and \$14,895,540,000 of commercial paper were outstanding. In addition, certain of the Company's subsidiaries lend securities and enter into repurchase agreements to obtain financing. At December 31, 1993, cash deposits for securities loaned and securities sold under agreements to repurchase amounted to \$1,047,059,000 and \$56,418,148,000, respectively. From December 31, 1993 to March 17, 1994, long-term borrowings, net of repayments and repurchases, increased in the amount of approximately \$1,341,543,000.
- (4) Stockholders' equity for 1993 has been increased by \$21,355,000 to reflect the effects of the adoption of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

FISCAL YEAR 1993

Net earnings for 1993 were a record \$1,358.9 million, an increase of \$465.1 million (52%) above the \$893.8 million reported for 1992. Results for 1993 include a non-recurring pretax lease charge in the first quarter totaling \$103.0 million (\$59.7 million after income taxes) related to the Company's decision not to occupy certain space at its World Financial Center Headquarters facility. The 1993 results also reflect the early adoption of Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits." The cumulative effect of this change in accounting principle reduced 1993 net earnings by \$35.4 million. Revenues after interest expense ("net revenues") reached a record \$10,558 million, up 23% over the \$8,577 million reported in 1992. Total 1993 revenues advanced 24% to \$16,588 million versus \$13,413 million for the prior year.

Commission revenues increased 19% in 1993 to \$2,894 million due primarily to the continued growth of listed securities transactions, increases in sales of mutual funds and higher revenues from other commission categories. Commissions on listed securities benefited from higher trading volume and increases in average market prices. Mutual fund commissions benefited from increased sales of front-end funds. Strong 1992 sales led to an increase in 1993 distribution fees for deferred-charge funds, however, redemption fees declined from 1992 due to lower levels of redemptions. Interest and dividend revenues in 1993 were \$7,099 million, up 22% from 1992. Interest expense (including dividend expense) rose 25% in 1993 to \$6,030 million. As a result, in 1993 net interest and dividend profit advanced 10% to \$1,069 million, compared to the \$971 million

reported in 1992. This increase in net interest and dividend profit resulted from the expansion of collateralized borrowing and lending activities, the increased use of interest-free funds due to a larger equity base, and reduced funding costs due to lower interest rates and improved credit ratings.

Principal transactions revenues rose to record levels in 1993, up 35% to \$2,920 million from the \$2,166 million reported in 1992. Fixed-income and foreign exchange revenues, in the aggregate, increased on higher revenues from swaps and derivatives, corporate bonds and preferred stocks, and non-U.S. governments and agencies. These advances were somewhat offset by lower revenues from foreign exchange. In addition, 1993 mortgage-backed securities principal transactions revenues were essentially break-even; however, net revenues, including related hedges and net interest, were positive, although below 1992 levels. Equity trading revenues increased primarily due to higher volume and prices in over-the-counter and foreign equity markets. Investment banking revenues increased 23% to a record \$1,831 million from the \$1,484 million reported a year ago. Underwriting revenues benefited from the low interest rate environment, as corporations refinanced higher interest-bearing debt with lower rate issuances, or raised capital through equity offerings. Investor demand remained strong for equity and high-yield bond underwritings which offer the potential for increased returns compared with other investment alternatives. Asset management and portfolio service fees were also a record, advancing 24% to \$1,558 million from the \$1,253 million reported last year. Increased fees earned from asset management activities, the Merrill Lynch Consults (Registered Trademark) portfolio management service and other fee-based portfolio services businesses contributed to these favorable results. Asset management fees increased from 1992 due primarily to asset growth in stock and bond funds. Merrill Lynch Consults revenue increased due to the growth in the number of accounts and higher asset levels. Other revenues rose 1% to \$285 million due to higher fees generated from increased home equity loan activity, partially offset by net investment losses related primarily to provisions for merchant banking activities.

Non-interest expenses totaled \$8,133 million, up 17% from the \$6,956 million in 1992. Excluding the 1993 first quarter non-recurring lease charge totaling \$103.0 million, non-interest expenses were up 15%. Compensation and benefits expense, which represented approximately 65% of total non-interest expenses, increased 20% from 1992 due to higher production-related compensation and increases in incentive compensation linked to the Company's improved profitability and return on common equity. Nevertheless, compensation and benefits expense, as a percentage of net revenues, declined to 49.8% from 50.9% in 1992. Facilities-related costs, including occupancy, communications and equipment rental, and depreciation and amortization, increased 13% from 1992 (3% excluding the non-recurring lease charge). Advertising and market development expenses increased 25% reflecting higher sales promotion and recognition program costs for Financial Consultants that are tied to increased business activity. In addition, travel costs were up as the increase in business volume required additional domestic and international travel, while favorable markets

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contributed to the expansion of certain discretionary national and local advertising campaigns. Professional fees increased 13% due to technology upgrades which required the use of system and management consultants, as well as higher employment agency fees. Brokerage, clearing and exchange fees were up 1% as a result of increased trading volume, while other expenses increased 5% principally as a result of additions to loss provisions related to litigation and claims.

Income tax expense was \$1,030 million versus \$669 million in the prior year as the effective rate in 1993 rose to 42.5%, compared with 41.3% a year ago. The higher effective tax rate in 1993 related to the increase in the Federal statutory rate from 34% in 1992 to 35% in 1993 due to legislation raising corporate income tax rates retroactive to January 1, 1993.

The Company's Board of Directors declared a two-for-one common stock split effected in the form of a 100% stock dividend paid November 24, 1993 to stockholders of record on October 22, 1993. All share and per share data presented herein have been restated to reflect the common stock split.

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

In the normal course of business, the Company underwrites, trades, and holds non-investment grade securities in connection with its market-making, investment banking and derivative structuring activities. These activities are subject to risks related to the creditworthiness of the issuers and the liquidity of the market for such securities, in addition to the usual risks associated with investing, extending credit, underwriting and trading in investment grade instruments. At December 31, 1993, the fair value of long and short non-investment grade trading inventories amounted to \$3,129 million and \$214 million, respectively, and in the aggregate (i.e., the sum of long and short trading inventories), represented 4.6% of aggregate consolidated trading inventories.

At December 31, 1993, the carrying value of extensions of credit provided to corporations entering into leveraged transactions aggregated \$435 million (excluding unutilized revolving lines of credit and other lending commitments of \$49 million), consisting primarily of senior term and subordinated financings to 42 medium-sized corporations. At December 31, 1993, the Company had no bridge loans outstanding. Loans to highly leveraged corporations are carried at unpaid principal balance less a reserve for estimated losses. The allowance for loan losses is estimated based on a review of each loan, and considerations of economic, market and credit conditions. Direct equity investments made in conjunction with the Company's investment and merchant banking activities aggregated \$276 million at December 31, 1993, representing investments in 82 enterprises. Equity investments in privately held corporations for which sale is restricted by government or contractual requirements are carried at the lower of cost or net realizable value. At December 31, 1993, the Company held interests in partnerships, totaling \$92 million that invest in highly leveraged transactions and non-investment grade securities. Subsequent to December 31, 1993, the Company increased its partnership interests by \$15 million. The Company has a co-investment arrangement to enter into direct equity investments. At December 31, 1993, the additional co-investment commitments were \$49 million. The Company also has committed to invest an additional \$19 million in partnerships that invest in leveraged transactions. Subsequent to year-end, the Company increased its partnership commitments by up to \$50 million.

The Company's insurance subsidiaries hold non-investment grade securities. At December 31, 1993, non-investment grade insurance investments were \$458 million, representing 5.8% of the total insurance investments. At December 31, 1993, non-investment grade securities of insurance subsidiaries were classified as trading or available-for-sale in accordance with Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities." At December 31, 1993, these investment securities were carried at fair value.

At December 31, 1993, the largest non-investment grade concentration consisted of various issues of a Latin American sovereign totaling \$341 million, of which \$146 million represented on-balance sheet hedges. No one industry sector accounted for more than 15% of total non-investment grade positions. At December 31, 1993, the Company held an aggregate carrying value of \$393 million in debt and equity securities of issuers who were in various stages of bankruptcy proceedings. Approximately 59% of this amount resulted from the Company's market-making activities.

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#### DESCRIPTION OF DEBT SECURITIES

Unless otherwise specified in a Prospectus Supplement, the Senior Debt Securities are to be issued under an indenture (the "Chemical Indenture"), dated as of April 1, 1983, as amended and restated, between the Company and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee or issued under an indenture (the "Chase Indenture"), dated as of October 1, 1993 between the Company and The Chase Manhattan Bank, N.A. as trustee (each, a "Senior Debt Trustee"). The Chemical Indenture and the Chase Indenture are referred to herein as the "Senior Indentures". The Subordinated Debt Securities are to be issued under an indenture (the "Subordinated Indenture"), dated as of August 1, 1991, between the Company and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as trustee (the "Subordinated Debt Trustee"). The Senior Debt Securities and Subordinated Debt Securities may also be issued under one or more other indentures (each, a "Subsequent Indenture") and have one or more other trustees (each, a "Subsequent Trustee"). Any Subsequent Indenture relating to Senior Debt Securities will have terms and conditions identical in all material respects to the above-referenced Senior Indentures and any Subsequent Indenture relating to Subordinated Debt Securities will have terms and conditions identical in all material respects to the above-referenced Subordinated Indenture, including, but not limited to, the applicable terms and conditions described below. Any Subsequent Indenture relating to a series of Debt Securities, and the trustee with respect thereto, will be identified in the applicable Prospectus Supplement. The Senior Indentures, the Subordinated Indenture and any Subsequent Indentures (whether senior or subordinated) are referred to herein as the "Indentures"; and the Senior Debt Trustees, the Subordinated Debt Trustee and any Subsequent Trustees are referred to herein as the "Trustees". A copy of each Indenture is filed (or, in the case of a Subsequent Indenture, will be filed) as an exhibit to the registration statements relating to the Securities (collectively, the "Registration Statement"). The following summaries of certain provisions of the Indentures do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the respective Indentures, including the definitions therein of certain terms.

#### GENERAL

Each Indenture provides that Debt Securities (Senior Debt Securities in the case of the Senior Indentures or a Subsequent Indenture for Senior Debt

Securities, and Subordinated Debt Securities in the case of the Subordinated Indenture or a Subsequent Indenture for Subordinated Debt Securities) may be issued thereunder, without limitation as to aggregate principal amount, in one or more series, by the Company from time to time upon satisfaction of certain conditions precedent, including the delivery by the Company to the applicable Trustee of a resolution of the Board of Directors, or the Executive Committee thereof, of the Company which fixes or provides for the establishment of terms of such Debt Securities, including: (1) the aggregate principal amount of such Debt Securities and whether there is any limit upon the aggregate principal amount of such Debt Securities that may be subsequently issued; (2) the date on which such Debt Securities will mature; (3) the principal amount payable with respect to such Debt Securities whether at maturity or upon earlier acceleration, and whether such principal amount will be determined with reference to an index, formula or other method; (4) the rate or rates per annum (which may be fixed or variable) at which such Debt Securities will bear interest, if any; (5) the dates on which such interest, if any, will be payable; (6) the provisions for redemption of such Debt Securities, if any, the redemption price and any remarketing arrangements relating thereto; (7) the sinking fund requirements, if any, with respect to such Debt Securities; (8) whether such Debt Securities are denominated or provide for payment in United States dollars or a foreign currency or units of two or more of such foreign currencies; (9) the form (registered or bearer or both) in which such Debt Securities may be issued and any restrictions applicable to the exchange of one form for another and to the offer, sale and delivery of such Debt Securities in either form; (10) whether and under what circumstances the Company will pay additional amounts ("Additional Amounts") in respect of such Debt Securities held by a person who is not a U.S. person (as defined in the Prospectus Supplement, as applicable) in respect of specified taxes, assessments or other governmental charges and whether the Company has the option to redeem the affected Debt Securities rather than pay such Additional Amounts; (11) whether such Debt Securities are to be issued in global form; (12) the title of the Debt Securities and the series of which such Debt Securities shall be a part; and (13) the denominations of such Debt Securities. Reference is made to

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the Prospectus Supplement for the terms of the Debt Securities being offered thereby, including whether such Debt Securities are Senior Debt Securities or Subordinated Debt Securities. Debt Securities may also be issued under the Indentures upon the exercise of Debt Warrants. See "Description of Debt Warrants". Nothing in the Indentures or in the terms of the Debt Securities will prohibit the issuance of securities representing subordinated indebtedness that is senior or junior to the Subordinated Debt Securities.

The Debt Securities will be issued, to the extent provided in the Prospectus Supplement, in fully registered form without coupons, and/or in bearer form with or without coupons, and in denominations set forth in the Prospectus Supplement. No service charge will be made for any registration of transfer of registered Debt Securities or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charges that may be imposed in connection therewith. Each Indenture provides that Debt Securities issued thereunder may be issued in global form. If any series of Debt Securities is issuable in global form, the applicable Prospectus Supplement will describe the circumstances, if any, under which beneficial owners of interest in any such global Debt Securities may exchange such interests for Debt Securities of such series and of like tenor and principal amount in any authorized form and denomination. Principal of, and any premium, Additional Amounts and interest on, a global Debt Security will be payable in the manner described in the applicable Prospectus Supplement.

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

The Senior Debt Securities will be unsecured and will rank pari passu with all other unsecured and unsubordinated indebtedness of the Company. The Subordinated Debt Securities will be unsecured and will be subordinated to all existing and future Senior Indebtedness (as defined below) of the Company. Since the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including the Holders of the Debt Securities), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized. In addition, dividends, loans and advances from certain subsidiaries, including MLPF&S, to the Company are restricted by net capital requirements under the Securities Exchange Act of 1934 and under rules of certain exchanges and other regulatory bodies.

Principal and interest, premium and Additional Amounts, if any, will be payable in the manner, at the places and subject to the restrictions set forth in the applicable Indenture, the Debt Securities and the Prospectus Supplement

relating thereto, provided that payment of any interest and any Additional Amounts may be made at the option of the Company by check mailed to the holders of registered Debt Securities at their registered addresses.

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

#### MERGER AND CONSOLIDATION

The Company may consolidate or merge with or into any other corporation, and the Company may sell, lease or convey all or substantially all of its assets to any corporation, provided that (i) the corporation (if other than the Company) formed by or resulting from any such consolidation or merger or which shall have received such assets shall be a corporation organized and existing under the laws of the United States of America or a state thereof and shall assume payment of the principal of, and any premium, Additional Amounts or interest on, the Debt Securities and the performance and observance of all of the covenants and conditions of the Indentures to be performed or observed by the Company, and (ii) the Company or such successor corporation, as the case may be, shall not immediately thereafter be in default under the Indentures.

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#### MODIFICATION AND WAIVER

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

#### EVENTS OF DEFAULT

Under each Indenture, the following will be Events of Default with respect to Debt Securities of any series issued thereunder: (a) default in the payment of any interest or Additional Amounts upon any Debt Security of that series when due, continued for 30 days; (b) default in the payment of any principal of or premium, if any, on any Debt Security of that series when due; (c) default in the deposit of any sinking fund payment, when due, in respect of any Debt Security of that series; (d) default in the performance of any other covenant of the Company contained in such Indenture for the benefit of such series or in the Debt Securities of such series, continued for 60 days after written notice as provided in such Indenture; (e) certain events in bankruptcy, insolvency or reorganization; and (f) any other Event of Default provided with respect to Debt Securities of that series. The applicable Trustee or the Holders of 25% in principal amount of the Outstanding Debt Securities of that series may declare the principal amount (or such lesser amount as may be provided for in the Debt Securities of that series) of all Outstanding Debt Securities of that series and the interest accrued thereon and Additional Amounts payable in respect thereof, if any, to be due and payable immediately if an Event of Default with respect to Debt Securities of such series shall occur and be continuing at the time of declaration. At any time after a declaration of acceleration has been made with respect to Debt Securities of any series but before a judgment or decree for payment of money due has been obtained by the applicable Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of that series may rescind any declaration of acceleration and its consequences, if all payments due (other than those due as a result of acceleration) have been made and all Events of Default have been remedied or

waived. Any Event of Default with respect to Debt Securities of any series may be waived by the Holders of a majority in principal amount of all Outstanding Debt Securities of that series, except in a case of failure to pay principal of or premium, if any, or interest or Additional Amounts, if any, on any Debt Security of that series for which payment had not been subsequently made or in respect of a covenant or provision which cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected.

The Holders of a majority in principal amount of the Outstanding Debt Securities of a series may direct the time, method and place of conducting any proceeding for any remedy available to the applicable Trustee or exercising any trust or power conferred on such Trustee with respect to Debt Securities of such series, provided that such direction shall not be in conflict with any rule of law or the applicable Indenture. Before

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proceeding to exercise any right or power under an Indenture at the direction of such Holders, the applicable Trustee shall be entitled to receive from such Holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

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

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

##### LIMITATIONS UPON LIENS

The Senior Indentures provide that the Company may not, and may not permit any Subsidiary to, create, assume, incur or permit to exist any indebtedness for borrowed money secured by a pledge, lien or other encumbrance (except for certain liens specifically permitted by the Senior Indentures) on the Voting Stock owned directly or indirectly by the Company of any Subsidiary (other than a Subsidiary which, at the time of incurrence of such secured indebtedness, has a net worth of less than \$3,000,000) without making effective provision whereby the Outstanding Senior Debt Securities will be secured equally and ratably with such secured indebtedness.

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

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

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

Upon any distribution of assets of the Company resulting from any dissolution, winding up, liquidation or reorganization, payments on Subordinated Debt Securities are to be subordinated to the extent provided in the Subordinated Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but the obligation of the Company to make payments on the Subordinated Debt Securities will not otherwise be affected. No payment on Subordinated Debt Securities may be made at any time when there is a default in the payment of any principal, premium, interest, Additional Amounts or sinking fund of or on any Senior Indebtedness. Holders of Subordinated Debt Securities will be subrogated to the rights of holders of Senior Indebtedness to the extent of payments made on Senior Indebtedness upon any distribution of assets in any such proceedings out of the distributive shares of Subordinated Debt Securities. By reason of such subordination, in the event of a distribution of assets upon insolvency, certain creditors of the Company may recover more, ratably, than Holders of Subordinated Debt Securities.

Senior Indebtedness is defined in the Subordinated Indenture as the principal of, premium, if any, and unpaid interest on (a) indebtedness of the Company (including indebtedness of others guaranteed by the Company), other than the Subordinated Debt Securities, whether outstanding on the date of execution of the Subordinated Indentures or thereafter created, incurred, assumed or guaranteed, (i) for money owing to banks, (ii) for money borrowed from sources other than banks or (iii) in connection with the acquisition by the Company or a subsidiary of assets of any kind except in the ordinary course of business, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such indebtedness is not superior in right of payment to the Subordinated Debt Securities, and (b) renewals, extensions, modifications and refundings of any such indebtedness. As of

December 31, 1993, a total of approximately \$30.2 billion of the Company's indebtedness would have been Senior Indebtedness as so defined.

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#### DESCRIPTION OF DEBT WARRANTS

The Company may issue, together with Debt Securities, Currency Warrants or Index Warrants or separately, Debt Warrants for the purchase of Debt Securities. The Debt Warrants are to be issued under Debt Warrant Agreements (each a "Debt Warrant Agreement") to be entered into between the Company and a bank or trust company, as Debt Warrant Agent (the "Debt Warrant Agent"), all as shall be set forth in the Prospectus Supplement relating to Debt Warrants being offered thereby. A copy of the form of Debt Warrant Agreement, including the form of Warrant Certificates representing the Debt Warrants (the "Debt Warrant Certificates"), reflecting the alternative provisions to be included in the Debt Warrant Agreements that will be entered into with respect to particular offerings of Debt Warrants, is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Debt Warrant Agreement and the Debt Warrant Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Debt Warrant Agreement and the Debt Warrant Certificates, respectively, including the definitions therein of certain terms.

#### GENERAL

The applicable Prospectus Supplement will describe the terms of Debt Warrants offered thereby, the Debt Warrant Agreement relating to such Debt Warrants and the Debt Warrant Certificates representing such Debt Warrants, including the following: (1) the designation, aggregate principal amount, price at which such principal amount may be purchased upon exercise and terms of the Debt Securities purchasable upon exercise of such Debt Warrants, including whether such Debt Securities are Senior Debt Securities or Subordinated Debt Securities, and the procedures and conditions relating to the exercise of such Debt Warrants; (2) the designation and terms of any related Debt Securities with which such Debt Warrants are issued, including whether such Debt Securities are Senior Debt Securities or Subordinated Debt Securities, the number of such Debt Warrants issued with each such Debt Security, and the Indenture under which the Debt Securities will be issued; (3) the date, if any, on and after which such Debt Warrants and the related Debt Securities will be separately transferable; (4) the date on which the right to exercise such Debt Warrants shall commence and the date on which such right shall expire (the "Expiration Date"); (5) if the Debt Securities purchasable upon exercise of such Debt Warrants are original issue discount Debt Securities, a discussion of Federal income tax considerations applicable thereto; and (6) whether the Debt Warrants represented by the Debt Warrant Certificates will be issued in registered or bearer form, and, if registered, where they may be transferred and registered.

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

#### EXERCISE OF DEBT WARRANTS

Each Debt Warrant will entitle the Holder to purchase for cash such principal amount of Debt Securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the Prospectus Supplement relating to the Debt Warrants offered thereby. Debt Warrants may be exercised at any time up to the close of business on the Expiration Date set forth in the Prospectus Supplement relating to the Debt Warrants offered thereby. After the close of business on the Expiration Date, unexercised Debt Warrants will become void.

Debt Warrants may be exercised as set forth in the Prospectus Supplement relating to the Debt Warrants offered thereby. Upon receipt of payment and the Debt Warrant Certificate properly completed and duly executed at the corporate trust office of the Debt Warrant Agent or any other office indicated in the Prospectus Supplement, the Company will, as soon as practicable, forward the Debt Securities purchasable

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upon such exercise. If less than all of the Debt Warrants represented by such Debt Warrant Certificate are exercised, a new Debt Warrant Certificate will be issued for the remaining amount of Debt Warrants.

#### DESCRIPTION OF CURRENCY WARRANTS

The Company may issue, together with Debt Securities, Debt Warrants or Index

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

#### GENERAL

The applicable Prospectus Supplement will describe the terms of Currency Warrants offered thereby, the Currency Warrant Agreement relating to such Currency Warrants and the Currency Warrant Certificates representing such Currency Warrants, including the following: (1) whether such Currency Warrants shall be Currency Put Warrants, Currency Call Warrants, or both; (2) the formula for determining the cash settlement value of each Currency Warrant; (3) the procedures and conditions relating to the exercise of such Currency Warrants; (4) the circumstances which will cause the Currency Warrants to be deemed to be automatically exercised; (5) any minimum number of Currency Warrants which must be exercised at any one time, other than upon automatic exercise; and (6) the date on which the right to exercise such Currency Warrants shall commence and the date on which such right shall expire (the "Expiration Date"), provided that the commencement date and the Expiration Date may be the same date.

#### BOOK-ENTRY PROCEDURES AND SETTLEMENT

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

#### EXERCISE OF CURRENCY WARRANTS

Each Currency Warrant will entitle the Holder to the cash settlement value of such Currency Warrant on the applicable Exercise Date, in each case as such terms will be defined in the applicable Prospectus Supplement. If a Currency Warrant has more than one exercise date and is not exercised prior to 1:30 P.M., New York City time, on the fifth New York Business Day preceding the Expiration Date, Currency Warrants will be deemed automatically exercised.

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#### LISTING

Each issue of Currency Warrants will be listed on a national securities exchange, subject only to official notice of issuance, as a condition of sale of any such Currency Warrants. In the event that the Currency Warrants are delisted from, or permanently suspended from trading on, such exchange, the Expiration Date for such Currency Warrants will be the date such delisting or trading suspension becomes effective and Currency Warrants not previously exercised will be deemed automatically exercised on such Expiration Date. The applicable Currency Warrant Agreement will contain a covenant of the Company not to seek delisting of the Currency Warrants, or suspension of their trading, on such exchange.

#### DESCRIPTION OF INDEX WARRANTS

The Company may issue from time to time Index Warrants consisting of put warrants (the "Index Put Warrants") or call warrants (the "Index Call Warrants"). The Index Warrants will entitle the holders to receive from the

Company a payment or delivery, subject to applicable law, determined by reference to decreases (in the case of Index Put Warrants) or to increases (in the case of Index Call Warrants) in the level of an index or portfolio based on one or more equity or debt securities (including the price or yield of such securities), any statistical measure of economic or financial performance (including any consumer price, currency or mortgage index) or the price or value of any commodity or any combination thereof (the "Index"). Unless otherwise specified in the accompanying Prospectus Supplement, payments, if any, upon exercise (or deemed exercise) of the Index Warrants will be made in U.S. dollars. The Index Warrants will be offered on terms to be determined at the time of sale. The amount of Index Warrants offered by this Prospectus, other than those Index Warrants which will entitle the holders to receive a payment from the Company determined by reference to increases or decreases in the level of a specified stock or security index or the value of a portfolio of specified stocks or other securities, is currently limited to \$8,300,000,000. This amount may be increased by the Company without the consent of Warrantholders.

#### GENERAL

The applicable Prospectus Supplement will describe the Index Warrant Agreement or Index Warrant Trust Indenture (each as defined below), as the case may be, relating to the Index Warrants being offered thereby and the terms of such Index Warrants, including, without limitation: (i) whether the Index Warrants to be issued will be Index Put Warrants, Index Call Warrants or both; (ii) the aggregate number and initial public offering price or purchase price; (iii) the Index for such Index Warrants; (iv) whether the Index Warrants will be deemed exercised as of a specified date or whether the Index Warrants may be exercised during a period and the date on which the right to exercise such Index Warrants commences and the date on which such right expires; (v) the manner in which such Index Warrants may be exercised and any restrictions on, or other special provisions relating to, the exercise of such Index Warrants; (vi) the minimum number, if any, of such Index Warrants exercisable at any one time; (vii) the maximum number, if any, of such Index Warrants that may, subject to the Company's election, be exercised by all Index Warrantholders (or by any person or entity) on any day; (viii) any provisions permitting an Index Warrantholder to condition an exercise notice on the absence of certain specified changes in the level of the applicable Index after the exercise date, any provisions permitting the Company to suspend exercise of such Index Warrants based on market conditions or other circumstances and any other special provision relating to the exercise of such Index Warrants; (ix) any provisions for the automatic exercise of such Index Warrants other than at expiration; (x) any provisions permitting the Company to cancel such Index Warrants upon the occurrence of certain events; (xi) any additional circumstances which would constitute an Event of Default with respect to such Index Warrants; (xii) the method of determining (a) the payment or delivery, if any, to be made in connection with the exercise or deemed exercise of such Index Warrants (the "Settlement Value"), (b) the minimum payment or delivery, if any, to be made upon expiration of such Index Warrants (the "Minimum Expiration Value"), (c) the payment or delivery to be made upon the exercise of any right which the Company may have to cancel such Index Warrants and (d) the value of the Index; (xiii) in the case of Index Warrants relating to an Index for which the trading prices of underlying securities, commodities or rates are expressed in a foreign currency, the method of converting amounts in the relevant foreign currency or currencies into U.S. dollars (or such

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other currency or composite currency in which the Index Warrants are payable); (xiv) the method of providing for a substitute index or otherwise determining the payment or delivery, if any, to be made in connection with the exercise of such Index Warrants if the Index changes or ceases to be made available by its publisher; (xv) the time or times at which payment or delivery, if any, will be made in respect of such Index Warrants following exercise or deemed exercise; (xvi) the national securities exchange on which such Index Warrants will be listed, if any; (xvii) any provisions for issuing such Index Warrants in other than book-entry form; (xviii) if such Index Warrants are not issued in book-entry form, the place or places at which payment or delivery on cancellation, if any, and the Minimum Expiration Value, if any, of such Index Warrants is to be made by the Company; (xix) certain U.S. federal income tax consequences relating to such Index Warrants; and (xx) other specific provisions.

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

The Index Warrants which are issued without a Minimum Expiration Value will be issued under one or more index warrant agreements (each, an "Index Warrant Agreement") to be entered into between the Company and a bank or trust company, as warrant agent (the "Index Warrant Agent"), all as described in the Prospectus Supplement relating to such Index Warrants. The Index Warrant Agent will act solely as the agent of the Company under the applicable Index Warrant Agreement and will not assume any obligation or relationship of agency or trust for or with any Index Warrantholders. A single bank or trust company may act as Index Warrant Agent for more than one issue of Index Warrants.

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

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

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

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

Unless otherwise provided in the Prospectus Supplement, each Index Warrant will entitle Index Warrantholders to receive from the Company upon exercise the Settlement Value of such Index Warrant. Certain Index Warrants issued pursuant to an Index Warrant Trust Indenture will, if specified in the Prospectus Supplement, entitle the Index Warrantholder to receive from the Company, under certain circumstances specified in the Prospectus Supplement, a payment or delivery equal to the greater of the applicable Settlement Value and a Minimum Expiration Value of such Index Warrants. In addition, certain Index Warrants will, if specified in the Prospectus Supplement, entitle Index Warrantholders to receive from the Company a certain payment or delivery upon cancellation of the Index Warrants by the Company, upon

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the occurrence of specified events. In addition, if so specified in the Prospectus Supplement, following the occurrence of an extraordinary event, the Settlement Value of an Index Warrant may, at the option of the Company, be determined on a different basis, including in connection with automatic exercise at expiration.

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

If so specified in the Prospectus Supplement, the Index Warrants may be canceled by the Company, or the exercise or valuation of, or payment or delivery for, such Index Warrants may be delayed or postponed upon the occurrence of an extraordinary event. Any extraordinary events relating to an issue of Index Warrants will be set forth in the related Prospectus Supplement. Upon cancellation, the related Index Warrantholders will be entitled to receive only the applicable payment or delivery on cancellation specified in such Prospectus Supplement. The payment or delivery on cancellation may be either a predetermined payment or delivery or a payment or delivery that varies during the term of the Index Warrants in accordance with a schedule or formula.

If the Company defaults with respect to any of its obligations under Index Warrants which are issued with a Minimum Expiration Value pursuant to an Index Warrant Trust Indenture, such default may be waived by the Index Warrantholders of a majority in interest of all outstanding Index Warrants, except a default

in the payment or delivery of the Settlement Value, Minimum Expiration Value or cancellation payment or delivery (if applicable) on such Index Warrants or in respect of a covenant or provision of the applicable Index Warrant Trust Indenture which cannot be modified or amended without the consent of the Index Warrantholder of each outstanding Index Warrant affected.

The Index Warrants are unsecured contractual obligations of the Company and will rank pari passu with the Company's other unsecured contractual obligations and with the Company's unsecured and unsubordinated debt. Since the Company is a holding company, the right of the Company, and hence the right of creditors of the Company (including the Holders of the Debt Securities), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized. In addition, dividends, loans and advances from certain subsidiaries, including MLPF&S, to the Company are restricted by net capital requirements under the Securities Exchange Act of 1934 and under rules of certain exchanges and other regulatory bodies.

Certain special United States federal income tax considerations may be applicable to instruments such as the Index Warrants. The related Prospectus Supplement will describe such tax considerations. The summary of United States federal income tax considerations contained in the Prospectus Supplement will be presented for informational purposes only, however, and will not be intended as legal or tax advice to prospective purchasers. Prospective purchasers of Index Warrants are urged to consult their own tax advisors prior to any acquisition of Index Warrants.

#### BOOK-ENTRY PROCEDURES AND SETTLEMENT

Except as may otherwise be provided in an applicable Prospectus Supplement, Index Warrants will be issued in book-entry form and represented by global Index Warrants, registered in the name of a depository or its nominee. Except as may otherwise be provided in an applicable Prospectus Supplement, Index

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Warrantholders will not be entitled to receive definitive certificates representing Index Warrants, unless the depository is unwilling or unable to continue as depository or the Company decides to have the Index Warrants represented by definitive certificates. A beneficial owner's interest in an Index Warrant represented by a global Index Warrant will be recorded on or through the records of the brokerage firm or other entity that maintains such beneficial owner's account. In turn, the total number of Index Warrants held by an individual brokerage firm or other entity for its clients will be maintained on the records of the depository in the name of such brokerage firm or other entity or its agent.

#### LISTING

Unless otherwise indicated in the Prospectus Supplement, the Index Warrants will be listed on a national securities exchange as specified in the Prospectus Supplement. It is expected that such exchange will cease trading an issue of Index Warrants at the close of business on the related expiration date of such Index Warrants.

#### MODIFICATION

Any Index Warrant Agreement or Index Warrant Trust Indenture and the terms of the related Index Warrants may be amended by the Company and the Index Warrant Agent or Index Warrant Trustee, as the case may be (which amendment shall take the form of a supplemental index warrant agreement or supplemental index warrant trust indenture (collectively referred to as "Supplemental Agreements")), without the consent of the holders of any Index Warrants, for the purpose of (i) curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or of making any other provisions with respect to matters or questions arising under the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, which shall not be inconsistent with the provisions thereof or of the Index Warrants, (ii) evidencing the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company contained in the Index Warrant Agreement or the Index Warrant Trust Indenture, as the case may be, and the Index Warrants, (iii) appointing a successor depository, (iv) evidencing and providing for the acceptance of appointment by a successor Index Warrant Agent or Index Warrant Trustee with respect to the Index Warrants, as the case may be, (v) adding to the covenants of the Company, for the benefit of the Index Warrantholders or surrendering any right or power conferred upon the Company under the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, (vi) issuing Index Warrants in definitive form, or (vii) amending the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, in any manner which the Company may deem to be necessary or desirable and which will not materially and adversely affect the interests of the Index Warrantholders.

The Company and the Index Warrant Agent may also amend any Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, and the terms of the related Index Warrants (which amendment shall take the form of a Supplemental Agreement) with the consent of the Index Warrantholders holding not less than 66 2/3 in number of the then outstanding unexercised Index Warrants affected by such amendment, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, or of modifying in any manner the rights of the Index Warrantholders; provided that no such amendment that (i) changes the determination of the Settlement Value or the payment or delivery to be made on cancellation, if any, or Minimum Expiration Value, if any, of the Index Warrants (or any aspects of such determination) so as to reduce the payment or delivery to be made upon exercise or deemed exercise, (ii) shortens the period of time during which the Index Warrants may be exercised, or otherwise materially and adversely affects the exercise rights of the Index Warrantholders or (iii) reduces the number of outstanding Index Warrants, the consent of whose holders is required for amendment of the Index Warrant Agreement, the Index Warrant Trust Indenture or the terms of the related Index Warrants, may be made without the consent of each Index Warrantholder affected thereby.

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#### EVENT OF DEFAULT

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

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

The Company may consolidate or merge with or into any other corporation and the Company may sell, lease or convey all or substantially all of its assets to any corporation, provided that (i) the corporation (if other than the Company) formed by or resulting from any such consolidation or merger or which shall have received such assets shall be a corporation organized and existing under the laws of the United States of America or a State thereof and shall assume the Company's obligations in respect of the payment or delivery of the Settlement Value (or any Minimum Expiration Value or cancellation payment or delivery, if applicable) with respect to all the unexercised Index Warrants and the performance and observance of all of the covenants and conditions of the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be, to be performed or observed by the Company, and (ii) the Company or such successor corporation, as the case may be, shall not immediately be in default under the Index Warrant Agreement or Index Warrant Trust Indenture, as the case may be.

#### ENFORCEABILITY OF RIGHTS BY INDEX WARRANTHOLDERS

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

#### PLAN OF DISTRIBUTION

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

If so indicated in the Prospectus Supplement, the Company will authorize underwriters to solicit offers by certain institutions to purchase Debt Securities from the Company pursuant to Delayed Delivery Contracts providing for payment and delivery on the date stated in the Prospectus Supplement. Each

such contract will be for an amount not less than, and, unless the Company otherwise agrees, the aggregate principal amount of Debt Securities sold pursuant to such contracts shall not be more than, the respective amounts stated in the Prospectus Supplement. Institutions with whom such contracts, when authorized, may

be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but shall in all cases be subject to the approval of the Company. Delayed Delivery Contracts will not be subject to any conditions except that the purchase by an institution of the Debt Securities covered thereby shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject.

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

The distribution of Securities will conform to the requirements set forth in the applicable sections of Schedule E to the By-Laws of the National Association of Securities Dealers, Inc.

EXPERTS

The consolidated financial statements and related financial statement schedules of the Company and its subsidiaries included or incorporated by reference in the Company's 1992 Annual Report on Form 10-K and Current Report on Form 8-K dated March 9, 1994, and incorporated by reference in this Prospectus, have been audited by Deloitte & Touche, independent auditors, as stated in their reports incorporated by reference herein. The information under the caption "Summary Financial Information" for each of the five years in the period ended December 31, 1993 included in this Prospectus and the Selected Financial Data under the captions "Operating Results", "Financial Position" and "Common Share Data" for (i) each of the five years in the period ended December 25, 1992 included in the 1992 Annual Report to Stockholders of the Company and (ii) each of the five years in the period ended December 31, 1993 included in the Current Report on Form 8-K dated March 9, 1994 of the Company, and incorporated by reference herein, has been derived from consolidated financial statements audited by Deloitte & Touche, as set forth in their reports incorporated by reference herein. Such consolidated financial statements and related financial statement schedules, such Summary Financial Information and such Selected Financial Data appearing or incorporated by reference in this Prospectus and the Registration Statement of which this Prospectus is a part, have been included or incorporated herein by reference in reliance upon such reports of Deloitte & Touche given upon their authority as experts in accounting and auditing.

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

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

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[LOGO OF MERRILL LYNCH]  
2,500,000 UNITS

MERRILL LYNCH & CO., INC.

REAL ESTATE INVESTMENT TRUST PORTFOLIO  
TOTAL RETURN MARKET  
INDEX TARGET-TERM SECURITIES (SM)  
DUE AUGUST 31, 2000  
"MITTS (R) "

-----  
PROSPECTUS SUPPLEMENT  
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MERRILL LYNCH & CO.

AUGUST , 1994

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

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GRAPHICS APPENDIX LIST

DESCRIPTION OF GRAPHIC

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Graphic No. 1            Graph entitled "Hypothetical Historical Daily Total  
Return Portfolio Values (January 1991 - July 19, 1994)".

The graph sets forth the month-end values of the  
Hypothetical Historical Daily Total Return  
Portfolio Value, and the Hypothetical Historical Daily  
Total Return Portfolio Value on July 19, 1994, with the  
vertical axis specifying the Hypothetical  
Historical Daily Total Return Portfolio Values in a  
range from 0 to 12, in increments of 2, and the  
horizontal axis specifying the time period in  
increments of one month, beginning with January 1991  
and ending with July 19, 1994.



THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO A NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO MERRILL LYNCH & CO., INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. R-  
CUSIP Principal Amount: \$

MERRILL LYNCH & CO., INC.

Real Estate Investment Trust Portfolio Total Return  
Market Index Target-Term Securities/SM/ due August 31, 2000

("MITTS(R)")

Merrill Lynch & Co., Inc., a Delaware corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture herein referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, an amount calculated as described below (the "Redemption Amount") on August 31, 2000 (the "Stated Maturity").

Payment of the Redemption Amount at maturity with respect to this Note shall be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Note is one of the series of Real Estate Investment Trust Portfolio Total Return Market Index Target-Term Securities due August 31, 2000 (the "Notes").

Redemption Amount

The Redemption Amount with respect to this Note shall equal the Total Return Portfolio Value; provided, however, that the amount payable at maturity will not be less than \$9 for each \$10

/SM/"Market Index Target-Term Securities" is a service mark of Merrill Lynch & Co., Inc.

(R)"MITTS" is a registered service mark of Merrill Lynch & Co., Inc.

principal amount of the Securities (the "Minimum Payment"). The principal amount shall equal the amount so specified on the front page hereof.

The "Total Return Portfolio Value" shall be determined by Merrill Lynch, Pierce, Fenner & Smith Incorporated or a successor thereto (the "Calculation Agent"), and shall equal the average (mean) of the Daily Total Return Portfolio Values determined on each of the first forty-five Calculation Days during the Calculation Period. If there are fewer than forty-five Calculation Days, then the Total Return Portfolio Value shall equal the average (mean) of the Daily Total Return Portfolio Values on such Calculation Days, and if there is only one Calculation Day, then the Total Return Portfolio Value shall equal the Daily Total Return Portfolio Value on such Calculation Day. If no Calculation Days occur during the Calculation Period because of Market Disruption Events, then the Total Return Portfolio Value shall equal the Daily Total Return Portfolio Value determined on the last scheduled NYSE Trading Day in the Calculation Period, regardless of the occurrence of a Market Disruption Event on such day. The "Calculation Period" shall be the period from and including the ninetieth scheduled NYSE Trading Day prior to the maturity date to and including the fourth scheduled NYSE Trading Day prior to the maturity date. "Calculation Day" with respect to the Portfolio Securities shall be any NYSE Trading Day during the Calculation Period on which a Market Disruption Event with respect to a Portfolio Security has not occurred. "NYSE Trading Day" for purposes of determining the Daily Total Return Portfolio Value shall be a day on which trading is generally conducted on the New York Stock Exchange and in the over-the-counter market for equity securities in the United States as determined by the Calculation Agent.

The "Daily Total Return Portfolio Value" for any Calculation Day will be determined by Bridge Data Company, or successor thereto (the "Pricing Agent"),

and will equal (i) the Equity Value, plus (ii) the Aggregate Dividend Value for such Calculation Day.

"Equity Value" for any Calculation Day shall equal the sum of the products of the Market Prices and the applicable Multipliers for the Portfolio Securities as defined below.

"Aggregate Dividend Value" for any Calculation Day shall equal the sum of the Dividend Payments for each Portfolio Security. The "Dividend Payment" with respect to a Portfolio Security for any Calculation Day shall equal the sum of the products of (i) each dividend paid by the issuer of such Portfolio Security on one share of such Portfolio Security during the period from the date of this Note through such Calculation Day (but not including any reinvestment thereof) multiplied by (ii) the Multiplier applicable to such Portfolio Security at the time each such dividend is paid. A dividend shall be considered paid by an issuer on the day the issuer actually pays such

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dividend and not on the day such dividend is declared or the record date for the payment of such dividend is fixed.

"Market Price" shall be for a Calculation Day (i) the last reported sale price, regular way, on such day on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such Portfolio Security is listed or admitted to trading, or (ii) if not listed or admitted to trading on any such securities exchange or if such last reported sale price is not obtainable, the last reported regular way sale price on the over-the-counter market as reported on the Nasdaq National Market ("NNM") or OTC Bulletin Board Service ("OTC Bulletin Board") operated by the National Association of Securities Dealers, Inc. (the "NASD") on such day, or (iii) if the last reported sale price is not available pursuant to (i) and (ii) above, the mean of the last reported bid and offer price on the over-the-counter market as reported on the NNM or OTC Bulletin Board on such day as determined by the Pricing Agent. If the Portfolio Security is not listed on a national securities exchange in the United States, is not a NNM security or is not included in the OTC Bulletin Board operated by the NASD, Market Price shall be the average (mean) of the last available bid and offer prices in the United States over-the-counter market of the three dealers which have the highest volume of transactions in such Portfolio Security in the immediately preceding calendar month as determined by the Calculation Agent based on information that is reasonably available to it. The term "NNM security" shall include a security included in any successor to such system and the term "OTC Bulletin Board" shall include any successor service thereto. If the Pricing Agent is required to use the bid and offer price for a Portfolio Security to determine the Market Price of such Portfolio Security pursuant to the foregoing, the Pricing Agent shall not use any bid or offer price announced by Merrill Lynch, Pierce, Fenner & Smith Incorporated or any affiliate of the Company or the Pricing Agent.

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The common stocks of the issuers listed below (the "Portfolio Securities") shall be used to calculate the Daily Total Return Portfolio Value. The following table sets forth the issuers of the Portfolio Securities and the initial Multipliers,

<TABLE>  
<CAPTION>

Issuers of the Portfolio Security	Initial Multiplier
Burnham Pacific Properties, Inc.....	
Carr Realty Corporation.....	
Duke Realty Investments, Inc.....	
Excel Realty Trust, Inc.....	
Federal Realty Investment Trust.....	
Gables Residential Trust.....	
General Growth Properties, Inc.....	
Health and Retirement Property Trust..	
Health Care Property Investors, Inc...	
JP Realty, Inc.....	
Kimco Realty Corporation.....	
Nationwide Health Properties, Inc.....	
New Plan Realty Trust.....	
Simon Property Group, Inc.....	
Taubman Centers, Inc.....	
TriNet Corporate Realty Trust, Inc....	
Urban Shopping Centers, Inc.....	
Weingarten Realty Investors.....	
Wellsford Residential Property Trust..	
Western Investment Real Estate Trust..	

</TABLE>

The Multiplier with respect to any Portfolio Security and the Portfolio

shall be adjusted as follows:

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

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

3. There shall be no adjustments to the Multipliers to reflect cash dividends or distributions paid with respect of a Portfolio Security.

4. If the issuer of a Portfolio Security is being liquidated or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, such Portfolio Security shall continue to be included in the Portfolio so long as a Market Price for such Portfolio

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Security is available. If a Market Price is no longer available for a Portfolio Security for whatever reason, including the liquidation of the issuer of such Portfolio Security or the subjection of the issuer of such Portfolio Security to a proceeding under any applicable bankruptcy, insolvency or other similar law, then the value of such Portfolio Security shall equal zero in connection with calculating the Equity Value and Total Return Portfolio Value for so long as no Market Price is available, and no attempt shall be made to find a replacement stock or increase the value of the Portfolio to compensate for the deletion of such Portfolio Security.

5. If the issuer of a Portfolio Security has been subject to a merger or consolidation and is not the surviving entity, then a value for such Portfolio Security shall be determined at the time such issuer is merged or consolidated and shall equal the last available Market Price for such Portfolio Security, and such value shall be constant for the remaining term of the Securities. At such time, no adjustment shall be made to the Multiplier of such Portfolio Security. The Company may at its sole discretion increase such last available Market Price to reflect payments or dividends of securities or other consideration to holders of such Portfolio Security in connection with such a merger or consolidation which may not be reflected in such last available Market Price.

6. If the issuer of a Portfolio Security issues to all of its shareholders equity securities of an issuer other than the issuer of the Portfolio Security, then such new equity securities shall be added to the Portfolio as a new Portfolio Security. The Multiplier for such new Portfolio Security shall equal the product of the original Multiplier with respect to the Portfolio Security for which the new Portfolio Security is being issued (the "Original Portfolio Security") and the number of shares of the new Portfolio Security issued with respect to one share of the Original Portfolio Security. The Dividend Payment for such new Portfolio Security shall be determined as described herein, except that the period during which dividends paid by the issuer of such new Portfolio Security shall be from the date such new Portfolio Security is issued to holders of the Original Portfolio Security through the relevant Calculation Date.

No adjustments of any Multiplier of a Portfolio Security shall be required unless such adjustment would require a change of at least 1% in the Multiplier then in effect. The Multiplier resulting from any of the adjustments specified above shall be rounded to the nearest one thousandth with five ten-thousandths being rounded upward.

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No adjustments to the Multiplier of any Portfolio Security or to the Portfolio shall be made other than those specified above.

"Market Disruption Event" with respect to a Portfolio Security shall be either of the following events, as determined by the Calculation Agent:

(i) the suspension or material limitation (provided that limitations pursuant to New York Stock Exchange Rule 80A (or any applicable rule or regulation enacted or promulgated by the New York Stock Exchange, any other self-regulatory organization or the Securities and Exchange Commission of similar scope as determined by the Calculation Agent) on trading during significant market fluctuations shall be considered "material" for purposes of this definition) in the trading of such Portfolio Security in the over-the-

counter market or on any exchange in the United States for more than two hours of trading or during the period one-half hour prior to the time that such Portfolio Security is to be priced, or

(ii) the suspension or material limitation (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in option contracts related to a Portfolio Security traded on any exchange for more than two hours of trading or during the period one-half hour prior to the time that such Portfolio Security is to be priced.

For the purposes of this definition, a limitation on the hours in a trading day and/or number of days of trading shall not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange.

All determinations made by the Calculation Agent or Pricing Agent, as the case may be, shall be at the sole discretion of the Calculation Agent or Pricing Agent, as the case may be, and, in the absence of a determination of manifest error, shall be conclusive for all purposes and binding on the Company and Holders of the Notes. All percentages resulting from any calculation on the Notes shall be rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation shall be rounded to the nearest cent with one-half cent being rounded upwards.

This Note is one of a duly authorized issue of Securities of the Company, issued and to be issued under the Indenture, dated

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as of April 1, 1983, as amended and restated (herein called the "Indenture"), between the Company and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee and the Holders of the Securities, and the terms upon which the Securities are, and are to be, authenticated and delivered.

The Company hereby covenants for the benefit of the Holders of the Notes, to the extent permitted by law, not to claim voluntarily the benefits of any laws concerning usurious rates of interest against a Holder of the Notes.

The Notes are not subject to redemption by the Company or at the option of the Holder prior to the Stated Maturity.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture. In case an Event of Default with respect to any Notes shall have occurred and be continuing, the amount payable to a Holder of a Note upon any acceleration permitted by the Notes shall be equal to an amount payable calculated as if the date of early repayment were the Stated Maturity. In case of default in payment at the maturity date of the Notes (whether at the Stated Maturity or upon acceleration), from and after the maturity date the Notes shall bear interest, payable upon demand of the Holders thereof, at the rate of 7-1/2% per annum (to the extent that payment of such interest shall be legally enforceable) on the unpaid amount due and payable on such date in accordance with the terms of the Notes to the date payment of such amount has been made or duly provided for.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66-2/3% in aggregate principal amount of the Securities at the time Outstanding, as defined in the Indenture, of each series affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of each series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

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No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the Redemption Amount plus any additional

amount with respect to this Note at the times, places, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations set forth therein and on the first page hereof, the transfer of this Note may be registered on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, shall be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$10 and integral multiples thereof. As provided in the Indenture and subject to certain limitations set forth therein and on the first page hereof, the Notes are exchangeable for a like aggregate principal amount of Notes in authorized denominations, as requested by the Holder surrendering the same. If (x) Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that this Note shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, this Note shall be exchangeable for Notes in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$10 and integral multiples thereof. Such definitive Notes shall be registered in such name or names as the Depository shall instruct the Trustee. If definitive Notes are so delivered, the Company may make such changes to the form of this Note as are necessary or appropriate to allow for the issuance of such definitive Notes.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

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All terms used in this Note which are defined in the Indenture but not in this Note shall have the meanings assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by Chemical Bank, the Trustee under the Indenture, or its successor thereunder, by the manual signature of one of its authorized officers, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

MERRILL LYNCH & CO., INC.

By: \_\_\_\_\_  
Treasurer

[SEAL]

Attest: \_\_\_\_\_  
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

CHEMICAL BANK, as Trustee

By: \_\_\_\_\_  
Authorized Officer

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