

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-A12B

Form for the registration/listing of a class of securities on a national securities exchange pursuant to  
Section 12(b)

Filing Date: **1994-01-10**  
SEC Accession No. **0000950130-94-000041**

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### FILER

#### **MERRILL LYNCH & CO INC**

CIK: **65100** | IRS No.: **132740599** | State of Incorpor.: **DE** | Fiscal Year End: **1228**  
Type: **8-A12B** | Act: **34** | File No.: **001-07182** | Film No.: **94500913**  
SIC: **6211** Security brokers, dealers & flotation companies

Business Address  
225 LIBERTY ST  
WORLD FINANCIAL CTR S  
TOWER  
NEW YORK NY 10080-6123  
2124491000

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

(State of incorporation or organization)

13-2740599

(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  
to be so registered

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

Japan Index/SM/ Equity  
Participation Securities with  
Minimum Return Protection  
due January \_\_\_\_, 2000

American Stock Exchange

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

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(Title of class)

SM "Japan Index" is a service mark of The American Stock Exchange.

Item 1. Description of Registrant's Notes to be Registered.  
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The description of the general terms and provisions of the Japan Index/SM/ Equity Participation Securities with Minimum Return Protection due January \_\_, 2000 to be issued by Merrill Lynch & Co., Inc. (the "Securities", or the "Notes") set forth in the Preliminary Prospectus Supplement dated January 3, 1994, and the Prospectus dated August 27, 1993, attached hereto as Exhibit 99(A) is hereby incorporated by reference and contains certain proposed terms and provisions. The description of the Notes 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 33-49947 which will contain the final terms and provisions of the Notes, including the maturity date of the Notes, is hereby deemed to be incorporated by reference into this Registration Statement and to be a part hereof.

Item 2. Exhibits.  
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- 99 (A) Preliminary Prospectus Supplement dated January 3, 1994, and Prospectus dated August 27, 1993.
- 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 American 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.



INDEX TO EXHIBITS

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Exhibit No.

- -----

Page No.

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99 (A) Preliminary Prospectus Supplement dated January 3, 1994, and Prospectus dated August 27, 1993.

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.\*

\* Exhibit 99(C) is incorporated by reference from Exhibit (3) to Registrant's Registration Statement on Form 8-A dated July 20, 1992.

PRELIMINARY AND SUBJECT TO COMPLETION AND AMENDMENT  
 ISSUE DATE: JANUARY 3, 1994

PROSPECTUS SUPPLEMENT

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 (TO PROSPECTUS DATED AUGUST 27, 1993)

LOGO  
 \$100,000,000  
 MERRILL LYNCH & CO., INC.  
 JAPAN INDEX SM

EQUITY PARTICIPATION SECURITIES WITH MINIMUM RETURN PROTECTION DUE JANUARY ,  
 2000  
 -----

The Japan Index SM Equity Participation Securities with Minimum Return Protection due January , 2000 (the "Securities", or the "Notes") of Merrill Lynch & Co., Inc. (the "Company"), which are being issued in denominations of \$1,000 and integral multiples thereof, will mature on January , 2000. At maturity, a beneficial owner of a Security will be entitled to receive, with respect to each Security, the principal amount thereof plus an interest payment (the "Supplemental Redemption Amount") based on the percentage increase, if any, in the Index (as hereinafter defined). The Securities are to be issued as a series of Senior Debt Securities under the Senior Indenture described herein. The Securities are not redeemable or callable by the Company prior to maturity. While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, there will be no payment of interest, periodic or otherwise.

The Supplemental Redemption Amount payable with respect to a Security at maturity will equal the product of (A) the principal amount of the applicable Security, (B) the percentage change from the closing value of the Index on the date the Securities are priced for initial sale to the public as compared to the Final Average Value (as hereinafter defined), and (C) % (the "Participation Rate"). In no event, however, will the Supplemental Redemption Amount be less than \$150 per \$1,000 principal amount of the Securities (the "Minimum Supplemental Redemption Amount"), representing a minimum annualized rate of return of 2.34%. The calculation of the Final Average Value, as more fully described herein, will equal the arithmetic average of the closing values of the Index on certain days during January of 1998, 1999 and 2000. Although the Index will initially be the Japan Index (as defined herein), under certain circumstances described herein, a New Japan Index (as defined herein) may be substituted for the Japan Index. The Japan Index (or, if such substitution shall occur, the New Japan Index) is referred to herein as the "Index".

For information as to the calculation of the Supplemental Redemption Amount which will be paid at maturity, the calculation and the composition of the Index, and certain tax consequences to beneficial owners of the Securities, see "Description of Securities", "The Index", and "Certain United States Federal Income Tax Considerations", respectively 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 Depository (as hereinafter defined). 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 American Stock Exchange.

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

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<TABLE>  
<CAPTION>

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT	PROCEEDS TO THE COMPANY (1)
<S>	<C>	<C>	<C>
Per Note.....	100%	%	%
Total.....	\$100,000,000	\$	\$

</TABLE>

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(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 January , 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.

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MERRILL LYNCH & CO.  
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THE DATE OF THIS PROSPECTUS SUPPLEMENT IS , 1994.  
SM "Japan Index" is a service mark of The American Stock Exchange

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 AMERICAN STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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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..... \$100,000,000 of Equity Participation Securities with Minimum Return Protection due January , 2000. The Securities are to be issued as a series of Senior Debt Securities under the Senior Indenture described herein.

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

Denominations..... \$1,000 and integral multiples thereof.

Original Issue Price..... 100%.

Maturity..... January , 2000.

Payment at Maturity..... At maturity, a beneficial owner of a Security will be entitled to receive (i) the principal amount thereof and (ii) the Supplemental Redemption Amount equal to:

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
Principal Amount	X	Final	Average Value -	Initial Value	X %
		-----			
		Initial Value			

</TABLE>

provided, however, that the Supplemental Redemption Amount will not be less than \$150 for each \$1,000 principal amount of the



Securities (i.e. the Minimum Supplemental Redemption Amount). Unless a New Japan Index is substituted for the Japan Index as described herein, the Initial Value will equal the closing value of the Japan Index on the date the Securities are priced by the Company for initial sale to the public. The Final Average Value will be the arithmetic average (mean) of the closing values of the Index on certain days during January of 1998, 1999 and 2000.

Index..... The Index used for purposes of calculating the Supplemental Redemption Amount will initially be the Japan Index. The Japan Index is a modified, price-weighted stock index calculated, published and disseminated by the American Stock Exchange (the "AMEX") which measures the composite price performance of 210 Japanese stocks trading on the Tokyo Stock Exchange (the "TSE") representing a broad cross-section of Japanese industries. Stocks that constitute the Japan Index may be deleted or added at the discretion of the AMEX, which is under no obligation to continue the calculation and the dissemination of the Japan Index. See "The Index" herein.

Substitution of the Index..... Under certain circumstances, a New Japan Index may replace the Japan Index for purposes of determining the Supplemental Redemption Amount payable with respect to the Securities. As further described herein, any such

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substitution will be made for the purpose of utilizing a capitalization-weighted index, and will be made in a manner intended to preserve any gains or losses in the Japan Index which have occurred as of the time the New Japan Index is substituted for the Japan Index.

Special Considerations..... The Securities are subject to certain special considerations. Investors should be aware that if the Final Average Value of the Index does not exceed the Initial Value by more than approximately %, beneficial owners of the Securities will receive only the principal amount thereof and the Minimum Supplemental Redemption Amount.

Because the Final Average Value will be based

upon average values of the Index during specified periods in three successive years, a significant increase in the Index as measured by the average values during the specified period in the final year, or in either earlier year, may be substantially or entirely offset by the average values of the Index during the specified periods in the other two years.

A beneficial owner of the Securities may receive a Supplemental Redemption Amount equal only to the Minimum Supplemental Redemption Amount at maturity, and such Minimum Supplemental Redemption Amount is below what the Company would pay as interest as of the date hereof if the Company issued non-callable senior debt securities with a similar maturity as that of the Securities. The return of principal of the Securities at maturity and the payment of the Minimum Supplemental Redemption Amount are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The Index used to calculate the Supplemental Redemption Amount will initially be the Japan Index, which is currently calculated and published by the American Stock Exchange. Upon the occurrence of certain events described under "Description of Securities-- Substitution of the Index", a New Japan Index (which will also relate to the trading of equity securities in Japan) will be substituted for the Japan Index as the basis of the calculation of the Supplemental Redemption Amount. The required characteristics of such New Japan Index are described herein; however, the New Japan Index does not currently exist, and such New Japan Index may be calculated and published by a United States stock exchange other than the American Stock Exchange. In the event that a New Japan Index is substituted for the Japan Index, no assurance can be given as to whether the Supplemental Redemption Amount calculated on the basis of such New Japan Index will be more than, less than or equal to the Supplemental Redemption Amount which

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would have been payable had such substitution not occurred.

The underlying stocks that constitute the Japan Index have been issued by Japanese companies. If a New Japan Index is substituted for the Japan Index, such New Japan Index would also be based upon stocks issued by Japanese companies. Investments in securities indexed to the value of Japanese equity securities involve certain risks. The Japanese securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets. Direct or indirect government intervention to stabilize the Japanese securities markets and cross-shareholdings in Japanese companies on such markets may affect prices and volume of trading on those markets. Also, there is generally less publicly available information about Japanese companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and Japanese companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those to which U.S. reporting companies are subject.

Securities prices in Japan are subject to political, economic, financial and social factors that apply in Japan. These factors (including the possibility that recent or future changes in the Japanese government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other Japanese laws or restrictions applicable to Japanese companies or investments in Japanese equity securities and the possibility of fluctuations in the rate of exchange between currencies) could negatively affect the Japanese securities markets. Moreover, the Japanese economy may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

There is no precedent to indicate 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 interrelated factors including interest rates in the U.S. and Japan, the volatility of the Index, the time remaining to maturity and dividend rates in

Japan. The trading value of the Securities is expected to depend primarily on the extent of the appreciation, if any, of the Index over the Initial Value. If, however, Securities are sold prior to the maturity date at a time when the Index exceeds the Initial Value, the sale price may be at a discount

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from the amount expected to be payable to the beneficial owner if such excess of the Index over the Initial Value were to prevail until maturity of the Securities because of the possible fluctuation of the Index between the time of such sale and the maturity date and the effect of the value of the Index on prior days used to calculate the Final Average Value, if any. Furthermore, the price at which a beneficial owner will be able to sell Securities prior to maturity may be at a discount, which could be substantial, from the principal amount thereof if, at such time, the Index is below, equal to or not sufficiently above the Initial Value and/or the value of the Index on prior days used to calculate the Final Average Value, if any, was below, equal to or not sufficiently above the Initial Value. A discount could also result from rising interest rates in the U.S. Although the Stocks comprising the Japan Index are traded in Japanese Yen and the Securities are denominated in U.S. dollars, the Supplemental Redemption Amount will be based upon the absolute changes in the Index, and will not be affected by the currency exchange rate in effect at the maturity of the Securities.

The Index does not reflect the payment of dividends on the stocks underlying it and therefore, in addition to the considerations regarding averaging discussed above, the yield based on the Index to the maturity of the Securities will not produce the same yield as if such underlying stocks were purchased and held for a similar period. See "Special Considerations" in this Prospectus Supplement.

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

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

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## SPECIAL CONSIDERATIONS

### PAYMENT AT MATURITY

Investors should be aware that if the Final Average Value of the Index does not exceed the Initial Value by more than approximately %, beneficial owners of the Securities will receive only the principal amount thereof and the Minimum Supplemental Redemption Amount. A beneficial owner of the Securities may receive a Supplemental Redemption Amount equal only to the Minimum Supplemental Redemption Amount at maturity, and such Minimum Supplemental Redemption Amount is below what the Company would pay as interest as of the date hereof if the Company issued non-callable senior debt securities with a similar maturity as that of the Securities. The return of principal of the Securities at maturity and the payment of the Minimum Supplemental Redemption Amount are not expected to reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

The Index does not reflect the payment of dividends on the stocks underlying it and therefore, in addition to the considerations regarding averaging discussed below, the yield based on the Index to the maturity of the Securities will not produce the same yield as if such underlying stocks were purchased and held for a similar period.

Because the Final Average Value will be based upon average values of the Index during specified periods in three successive years, a significant increase in the Index as measured by the average values during the specified period in the final year, or in either earlier year, may be substantially or entirely offset by the average values of the Index during the specified periods in the other two years.

The Index used to calculate the Supplemental Redemption Amount will initially be the Japan Index, which is currently calculated and published by the American Stock Exchange. Upon the occurrence of certain events described under "Description of Securities--Substitution of the Index", a New Japan Index (which will also relate to the trading of equity securities in Japan) will be substituted for the Japan Index as the basis of the calculation of the Supplemental Redemption Amount. The required characteristics of such New Japan Index are described herein; however, the New Japan Index does not currently exist, and such New Japan Index may be calculated and published by a United States stock exchange other than the American Stock Exchange. In the event that a New Japan Index is substituted for the Japan Index, no assurance can be given as to whether the Supplemental Redemption Amount calculated on the basis of such New Japan Index will be more than or less than or equal to the Supplemental Redemption Amount which would have been payable had such substitution not occurred.

The 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 \$2,500,00 or more has been invested. While the Company believes that New York law would be given effect by a state or Federal court sitting outside of New York, state laws frequently regulate the amount of interest that may be charged to and paid by a borrower (including, in some cases, corporate borrowers). All payments under the Securities (other than the return of principal) could be considered interest for the purpose of state usury laws. The Company 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 American Stock Exchange. There is no precedent to indicate how the Securities will trade in the secondary market or whether such market will be liquid. It is expected that the secondary market for the Securities will be affected by the creditworthiness of the Company and by a number of other factors. Because the Final Average Value is an average of the three Calculation

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Values as described below, the price at which a beneficial owner of a Security will be able to sell such Security in the secondary market may be at a discount if the first or second such Calculation Value is below the Initial Value.

The trading value of the Securities is expected to depend primarily on the extent of the appreciation, if any, of the Index over the Initial Value. If, however, Securities are sold prior to the maturity date at a time when the Index exceeds the Initial Value, the sale price may be at a discount from the amount expected to be payable to the beneficial owner if such excess of the Index over the Initial Value were to prevail until maturity of the Securities because of the possible fluctuation of the Index between the time of such sale and the maturity date and the effect of the value of the Index on prior days used to calculate the Final Average Value, if any. (See "The Index--Historical Data on the Japan Index"). Furthermore, the price at which a beneficial owner will be able to sell Securities prior to maturity may be at a discount, which could be substantial, from the principal amount thereof if, at such time, the Index is below, equal to or not sufficiently above the Initial Value and/or if the value of the Index on prior days used to calculate the Final Average Value, if any, was below, equal to or not sufficiently above the Initial Value. A discount could also result from rising interest rates in the U.S.

The trading values of the Securities may be affected by a number of interrelated factors, including the creditworthiness of the Company and those factors listed below. The relationship among these factors is complex, including how these factors affect the relative value of the principal amount of the Securities to be repaid at maturity and the value of the Supplemental Redemption Amount. Accordingly, investors should be aware that factors other than the level of the Index are likely to affect the Securities' trading value. The expected theoretical effect on the trading value of the Securities of each of the factors listed below, assuming in each case that all other factors are held constant, is as follows:

Interest Rates. In general, if U.S. interest rates increase, the value of the Securities is expected to decrease. If U.S. interest rates decrease, the value of the Securities is expected to increase. In general, if Japanese interest rates increase, the value of the Securities is expected to increase. If Japanese interest rates decrease, the value of the Securities is expected to decrease. Interest rates may also affect the Japanese economy, and, in turn, the value of the Index. Rising interest rates may lower the value of the Index and, thus, the Securities. Falling interest rates may increase the value of the Index and, thus, may increase the value of the Securities.

Volatility of the Index. If the volatility of the Index increases, the trading value of the Securities is expected to increase. If the volatility of the Index decreases, the trading value of the Securities is expected to decrease.

Time Remaining to Maturity. The Securities may trade at a value above that which may be inferred from the level of interest rates and the Index. This difference will reflect a "time premium" due to expectations concerning the value of the Index during the period prior to maturity of the Securities. As the time remaining to maturity of the Securities decreases, however, this time premium is expected to decrease, thus decreasing the trading value of the Securities. In addition, the price at which a beneficial owner may be able to sell Securities prior to maturity may be at a discount, which may be substantial, from the minimum expected value at maturity if one or more Calculation Values, as defined below, were below, equal to or not sufficiently above the Initial Value.

Dividend Rates in Japan. If dividend rates on the stocks comprising the Index increase, the value of the Securities is expected to decrease. Conversely, if dividend rates on the stocks comprising the Index decrease, the value of the Securities is expected to increase. However, in general, rising Japanese corporate dividend rates may increase the value of the Index and, in turn, increase the value of the Securities. Conversely, falling Japanese dividend rates may decrease the value of the Index and, in turn, decrease the value of the Securities.

Although the stocks comprising the Japan Index are traded in Japanese yen and the Securities are denominated in U.S. dollars, the Supplemental Redemption Amount will not be adjusted for the currency

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exchange rate in effect at the maturity of the Securities. The Supplemental Redemption Amount is based upon the percentage increase in the Japan Index. The Japan Index is calculated using a constant U.S.\$/Japanese Yen exchange rate. The value of the Securities should not, therefore, be directly affected by the currency exchange rate. For example, if the Japan Index were to increase by 25% from the Initial Value to the Final Average Value, a holder of the Securities would receive \$ at maturity regardless of the U.S.\$/Japanese Yen exchange rate prevailing at maturity. Changes in the exchange rate, however, may reflect changes in the Japanese economy which, of course, would affect the value of the Index and the Securities.

THE JAPANESE MARKET



The underlying stocks that constitute the Japan Index have been issued by Japanese companies. If a New Japan Index is substituted for the Japan Index, such New Japan Index would also be based upon stocks issued by Japanese Companies. Investments in securities indexed to the value of Japanese equity securities involve certain risks. The Japanese securities markets may be more volatile than U.S. or other securities markets and may be affected by market developments in different ways than U.S. or other securities markets. Direct or indirect government intervention to stabilize the Japanese securities markets and cross-shareholdings in Japanese companies on such markets may affect prices and volume of trading on those markets. Also, there is generally less publicly available information about Japanese companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and Japanese companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those to which U.S. reporting companies are subject.

Securities prices in Japan are subject to political, economic, financial and social factors that apply in Japan. These factors (including the possibility that recent or future changes in the Japanese government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other Japanese laws or restrictions applicable to Japanese companies or investments in Japanese equity securities and the possibility of fluctuations in the rate of exchange between currencies) could negatively affect the Japanese securities markets. Moreover, the Japanese economy may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

#### OTHER CONSIDERATIONS

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

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

#### RECENT DEVELOPMENTS

The following summary of certain consolidated financial information concerning the Company for the nine months ended September 25, 1992 and September 24, 1993 was derived from, and is qualified in its entirety by reference to, the condensed consolidated financial statements and data contained in the Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 1993 and other documents incorporated by reference herein. See "Incorporation of Certain Documents by Reference" in the accompanying Prospectus. Such condensed consolidated financial statements are unaudited; however, in the opinion of management of the Company, all adjustments (consisting only of normal recurring accruals and a non-recurring pretax charge of \$103.0 million (\$59.7 million after income taxes) related to the Company's decision not to occupy certain floors at its World Financial Center Headquarters facility) necessary for a fair statement of the results of operations 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

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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>  
<CAPTION>

	NINE MONTHS ENDED	
	SEPT. 25, 1992	SEPT. 24, 1993
	(IN THOUSANDS, EXCEPT RATIOS)	
<S>	<C>	<C>
Revenues.....	\$ 10,160,808	\$ 12,078,667
Net Revenues(1).....	\$ 6,512,337	\$ 7,816,859
Earnings before income taxes and cumulative effect of changes in accounting principles.....	\$ 1,260,284	\$ 1,827,528
Net earnings.....	\$ 672,384	\$ 1,047,120
Ratio of earnings to fixed charges(2).....	1.3	1.4
Total assets.....	\$111,896,715	\$147,611,339
Long-term borrowings(3).....	\$ 10,818,478	\$ 13,027,015
Stockholders' equity.....	\$ 4,439,352	\$ 5,608,656

- (1) Net revenues are revenues net of interest expense.
- (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.
- (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 September 24, 1993, \$336,151,000 of bank loans and \$12,916,972,000 of commercial paper were outstanding. In addition, certain of the Company's subsidiaries lend securities and enter into repurchase agreements to obtain financing. At September 24, 1993, cash deposits for securities loaned and securities sold under agreements to repurchase amounted to \$3,267,169,000 and \$52,771,145,000, respectively. From September 25, 1993 to December 27, 1993, long-term borrowings, net of repayments and repurchases, increased in the amount of approximately \$730,820,000.

NINE MONTHS ENDED SEPTEMBER 24, 1993

Net earnings for the first nine months of 1993 were a record \$1,047.1 million

and surpassed full year 1992 results. Nine month 1993 net earnings increased \$374.7 million (56%) above the \$672.4 million reported in the corresponding 1992 period. Results for the first nine months of 1993 include a previously announced (1993 first quarter) 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 space at its World Financial Center Headquarters facility. Net earnings in 1992 were restated to reflect the previously reported \$58.6 million cumulative effect charge related to the early 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." Earnings before cumulative effect of changes in accounting principles increased 43% above the \$731.0 million reported in the corresponding 1992 period.

Revenues after interest expense ("net revenues") advanced 20% in the first nine months of 1993 to \$7,817 million. The increase was broad based with total revenues up 19% from the comparable 1992 period to \$12,079 million.

Commission revenues increased 14% during the first nine months of 1993 to \$2,071 million on the continued strength of listed securities transactions and higher mutual fund commission volume. Commissions on listed securities benefited from higher trading volume and increases in average market prices. Demand for

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mutual funds remained strong as investors continued to diversify their assets to achieve potentially higher returns. Contributing to the increase in mutual fund commissions was the growth in sales of front-end funds and a higher level of distribution fees earned on deferred charge funds.

Interest and dividend revenues for the first nine months of 1993 advanced 17% to \$5,056 million, while interest expense, which includes dividend expense, increased 17% to \$4,262 million. As a result, net interest and dividend profit rose 16% to \$794 million. The increase in interest and dividend profit is attributable to increased collateralized lending activities, higher interest earning assets, reduced financing costs due to lower interest rates, and a growing equity base.

Principal transactions revenues for the 1993 nine-month period rose 28% to \$2,222 million. Fixed-income and foreign exchange trading, in the aggregate, benefited from higher revenues in swaps and derivatives, corporate bonds, municipal securities and money market instruments. Equity trading revenues increased due primarily to higher volume in over-the-counter and foreign equities.

Investment banking revenues rose 17% during the first nine months of 1993 to \$1,311 million. Contributing to this strong performance were higher underwriting revenues from equity securities, corporate bonds, private placements and high-yield debt. Strategic services revenues, which includes merger and acquisition and advisory services, advanced during the 1993 third quarter, but on a year-to-date basis, revenues from strategic services were slightly below last year's levels. Asset management and custodial fees rose 12% during the 1993 nine-month period to \$727 million, due primarily to increases in stock and bond fund assets under management. Other revenues increased 38% from a year ago to \$692 million. Contributing to the advance were higher fee

revenues from the Merrill Lynch Consults (Registered Trademark) investor portfolio management service, decreases in net investment losses attributable to merchant banking and insurance activities, and increased revenues from mortgage related transactions.

Non-interest expenses increased 14% over the corresponding 1992 period to \$5,989 million. Compensation and benefits expense, which represented approximately 64.1% of total non-interest expenses, increased 16% due primarily to increases in incentive and production related compensation tied directly to the Company's performance. Nevertheless, compensation and benefits expense as a percentage of net revenues declined to 49.1% from 50.6% in the year-ago period. Facilities-related costs, including occupancy, communications and equipment rental expenses, and depreciation and amortization, increased 15% as a result of the non-recurring pretax lease charge of \$103.0 million. Excluding the lease charge, facilities-related costs rose 2%. Brokerage, clearing and exchange fees were up 6% due to increased business volume. Advertising and market development expenses increased 18% as a result of higher sales promotion costs and recognition programs for Financial Consultants tied to the higher level of business activity and discretionary increases in local advertising. Professional fees were up 3%, partially as a result of higher system consulting and employment service fees, while other expenses increased 2% due in part to the write-off of certain fixed assets.

Income tax expense totaled \$780 million representing a 42.7% effective tax rate. This compared with a 42.0% effective tax rate in the corresponding 1992 period. The increase in the effective tax rate is due primarily to legislation raising corporate income tax rates retroactive to the beginning of the year.

Subsequent to quarter-end, the Company's Board of Directors declared a two-for-one common stock split, in the form of a 100% stock dividend, paid November 24, 1993 to stockholders of record on October 22, 1993. All amounts included in the prospectus are presented on a pre-split basis.

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 its investment banking, trading and insurance activities, the Company underwrites, purchases, sells and makes markets in high-yield securities and other non-investment grade

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securities. Additionally, the Company provides financing and advisory services to corporations entering into leveraged transactions. 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 September 24, 1993, the carrying value of extensions of credit provided to corporations entering into leveraged transactions aggregated \$496 million (excluding unutilized revolving lines of credit and other lending commitments of \$72 million), consisting primarily of senior term and subordinated financing to 44 medium-sized corporations. At September 24, 1993, the Company had one bridge loan outstanding, totaling \$70 million, which has since been repaid. 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, which are generally recorded at the lower of cost or estimated net realizable value, aggregated \$306 million at September 24, 1993, representing investments in 85 enterprises. At September 24, 1993, the Company held interests in partnerships, totaling \$85 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 September 24, 1993, the additional co-investment commitments were \$81 million. The Company also has committed to invest an additional \$14 million in partnerships that invest in leveraged transactions.

As a market-maker, the Company holds trading positions in non-investment grade securities. At September 24, 1993, the fair value of long and short non-investment grade trading positions amounted to \$2,065 million and \$236 million, respectively, and in aggregate (i.e., the sum of long and short trading positions), represented 3.6% of aggregate consolidated trading positions.

Investments of the Company's insurance subsidiaries, which are carried at amortized cost, include non-investment grade securities. At September 24, 1993, \$492 million or 6.0% of the aggregate carrying value of such investments were non-investment grade.

As of September 24, 1993, the largest non-investment grade holdings related to a single issuer totaled \$158 million. No one industry sector represented more than 16% of total non-investment grade positions. At September 24, 1993, the Company held an aggregate carrying value of \$294 million in securities of issuers who were in various stages of bankruptcy proceedings or in default. Approximately 46% of this amount resulted from the Company's market-making activities in such securities.

## DESCRIPTION OF SECURITIES

### GENERAL

The Securities are to be issued as a series of Senior Debt Securities under the Senior Indenture, dated as of April 1, 1983, as amended and restated, which is more fully described in the accompanying Prospectus. The Securities will mature on January , 2000.

While at maturity a beneficial owner of a Security will receive the principal amount of such Security plus the Supplemental Redemption Amount, there will be no payment of interest, periodic or otherwise. (See "Payment at Maturity", below.)

The Securities are not subject to redemption by the Company or at the option of any beneficial owner prior to maturity. Upon the occurrence of an Event of Default with respect to the Securities, beneficial owners of the Securities may accelerate the maturity of the Securities, as described under "Description of Securities--Events of Default and Acceleration" in this Prospectus Supplement and "Description of Debt Securities--General--Events of Default" in the accompanying Prospectus.

The Securities are to be issued in denominations of \$1,000 and integral multiples thereof.

## PAYMENT AT MATURITY

At maturity, a beneficial owner of a Security will be entitled to receive the principal amount thereof plus a Supplemental Redemption Amount, all as provided below. If the Final Average Value of the Index does not exceed the Initial Value by more than approximately % a beneficial owner of a Security will be entitled to receive only the principal amount thereof and the Minimum Supplemental Redemption Amount. Although the Index will initially be the Japan Index, under certain circumstances described herein a New Japan Index (as defined herein) may be substituted for the Japan Index. The Japan Index (or, if such substitution shall occur, the New Japan Index) is referred to herein as the "Index".

At maturity, a beneficial owner of a Security will be entitled to receive, with respect to each such Security, (i) the principal amount thereof, and (ii) the Supplemental Redemption Amount equal in amount to:

<TABLE>

<S>	<C>	<C>	<C>	<C>
Principal Amount	X	Final Average Value-Initial Value	X	%
		-----		
		Initial Value		

</TABLE>

provided, that the Supplemental Redemption Amount will not be less than the Minimum Supplemental Redemption Amount of \$150 per \$1,000 principal amount of Securities. The Initial Value will equal the closing value of the Japan Index on the date the Securities are priced by the Company for initial sale to the public; provided, however, that a new Initial Value will be calculated as described herein if a New Japan Index is substituted for the Japan Index.

The Final Average Value of the Index will be determined by State Street Bank and Trust Company (the "Calculation Agent") and will equal the arithmetic average (mean) of the Yearly Values, as defined below, for 1998, 1999 and 2000. The Yearly Value for any year will be calculated during the Calculation Period for such year which will be from and including January in 1998, January in 1999 and January in 2000 to and including the fifth scheduled Business Day after each such date. The Yearly Value for each year will equal the arithmetic average (mean) of the closing values of the Index on the first Business Day in the applicable Calculation Period (provided that a Market Disruption Event, as defined below, shall not have occurred on such day) and on each succeeding Business Day (provided that a Market Disruption Event shall not have occurred on the applicable day) up to and including the last Business Day in the applicable Calculation Period (each, a "Calculation Date") until the Calculation Agent has so determined such closing values for five Business Days. If a Market Disruption Event occurs on two or more of the Business Days during a Calculation Period, the Yearly Value for the relevant year will equal the average of the values on Business Days on which a Market Disruption Event did not occur during such Calculation Period or, if there is only one such Business Day, the value on such day. If a Market Disruption Event occurs on all of such Business Days during a Calculation Period, the Yearly Value for the relevant year shall equal the closing value of the Index on the last Business Day of the Calculation Period regardless of whether a Market Disruption Event shall have

occurred on such day. A Yearly Value may be restated if the Substitution Event occurs after the determination of such Yearly Value, see "Substitution of the Index".

For purposes of determining the Final Average Value, a "Business Day" is a day on which the Relevant Stock Exchange is open for trading. "Relevant Stock Exchange" means the AMEX or, if a New Japan Index has been substituted for the Japan Index, the U.S. stock exchange that publishes such New Japan Index. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, absent a determination by the Calculation Agent of a manifest error, shall be conclusive for all purposes and binding on the Company and beneficial owners of the Securities.

The following table illustrates, for a range of hypothetical Final Average Values and assuming a Participation Rate of 115%, an Initial Value equal to 175.0, a Minimum Supplemental Redemption Amount equal to \$150 per \$1,000 principal amount of the Securities and no change in foreign exchange rates between Japan and the United States, (i) the total amount payable at maturity for each \$1,000 principal amount of Securities, (ii) the pretax annualized rate of return to beneficial owners of Securities, and (iii) the pretax annualized rate of return of an investment in the stocks underlying the Japan Index (which includes an assumed aggregate dividend yield of .88% per annum, as more fully described below).

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<TABLE>  
<CAPTION>

HYPOTHETICAL FINAL AVERAGE VALUE OF THE JAPAN INDEX	PERCENTAGE CHANGE OVER INITIAL VALUE	TOTAL AMOUNT PAYABLE AT MATURITY	PRETAX ANNUALIZED RATE OF RETURN ON THE SECURITIES (1)	PRETAX ANNUALIZED RATE OF RETURN OF STOCKS UNDERLYING THE JAPAN INDEX (1) (2)
<S>	<C>	<C>	<C>	<C>
87.5	-50%	\$1,150	2.34%	-10.36%
105.0	-40%	\$1,150	2.34%	-7.47%
122.5	-30%	\$1,150	2.34%	-4.99%
140.0	-20%	\$1,150	2.34%	-2.82%
157.5	-10%	\$1,150	2.34%	- .87%
175.0 (3)	0%	\$1,150	2.34%	.88%
192.5	10%	\$1,150	2.34%	2.48%
210.0	20%	\$1,230	3.48%	3.96%
227.5	30%	\$1,345	5.00%	5.33%
245.0	40%	\$1,460	6.41%	6.60%
262.5	50%	\$1,575	7.72%	7.80%
280.0	60%	\$1,690	8.94%	8.92%
297.5	70%	\$1,805	10.09%	9.98%
315.0	80%	\$1,920	11.18%	10.99%
332.5	90%	\$2,035	12.20%	11.95%
350.0	100%	\$2,150	13.18%	12.86%
367.5	110%	\$2,265	14.11%	13.74%
385.0	120%	\$2,380	14.99%	14.57%

</TABLE>

(1) The annualized rates of return specified in the preceding table are calculated on a semiannual bond equivalent basis and assume the Securities



are held until maturity.

- (2) This rate of return assumes (i) an investment of a fixed amount in the stocks underlying the Japan Index with the allocation of such amount reflecting the relative weights of such stocks in the Japan Index; (ii) a percentage change in the aggregate price of such stocks that equals the percentage change in the Japan Index from the Initial Value to the relevant Final Average Value; (iii) a constant dividend yield of .88% per annum, paid quarterly from the date of initial delivery of Securities, applied to the value of the Japan Index at the end of each such quarter assuming such value increases or decreases linearly from 175 to the applicable hypothetical Final Average Value; (iv) no transaction fees or expenses; (v) a six year maturity for the Securities from the date of issuance; and (vi) a final Japan Index value equal to the Final Average Value. The aggregate dividend yield of the stocks underlying the Japan Index as of December 29, 1993 was approximately .88%.
- (3) Approximate value of Japan Index on December 29, 1993.

The above figures are for purposes of illustration only. The actual Total Redemption Amount received by investors and the pretax annualized rate of return resulting therefrom will depend entirely on the actual Final Average Value determined by the Calculation Agent as provided herein. Because the Final Average Value will be based upon average values of the Index (which may be a New Japan Index substituted for the Japan Index) during specified periods in three successive years, a significant increase or decrease in the Index as measured by the average values during the specified period in any year may be substantially or entirely offset by the average values of the Index during the specified periods in the other two years. Historical data regarding the Japan Index is included in this Prospectus Supplement under "The Index--Historical Data on the Japan Index".

The Indenture provides that the Indenture and the Securities will be governed by and construed in accordance with the laws of the state of New York. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis. This limit may not apply to Securities in which \$2,500,000 or more has been invested. While the Company believes that New York law would be given effect by a state or federal court sitting outside of New York, state laws frequently regulate the amount of interest that may be charged to and paid by a borrower (including, in some cases, corporate borrowers). It is suggested

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that prospective investors consult their personal advisors with respect to the applicability of such laws. The Company has covenanted for the benefit of the beneficial owners of the Securities, to the extent permitted by law, not to claim voluntarily the benefits of any laws concerning usurious rates of interest against a beneficial owner of the Securities.

#### ADJUSTMENTS TO THE INDEX; MARKET DISRUPTION EVENT

If at any time the method of calculating the Index, or the value thereof, is changed in a material respect, or if the Index is in any other way modified so that such Index does not, in the opinion of the Calculation Agent, fairly represent the value of the Index had such changes or modifications not been made, then, from and after such time, the Calculation Agent shall, at the close of business in New York, New York, on each date that the closing value with respect to the Final Average Value is to be calculated, make such adjustments

as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a calculation of a value of a stock index comparable to the Index as if such changes or modifications had not been made, and calculate such closing value with reference to the Index, as adjusted. Accordingly, if the method of calculating the Index is modified so that the value of such Index is a fraction or a multiple of what it would have been if it had not been modified (e.g., due to a split in the Index), then the Calculation Agent shall adjust such Index in order to arrive at a value of the Index as if it had not been modified (e.g., as if such split had not occurred).

"Market Disruption Event" means the occurrence or existence of either of the following events on a Business Day during a Calculation Period during the one-half hour period preceding the close of trading on the Relevant Stock Exchange, as determined by the Calculation Agent:

(i) a suspension or absence of trading on the TSE of 20% or more of the Underlying Stocks which then comprise the Index or a Successor Index; or

(ii) the suspension or material limitation on the Singapore International Monetary Exchange Ltd. (the "SIMEX"), Osaka Securities Exchange (the "OSE") or the Relevant Stock Exchange or any other major securities market of trading in futures or options contracts related to the Index.

For purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, (2) a decision to permanently discontinue trading in the relevant contract will not constitute a Market Disruption Event, (3) a suspension of trading in a futures or options contract on the Index by the Relevant Stock Exchange or other major securities market by reason of (x) a price change exceeding limits set by the Relevant Stock Exchange or such securities market, (y) an imbalance of orders relating to such contracts or (z) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or material limitation of trading in futures or options contracts related to the Index and (4) an "absence of trading" on the SIMEX, OSE, the Relevant Stock Exchange or a major securities market on which futures or options contracts related to the Index are traded will not include any time when the SIMEX, OSE, the Relevant Stock Exchange or such securities market, as the case may be, itself is closed for trading under ordinary circumstances.

#### SUBSTITUTION OF THE INDEX

Movements in the Japan Index correspond generally to movements in the Nikkei 225 Index published by Nihon Keizai Shimbun, Inc., which is currently the most widely utilized index relating to Japanese equity securities, as measured by trading volume and open interest relating to the futures contract on such index (the "Nikkei 225 Futures Contract"). In October of 1993, Nihon Keizai Shimbun, Inc. commenced the calculation and publication of a new broad-based, capitalization-weighted index referred to as the Nikkei 300 Index (the "Nikkei 300 Index"). Unlike the Nikkei 225 Index, which is a price-weighted index of 225 Japanese companies listed in the First Section of the TSE, the Nikkei 300 Index is a capitalization-weighted index of 300 Japanese companies listed in the First Section of the TSE. See "The Index--The New Index" for a description of the Nikkei 300 Index. The OSE announced that, if a broad-based, capitalization-weighted



index were introduced on the TSE, the OSE expected to establish a new futures contract on such index. Although the OSE has not as of the date of this Prospectus Supplement introduced a new futures contract on the Nikkei 300 Index, any such contract which it may introduce at some future date is referred to herein as the "Nikkei 300 Futures Contract".

If the Nikkei 300 Futures Contract is introduced and publicly traded on an exchange in Japan, and such contract develops trading volume and open interest exceeding that of the Nikkei 225 Futures Contract, the Company believes this would indicate that the Nikkei 300 Futures Contract will have become more widely utilized than the Nikkei 225 Futures Contract. Therefore, in the event that a Nikkei 300 Futures Contract is publicly traded at some future date on an exchange in Japan and each of the additional conditions described below are fulfilled (the occurrence of all such conditions being referred to herein as a "Substitution Event"), a New Japan Index (as defined below) will be substituted for the Japan Index. From and after such time, the Index used to determine the Supplemental Redemption Amount with respect to the Notes will be such New Japan Index. Upon the substitution of the New Japan Index for the Japan Index, the Company will cause notice thereof to be given to Holders of the Notes. Such notice will also state that, for purposes of calculating the Supplemental Redemption Amount, an adjusted Initial Value will be substituted for the original Initial Value. Such adjusted Initial Value will be calculated as follows:

<TABLE>		
<S>	<C>	<C>
Initial Value of Japan Index		
-----	x	current value of New Japan Index
current value of Japan Index		

</TABLE>

where the current values of the Japan Index and of the New Japan Index will equal their respective levels reported by the relevant exchange at the close of business on the day that the Calculation Agent substitutes the New Japan Index for the Japan Index. If the Substitution Event occurs after the determination of a Yearly Value, any such Yearly Value will be restated in terms of the New Japan Index pursuant to the following formula:

<TABLE>		
<S>	<C>	<C>
Yearly Value prior to restatement		
-----	x	adjusted Initial Value
original Initial Value		

</TABLE>

The Supplemental Redemption Amount will then be calculated using such restated Yearly Value.

A "Substitution Event" will have occurred if, as determined by the Calculation Agent (whose opinion shall be conclusive and binding on the Company and on the holders of the Notes), the following conditions are fulfilled:

(a) Nikkei 300 Futures Contracts shall be introduced and publicly traded on an exchange in Japan; and

(b) The AMEX or another United States securities exchange publishes (on a basis not less regularly than each day on which such exchange and the TSE are open for trading) an index (the "New Japan Index") which:

(i) for a period of 90 days immediately preceding the date of the Substitution Event has a correlation based on daily, closing value to closing value, percentage changes of not less than 90% with the Nikkei 300 Index (during the 90 days immediately preceding the date of this Prospectus Supplement, the Japan Index had a correlation of approximately 99% with the Nikkei 225 Index); and

(ii) an option, warrant or other security which has payments determined by reference to the New Japan Index has been approved to be listed on a national securities exchange by the Securities and Exchange Commission; and

(c) Either of the following has occurred:

(i) the Nikkei 225 Index is no longer published and/or the Nikkei 225 Futures have been delisted from trading on the OSE; or

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(ii) the Nikkei 300 Futures Contracts publicly traded on exchanges in Japan have (A) greater average daily volume and (B) greater average daily open interest than the Nikkei 225 Futures Contracts which trade on the OSE, each for any three-month period prior to the date of the Substitution Event, commencing on a futures expiration date on the OSE and ending on the following futures expiration date; and

(d) To the extent required, the Company shall have obtained any license necessary to use the New Japan Index as described herein. The Company will agree in the Notes to use its reasonable efforts to obtain any such license.

Notwithstanding the above, unless the Nikkei 225 Index is no longer published and/or the Nikkei 225 Futures Contracts shall have been delisted from trading on the OSE, a Substitution Event will not be deemed to have occurred on any of the 180 days next preceding the maturity date of the Notes.

All disclosure contained in this Prospectus regarding the Nikkei 225 Index, Nikkei 225 Futures Contract, Nikkei 300 Index, Nikkei 300 Futures Contract, or their publisher, Nihon Keizai Shimbun, Inc., is derived from publicly available information. Nihon Keizai Shimbun, Inc. has no relationship with the Company or the Notes; it does not sponsor, endorse, authorize, sell or promote the Notes, and has no obligation or liability in connection with the administration, marketing or trading of the Notes.

#### DISCONTINUANCE OF THE INDEX

If the AMEX discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index, publication of the New Japan

Index has been discontinued) and the AMEX or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to such Index (any such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent will substitute the Successor Index as calculated by the AMEX or such other entity for the Japan Index or the New Japan Index, as the case may be, and calculate the Final Average Value as described above under "Payment at Maturity". Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be given to Holders of the Notes.

If the AMEX discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index, publication of the New Japan Index has been discontinued) and a Successor Index is not selected by the Calculation Agent or is no longer published on any of the Calculation Dates, the value to be substituted for the Index for any such Calculation Date used to calculate the Supplemental Redemption Amount at maturity will be a value computed by the Calculation Agent for each Calculation Date in accordance with the procedures last used to calculate the Index prior to any such discontinuance. If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the Index as described below, such Successor Index or value shall be substituted for the Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If the AMEX discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index, publication of the New Japan Index has been discontinued) prior to the period during which the Supplemental Redemption Amount is to be determined and the Calculation Agent determines that no Successor Index is available at such time, then on each Business Day until the earlier to occur of (i) the determination of the Final Average Value and (ii) a determination by the Calculation Agent that a Successor Index is available, the Calculation Agent shall determine the value that would be used in computing the Supplemental Redemption Amount as described in the preceding paragraph as if such day were a Calculation Date. The Calculation Agent will cause notice of each such value to be published not less often than once each month in The Wall Street Journal (or another newspaper of general circulation), and arrange for information with respect to such values to be made available by telephone. Notwithstanding these alternative arrangements, discontinuance of the publication of the Index may adversely affect trading in the Securities.

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#### EVENTS OF DEFAULT AND ACCELERATION

In case an Event of Default with respect to any Securities shall have occurred and be continuing, the amount payable to a beneficial owner of a Security upon any acceleration permitted by the Securities, with respect to each \$1,000 principal amount thereof, will be equal to: (i) the initial issue price (\$1,000), plus (ii) an additional amount of contingent interest calculated as though the date of early repayment were the maturity date of the Securities. The Calculation Period used to calculate the final Yearly Value of the Notes so accelerated will begin on the eighth scheduled Business Day next preceding the scheduled date for such early redemption. If such final Yearly Value is the only Yearly Value which shall have been calculated with respect to the Notes, such final Yearly Value will be the Final Average Value. If one or two other Yearly Values shall have been calculated with respect to the Notes

for prior years when the Notes shall have been outstanding, the average (mean) of the final Yearly Value and such one other Yearly Value or such two other Yearly Values, as the case may be, will be the Final Average Value. The Minimum Supplemental Redemption Amount with respect to any such early redemption date will be an amount equal to the interest which would have accrued on the Securities from and including the date of original issuance to but excluding the date of early redemption at an annualized rate of %, calculated on a semiannual bond equivalent basis. 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 beneficial owner of a Security may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the Security plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the Securities.

In case of default in payment at the maturity date of the Securities (whether at their stated maturity or upon acceleration), from and after the maturity date the Securities shall bear interest, payable upon demand of the beneficial owners thereof, at the rate of 5.5% per annum (to the extent that payment of such interest shall be legally enforceable) on the unpaid amount due and payable on such date in accordance with the terms of the Securities to the date payment of such amount has been made or duly provided for.

#### DEPOSITORY

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

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

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

Purchases of Securities must be made by or through Participants, which will

receive a credit on the records of DTC. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in

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

So long as DTC, or its nominee, is the registered owner of a Global Security, DTC or its nominee, as the case may be, will be considered the sole owner or Holder of the Securities represented by such Global Security for all purposes under the Senior Indenture. Except as provided below, Beneficial Owners in a Global Security will not be entitled to have the Securities represented by such Global Securities registered in their names, will not receive or be entitled to receive physical delivery of the Securities in definitive form and will not be considered the owners or Holders thereof under the Senior Indenture. Accordingly, each Person owning a beneficial interest in a Global Security must rely on the procedures of DTC and, if such Person is not a Participant, on the procedures of the Participant through which such Person owns its interest, to exercise any rights of a Holder under the Senior Indenture. The Company understands that under existing industry practices, in the event that the Company requests any action of Holders or that an owner of a beneficial interest in such a Global Security desires to give or take any action which a Holder is entitled to give or take under the Senior Indenture, DTC would authorize the Participants holding the relevant beneficial interests to give or take such action, and such Participants would authorize Beneficial Owners owning through such Participants to give or take such action or would otherwise act upon the instructions of Beneficial Owners. Conveyance of notices and other communications by DTC to Participants, by Participants to Indirect Participants, and by Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of the principal of, and any Supplemental Redemption Amount with respect to, Securities registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the Holder of the Global Securities representing such Securities. None of the Company, the Trustee or any other agent of the Company or agent of the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests or for supervising or reviewing any records relating to such beneficial ownership interests. The Company expects that DTC, upon receipt of any payment of principal or any Supplemental Redemption Amount in respect of a Global Security, will credit the accounts of the Participants with payment in amounts proportionate to their

respective holdings in principal amount of beneficial interest in such Global Security as shown on the records of DTC. The Company also expects that payments by Participants to Beneficial Owners will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants.

If (x) any Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that the Global Securities shall be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Securities, the Global Securities will be exchangeable for Securities in definitive form of like tenor and of an equal aggregate principal amount, in denominations of \$1,000 and integral multiples thereof. Such definitive Securities shall be registered in such name or names as the Depository shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the Depository from Participants with respect to ownership of beneficial interests in such Global Securities.

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## THE INDEX

### THE JAPAN INDEX

The Index for purposes of calculating the Supplemental Redemption Amount will initially be the Japan Index. Unless otherwise stated, all information herein relating to the Japan Index has been provided by the AMEX. Such information reflects the policies of the AMEX; such policies are subject to change in the discretion of the AMEX.

The Japan Index is a stock index calculated, published and disseminated by the AMEX that measures the composite price performance of selected Japanese stocks. The Japan Index currently is based on 210 highly capitalized Underlying Stocks trading on the TSE representing a broad cross-section of Japanese industries. All 210 Underlying Stocks are stocks listed in the First Section of the TSE. Stocks listed in the First Section are among the most actively traded stocks on the Tokyo Stock Exchange. Options contracts on the Japan Index are traded on the AMEX.

The Japan Index is a modified, price-weighted index (i.e., an Underlying Stock's weight in the index is based on its price per share rather than the total market capitalization of the issuer) which is calculated by (i) multiplying the per share price of each Underlying Stock by the corresponding weighing factor for such Underlying Stock (a "Weight Factor"), (ii) calculating the sum of all these products and (iii) dividing such sums by a divisor (the "Divisor"). The Divisor, initially set in September 1990 at 9,799,460, was 9,608,949 as of December 28, 1993, and is subject to periodic adjustments as set forth below. Each Weight Factor is computed by dividing (Yen)50 by the par value of the relevant Underlying Stock and multiplying the result by 100, so that the share price of each Underlying Stock when multiplied by its Weight Factor corresponds to a share price based on a uniform par value of (Yen)50. Each Weight Factor represents the number of shares of the related Underlying



Stock which are included in one trading unit of the Japan Index. The stock prices used in the calculation of the Japan Index are those reported by a primary market for the Underlying Stock (currently the TSE). The level of the Japan Index is calculated once per day using last sale prices only (i.e., not "special bid quotes" or "special ask quotes" which are used in connection with other stock indices) for transactions in Underlying Stock on the TSE. The level of the Japan Index is disseminated via the Consolidated Tape Authority Network-B (commonly referred to as the "AMEX Tape"). The AMEX Tape symbol for the Japan Index is "JPN".

In order to maintain continuity in the level of the Japan Index in the event of certain changes due to non-market factors affecting the Underlying Stocks, such as the addition or deletion of stocks, substitution of stocks, stock dividends, stock splits or distributions of assets to stockholders, the Divisor used in calculating the Japan Index is adjusted in a manner designed to prevent any instantaneous change or discontinuity in the level of the Japan Index. Thereafter, the Divisor remains at the new value until a further adjustment is necessary as the result of another change. As a result of each such change affecting any Underlying Stock, the Divisor is adjusted in such a way that the sum of all share prices immediately after such change multiplied by the applicable Weight Factor and divided by the new Divisor (i.e., the level of the Japan Index immediately after such change) will equal the level of the Japan Index immediately prior to the change.

Underlying Stocks may be deleted or added by the AMEX. However, to maintain continuity in the Japan Index, the policy of the AMEX is generally not to alter the composition of the Underlying Stocks except when an Underlying Stock is deleted due to (i) bankruptcy of the issuer, (ii) merger of the issuer with, or acquisition of the issuer by, another company, (iii) delisting of such stock, or (iv) failure of such stock to meet, upon periodic review by the AMEX, market value and trading volume criteria established by the AMEX (as such may change from time to time). Upon deletion of a stock from the Underlying Stocks, the AMEX may select a suitable replacement for such deleted Underlying Stock. The policy of the AMEX is to announce any such change in advance via distribution of an information circular.

The AMEX is under no obligation to continue the calculation and dissemination of the Japan Index. The Securities are not sponsored, endorsed, sold or promoted by the AMEX. No inference should be drawn

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from the information contained in this Prospectus Supplement that the AMEX makes any representation or warranty, implied or express, to the Company, beneficial owners of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities in particular or the ability of the Japan Index to track general stock market performance. The AMEX has no obligation to take the needs of the Company or beneficial owners of the Securities into consideration in determining, composing or calculating the Japan Index. The AMEX is not responsible for, and has not participated in the determination or calculation of the equation by which the Supplemental Redemption Amount with respect to the Securities will be determined. The AMEX has no obligation or liability in connection with the administration, marketing or trading of the Securities.

The use of and reference to the Japan Index in connection with the Securities

has been consented to by the AMEX, the publisher of the Japan Index. "Japan Index" is a service mark of the AMEX.

None of the Company, the Calculation Agent and the Underwriter accepts any responsibility for the calculation, maintenance or publication of the Japan Index or any Successor Index. The AMEX disclaims all responsibility for any errors or omissions in the calculation and dissemination of the Japan Index or the manner in which such index is applied in determining the Supplemental Redemption Amount with respect to the Securities.

HISTORICAL DATA ON THE JAPAN INDEX

The AMEX first calculated and published the Japan Index on April 2, 1990. Historical data relating to the Japan Index in the table below for the period from October 26, 1989 through March 30, 1990, have been retroactively determined by the AMEX as if the Japan Index had been calculated by the AMEX during such period.

The following table sets forth the highest and lowest daily closing level of the Japan Index for each quarter or partial quarter, as the case may be, in the period from October 26, 1989, through December 29, 1993, as well as the closing level of the Japan Index as of the end of each such quarter or partial quarter, as the case may be. These historical data on the Japan Index are not any indication of the future performance of the Japan Index.

<TABLE>  
<CAPTION>

	DAILY CLOSING LEVELS		
	HIGHEST LEVEL	LOWEST LEVEL	CLOSING LEVEL
	<C>	<C>	<C>
1989:			
4th Quarter (beginning October 26)	388.96	354.23	388.96
1990:			
1st Quarter	388.96	296.06	299.14
2nd Quarter	331.00	280.00	318.83
3rd Quarter	331.51	210.48	210.48
4th Quarter	252.55	202.99	237.57
1991:			
1st Quarter	270.11	228.43	260.59
2nd Quarter	268.29	232.12	232.12
3rd Quarter	240.46	214.58	239.67
4th Quarter	253.51	216.22	230.72
1992:			
1st Quarter	238.57	194.39	194.39
2nd Quarter	189.53	158.69	160.82
3rd Quarter	190.56	144.34	175.28
4th Quarter	178.81	161.53	171.22
1993:			
1st Quarter	192.66	164.84	188.22
2nd Quarter	213.25	193.38	198.47
3rd Quarter	214.41	198.84	203.97
4th Quarter (through December 29)	207.84	163.63	175.89

</TABLE>



Since its inception, the Japan Index has experienced significant daily price fluctuations. Any historical upward or downward trend in the closing level of the Japan Index during any period set forth above is not any indication that the Japan Index is more or less likely to increase or decline at any time during the term of the Securities. The following graph sets forth the historical performance of the Japan Index at the end of each quarter from the fourth quarter of 1989 through December 29, 1993. PAST MOVEMENTS OF THE JAPAN INDEX ARE NOT NECESSARILY INDICATIVE OF THE FUTURE JAPAN INDEX VALUES. The closing value of the Japan Index on December 29, 1993 was 175.89.

[Graphic No. 1 appears here]

#### THE TOKYO STOCK EXCHANGE

The Tokyo Stock Exchange is one of the world's largest securities exchanges in terms of market capitalization. TSE is a two-way, continuous pure auction market. Trading hours are currently from 9:00 A.M. to 11:00 A.M. and from 1:00 P.M. to 3:00 P.M., Tokyo time, Monday through Friday.

Due to the time zone difference, on any normal trading day the TSE will close prior to the opening of business in New York City on the same calendar day. Therefore, the closing level of the Japan Index on such trading day will generally be available in the United States by the opening of business on the same calendar day.

The TSE has adopted certain measures intended to prevent any extreme short-term price fluctuation resulting from order imbalances. These include daily price floors and ceilings intended to prevent extreme fluctuations in individual stock prices. Any stock listed on the Tokyo Stock Exchange cannot be traded at a price outside of these limits which are stated in absolute Japanese yen, and not percentage, limits from the closing price of the stock on the previous day. In addition, when there is a major order imbalance in a listed stock, the TSE posts a "special bid quote" or a "special asked quote" for that stock at a specified higher or lower price level than the stock's last sale price in order to solicit counter orders and balance supply and

demand for the stock. Investors should also be aware that the TSE may suspend the trading of individual stocks in certain limited and extraordinary circumstances including, for example, unusual trading activity in that stock. As a result, variations in the Japan Index may be limited by price limitations on, or by suspension of trading in, individual stocks which comprise the Japan Index which may, in turn, adversely affect the value of the Securities or result in a Market Disruption Event. See "Description of Securities-- Adjustments to the Index; Market Disruption Event".

#### THE NEW JAPAN INDEX

Under certain circumstances, a New Japan Index may be substituted for the Japan Index for purposes of calculating the Supplemental Redemption Amount. The New Japan Index would be an index published by the AMEX or another United

States securities exchange with a high correlation to the Nikkei 300 Index. See "Substitution of the Index".

The Nikkei 300 Index is an index calculated, published and disseminated by Nihon Keizai Shimbun, Inc., that measures the composite price performance of stocks of 300 Japanese companies. All 300 stocks are listed in the First Section of the TSE. Stocks listed in the First Section are among the most actively traded stocks on the TSE. Publication of the Nikkei 300 Index began on October 8, 1993.

The Nikkei 300 Index is a market capitalization-weighted index which is calculated by (i) multiplying the per share price of each stock included in the Nikkei 300 Index by the number of outstanding shares (excluding shares held by the Japanese Government), (ii) calculating the sum of all these products (such sum being hereinafter referred to as the "Aggregate Market Price"), (iii) dividing the Aggregate Market Price by the Base Aggregate Market Price (i.e. the Aggregate Market Price as of October 1, 1982) and (iv) multiplying the result by 100. Larger companies' shares have a larger effect on moving the entire index than smaller companies' shares.

Although the Nikkei 300 Index was first published in October 1993, Nihon Keizai Shimbun, Inc. has calculated values for the Nikkei 300 Index for the period from October 1, 1982 through October 8, 1993. The stocks included in the Nikkei 300 Index (such stocks being hereinafter referred to as the "Underlying Stocks") were selected from a reference group of stocks which were selected by excluding stocks listed in the First Section of the TSE that have relatively low market liquidity or extremely poor financial results. The Underlying Stocks were selected from this reference group by (i) selecting from the remaining stocks in this reference group the stocks with the largest aggregate market value in each of 36 industrial sectors and (ii) selecting additional stocks (with priority within each industrial sector given to the stock with the largest aggregate market value) so that the selection ratios (i.e. the ratio of the aggregate market value of the included stocks to that of the stocks in the reference group) with respect to all 36 industry sectors will be as nearly equal as possible and the total number of companies with stocks included in the Nikkei 300 Index will be 300.

In order to maintain continuity in the level of the Nikkei 300 Index, the Nikkei 300 Index will be reviewed annually by Nihon Keizai Shimbun, Inc. and the Underlying Stocks may be replaced, if necessary, in accordance with the "deletion/addition rule". The "deletion/addition" rule provides generally for the deletion of a stock from the Nikkei 300 Index if such stock is no longer included in the reference group or if the aggregate market value of such stock is low relative to other stocks in the relevant industry sector. Stocks deleted pursuant to the "deletion/addition" rule will be replaced by stocks included in the reference group which have relatively high aggregate market values. In addition, stocks may be added or deleted from time to time for extraordinary reasons.

All disclosure contained in this Prospectus regarding the Nikkei 225 Index, Nikkei 225 Futures Contract, Nikkei 300 Index, Nikkei 300 Futures Contract, or their publisher, Nihon Keizai Shimbun, Inc., is derived from publicly available information. Nihon Keizai Shimbun, Inc. has no relationship with the Company or the Notes; it does not sponsor, endorse, authorize, sell or promote the Notes, and has no obligation or liability in connection with the administration, marketing or trading of the Notes.

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary of certain United States Federal income tax consequences of the purchase, ownership and disposition of the Notes is based upon the opinion, set forth in full below, of Brown & Wood, counsel to the Company, which 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 Notes held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding Notes as a hedge against currency risks or as a position in a "straddle" for tax purposes. It also does not deal with holders other than original purchasers (except where otherwise specifically noted). Persons considering the purchase of the Notes should consult their own tax advisors concerning the application of United States Federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision 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 Note 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 Note that is not a U.S. Holder.

## GENERAL

There are no regulations (except the Proposed 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 Notes. However, although the matter is not free from doubt, under current law, each Note should be treated as a debt instrument of the Company for United States Federal income tax purposes. The discussion below is based upon the assumption that each Note will be treated as a debt instrument 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). Despite the foregoing, nonperiodic payments of interest on a debt instrument generally will be treated as original issue discount, for United States Federal income tax purposes, and will be includible in income by a U.S. Holder as ordinary interest as it accrues over the term of the debt instrument under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of the U.S. Holder's regular method of

tax accounting. Under these principles, the Minimum Supplemental Redemption Amount (i.e., a nonperiodic payment of interest) generally would be treated as original issue discount, for United States Federal income tax purposes, and would be includible in income by a U.S. Holder as ordinary interest as it accrues over the term of the Note under a constant yield method in advance of receipt of the Supplemental Redemption Amount, regardless of the U.S. Holder's regular method of tax accounting. The excess of the Supplemental Redemption Amount over the Minimum Supplemental Redemption Amount (the "Additional Interest Amount"), 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 Supplemental Redemption Amount is accrued (i.e., determined) or when such amount is received (in accordance with the U.S. Holder's regular method of tax accounting). It is possible, however, that as of the last Calculation Date in one or more certain Calculation Periods (other than the final Calculation Period), the sum of the Yearly Value calculated during the Calculation Period to which such last Calculation Date

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relates and the Yearly Values for all prior Calculation Periods, if any, would equal an amount such that the Supplemental Redemption Amount is certain to exceed the Minimum Supplemental Redemption Amount even if the Yearly Values for all subsequent Calculation Periods were to be zero (such Supplemental Redemption Amount is hereinafter referred to as the "Fixed Supplemental Redemption Amount" and each last Calculation Date relating to a certain Fixed Supplemental Redemption Amount is hereinafter referred to as a "Fixing Calculation Date"). Under such circumstances, an accrual method U.S. Holder would be required to include in income on the Fixing Calculation Date as ordinary interest an amount equal to the portion of the excess of the Fixed Supplemental Redemption Amount over the Minimum Supplemental Redemption Amount or, in the event there has been a prior Fixing Calculation Date, the portion of the excess of the Fixed Supplemental Redemption Amount over the Fixed Supplemental Redemption Amount relating to such prior Fixing Calculation Date (in each case, such excess is hereinafter referred to as the "Fixed Additional Interest Amount") that has accrued as of the Fixing Calculation Date. The remaining portion of the Fixed Additional Interest Amount would be includible in income by an accrual method U.S. Holder as ordinary interest as it accrues over a period commencing on the Fixing Calculation Date and concluding at the Note's maturity. A cash method U.S. Holder, however, would not be required to include any portion of the Fixed Additional Interest Amount in income prior to receipt of the Supplemental Redemption Amount.

Upon the sale or exchange of a Note prior to its maturity, a U.S. Holder generally would recognize taxable gain or loss equal to the difference between the amount realized on the sale or exchange and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note increased by the amount of any original issue discount included in income by the U.S. Holder. Such gain or loss generally should be capital gain or loss and should be long-term capital gain or loss if the Note 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 Internal Revenue Service ("IRS") may assert that any amounts realized upon the sale or exchange of a Note prior to its maturity in excess of the sum of the principal amount thereof and the amount of original issue discount that has accrued on the Note as of the date of such sale or exchange 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 Note prior to its maturity should be treated entirely as capital gain (subject to the market discount rules, as discussed below).

On December 21, 1992, the IRS released proposed Treasury regulations (the "1992 Proposed Regulations") under the original issue discount provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which replaced proposed regulations that were issued in 1986 dealing with debt instruments issued with original issue discount. The 1992 Proposed Regulations, which are not proposed to be made retroactive, would apply to debt instruments issued 60 days or more after the date the 1992 Proposed Regulations become final; therefore by their terms they would not apply to the Notes. Nevertheless, because the 1992 Proposed Regulations represent the Treasury Department's most recent view with respect to the qualification as and treatment of "variable rate debt instruments" they are discussed below. Moreover, it is also possible that the Treasury Department could change the effective date of the 1992 Proposed Regulations so that such regulations would retroactively apply to the Notes. There is no assurance, however, that the 1992 Proposed Regulations will be adopted or, if adopted, adopted in their current form.

Under the 1992 Proposed 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. A debt instrument would qualify as a "variable rate debt instrument" under the 1992 Proposed Regulations (and would therefore not be treated as a contingent payment debt obligation) if it (a) provides for total noncontingent principal payments at least equal to its issue price and (b) 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 formula

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that is fixed throughout the term of the debt instrument and which is based upon the price of actively traded property (other than foreign currency) or an index of the prices of such property. The Notes would not qualify as "variable rate debt instruments" under the 1992 Proposed Regulations, even if such regulations are ultimately adopted in their current form and retroactively applied to the Notes, because the Notes provide for stated interest (i.e., the Supplemental Redemption Amount) that is neither paid nor compounded at least annually. Since the Notes would not qualify as "variable rate debt instruments" under the 1992 Proposed Regulations, the Notes would be treated as contingent payment debt obligations.

It is not entirely clear under current law how the Notes would 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 Minimum Supplemental Redemption Amount would be treated as original issue discount and would be includible in income by a U.S. Holder as ordinary interest as it accrues over the term of the Note under a constant yield method, regardless of the U.S. Holder's regular method of tax accounting. Under these same principles, the Additional Interest Amount 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, in the event of a Fixing Calculation Date, an accrual method U.S. Holder would be required to include in income on such Fixing Calculation Date as ordinary interest an amount equal to the portion of the Fixed Additional Interest Amount that has accrued as of the Fixing Calculation Date. The remaining portion of the Fixed Additional Interest Amount would be includible in income by an accrual method U.S. Holder as ordinary interest as it accrues over a period commencing on the Fixing Calculation Date and concluding at the Note's maturity.

However, in 1991, the Treasury Department issued proposed regulations (the "1991 Proposed Regulations" and, together with the 1992 Proposed Regulations, the "Proposed Regulations") under the original issue discount provisions of the Code concerning contingent payment debt obligations which, if applicable to the Notes, would bifurcate a Note into a debt instrument and a right based upon the value of the Index. The 1991 Proposed Regulations were not replaced by the 1992 Proposed Regulations and contain a retroactive effective date of February 20, 1991. Thus, if the 1991 Proposed Regulations are ultimately adopted in their current form, such regulations would apply to the Notes and would cause the timing and character of income, gain or loss reported on a Note to differ from the timing and character of income, gain or loss on a Note had the 1991 Proposed Regulations not applied.

The 1991 Proposed Regulations would treat a Note as consisting of two separate instruments: (i) the fixed payments (i.e., the debt instrument), consisting of the right to receive both the Note principal amount and the Minimum Supplemental Redemption Amount (the "Fixed Payments"), and (ii) the contingent payment, consisting of the right to receive the Additional Interest Amount (the "Contingent Payment"). A Note's original issue price would be allocated between the Fixed Payments and the Contingent Payment in accordance with their relative fair market values.

Under the 1991 Proposed Regulations, the Fixed Payments would be treated, for United States Federal income tax purposes, as a separate debt obligation issued at an original issue discount. A U.S. Holder (whether a cash or accrual method taxpayer) would be required to include the original issue discount on a Note in gross income (using a constant yield method) over the Note's term in advance of receipt of the cash payments attributable to such income. The original issue discount required to be included in income with respect to a Note would be equal to the difference between the sum of the Note's principal amount and the Minimum Supplemental Redemption Amount (i.e., \$1,150 per \$1,000 principal amount) and the amount of the Note's original issue price allocated to the Fixed Payments. If the 1991 Proposed Regulations are ultimately adopted in their current form and, thus, are applied to the Notes, then the amount of original issue discount on a Note would be \$ per \$1,000 principal amount. Under the 1991 Proposed Regulations, a U.S. Holder that disposes of a Note prior to its maturity would generally recognize taxable gain or loss, with respect to the Fixed Payments, in an amount equal to the difference (if any) between the portion of the sales proceeds allocated to such Fixed Payments (in accordance with the relative fair market values of the

Fixed Payments and the Contingent Payment as determined on the date of disposition) and such U.S. Holder's adjusted tax basis in the Fixed Payments. A



U.S. Holder's adjusted tax basis in the Fixed Payments generally would equal the portion of such U.S. Holder's initial investment in the Note that is allocated to the Fixed Payments (in accordance with the relative fair market values of the Fixed Payments and the Contingent Payment), increased by the amount of original issue discount previously included in income by such U.S. Holder with respect to the Fixed Payments.

Under the 1991 Proposed Regulations, the Contingent Payment would be treated separately from the Fixed Payments and taxed "in accordance with [its] economic substance". Although the matter is not free from doubt, if the 1991 Proposed Regulations were applied to the Notes, under an "economic substance" analysis, the Contingent Payment would most likely be treated as an "unlisted" cash settlement option (an "Index Right") on the Index that is an "equity" option for purposes of Code section 1256 (which includes the Code's mark-to-market rules). Accordingly, a U.S. Holder would recognize taxable gain or loss with respect to the Index Right only upon its sale, exchange, expiration or payment at maturity. The amount of gain or loss recognized by a U.S. Holder with respect to the Index Right would generally be measured by the difference between the amount realized with respect to the Index Right and the U.S. Holder's tax basis in the Index Right. A U.S. Holder's tax basis in the Index Right generally would be the portion of the U.S. Holder's initial investment in the Note that is allocated to the Contingent Payment (in accordance with the relative fair market values of the Fixed Payments and the Contingent Payment). Such gain or loss on the Index Right would generally be long-term capital gain or loss if the Note were held by the U.S. Holder for more than one year.

Despite the foregoing, it would appear that under the 1991 Proposed Regulations, in the event of a Fixing Calculation Date, a U.S. Holder would be required to treat an amount equal to the excess of (i) the Fixed Additional Interest Amount over (ii) the present value (determined by using a discount rate equal to the mid-term applicable federal rate in effect on the Note's issue date) of the Fixed Additional Interest Amount (the "Discounted Fixed Additional Interest Amount") as original issue discount. Such original issue discount would be includible in income by a U.S. Holder as ordinary interest as it accrues over the remaining term of the Note under a constant yield method, regardless of the U.S. Holder's regular method of tax accounting. In addition, under such circumstances, a U.S. Holder would be required to reduce its tax basis in the Index Right by an amount equal to the Discounted Fixed Additional Interest Amount. Accordingly, if the Discounted Fixed Additional Interest Amount or, in the event there has been a prior Fixing Calculation Date, if the sum of the Discounted Fixed Additional Interest Amounts relating to each such Fixing Calculation Date exceeds the U.S. Holder's tax basis in the Index Right, then such U.S. Holder would be required to recognize taxable gain or loss with respect to the Index Right in an amount equal to such excess prior to the sale, exchange, expiration or payment at maturity of the Index Right.

Although the Commodity Futures Trading Commission ("CFTC") has not designated a contract market for a contract based on the Japan Index and thus, if the 1991 Proposed Regulations were applied to the Notes, the Index Right would most likely be treated as an unlisted "equity" option for purposes of Code section 1256, it is possible that the IRS could conclude that the Japan Index meets the requirements of law for such a designation by the CFTC and may assert that the Index Right should be treated as a listed option that is a nonequity option subject to Code section 1256 (i.e., a "listed nonequity option"). Specifically, if the IRS were to conclude that the Index Right should be treated as a "nonequity" option, for purposes of Code section 1256, on the basis that the Japan Index meets the requirements of law for a designation by the CFTC of a

contract market for a contract based on the Japan Index, the IRS could also take the position that the Index Right should be treated as a "listed" option based on the fact that the Index Right is part of a Note which is "listed" or, alternatively, because there are listed options based on the Japan Index. Although it is possible that if the 1991 Proposed Regulations were applied to the Notes the Index Right could be treated as a "listed nonequity option", it is not clear that Code section 1256 and the 1991 Proposed Regulations contemplate such a result. Moreover, while the Notes are listed on the AMEX, the Index Right cannot be separately traded and is not separately listed. Additionally, there are differences between the Index Right and options

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on the Japan Index that are actually traded which means that there is no public trading market from which to draw a market price.

If the 1991 Proposed Regulations were applied to the Notes and if the Index Right were treated as a "listed nonequity option", such Index Right would generally be marked to market under Code section 1256, i.e., treated as if it were sold for its fair market value on the last business day of the U.S. Holder's taxable year. Any resulting gain or loss would be treated as 60 percent long-term and 40 percent short-term capital gain or loss. Additionally, gain or loss on the sale, exchange, expiration or payment at maturity of the Index Right would be 60 percent long-term and 40 percent short-term capital gain or loss. Furthermore, if the 1991 Proposed Regulations were applied to the Notes and if the Index Right were treated as a "listed nonequity option," in the event that a New Japan Index is substituted for the Japan Index and there are no listed options or futures on the New Japan Index in existence during all or a portion of the remaining term of the Note, it is possible that the Index Right would cease to be treated as a "listed nonequity option" and would not be marked to market under Code section 1256 for the remaining term of the Note. Prospective investors in the Notes should consult their own tax advisors as to the proper treatment of the Index Right under the 1991 Proposed Regulations in the event that the 1991 Proposed Regulations are applied to the Notes.

There is no assurance that the 1991 Proposed Regulations will be adopted or, if adopted, adopted in their current form. 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 the 1991 Proposed Regulations and which would have provided for a set of rules with respect to the timing and character of income recognition on contingent payment debt obligations that differ from the rules contained in the 1991 Proposed Regulations with respect to the timing and character of income recognition on contingent payment debt obligations. The 1993 Proposed Regulations, which would have applied to debt instruments issued 60 days or more after the date 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 recognized by a U.S. Holder on the sale, exchange or retirement of a contingent payment debt obligation would have been treated entirely as ordinary interest income and any loss recognized 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 Notes. Based upon the foregoing, the continued viability of 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. Prospective investors in the Notes are urged to consult their own tax advisors regarding the application of the Proposed Regulations to their investment in the Notes, if any, and the effect of possible changes to the Proposed Regulations.

#### MARKET DISCOUNT AND PREMIUM

If a U.S. Holder purchases a Note for an amount that is less than the Note's issue price (i.e., the Note's stated principal amount), or, in the case of a subsequent purchaser, its adjusted issue price as of the purchase date (i.e., the Note's stated principal amount increased by any previously accrued original issue discount), 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 Note's adjusted issue price as of the purchase date multiplied by the number of complete years to maturity from the date the U.S. Holder purchased such Note).

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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 Note 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 Note at the time of such disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the Note's maturity, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Note with market discount until the Note's maturity or its earlier disposition in a taxable transaction, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of the Note and 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 the Note by the amount of any such currently included market discount.

A U.S. Holder that purchases a Note for an amount that is greater than its adjusted issue price as of the purchase date will be considered to have purchased the Note at an "acquisition premium". The "adjusted issue price" of a Note equals the sum of the issue price of the Note plus the amount of original

issue discount that has previously accrued with respect to the Note. Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such Note for any taxable year (or portion thereof in which the U.S. Holder holds the Note) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

If a U.S. Holder purchases a Note for an amount that is greater than its stated redemption price at maturity (i.e., the sum of the Note's stated principal amount and the Minimum Supplemental Redemption Amount), such U.S. Holder will be considered to have purchased the Note with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the Note and may offset interest otherwise required to be included in respect of the Note during any taxable year by the amortized amount of such excess for the taxable year. Such election, if made, would apply to all debt instruments held by the U.S. Holder at the beginning of the taxable year to which such election applies and to all debt instruments acquired by such U.S. Holder thereafter. Such election would also be irrevocable once made, unless the U.S. Holder making such an election obtains the express consent of the IRS to revoke such election.

Prospective investors in the Notes should be aware, however, that the application of the market discount and premium rules to the Notes may differ from the application discussed above in the event that the 1991 Proposed Regulations are applied to the Notes.

#### 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 Note, unless such non-U.S. Holder is a direct or indirect 10% or greater shareholder of the Company, a controlled foreign corporation related to the Company or a bank receiving interest described in section 881(c)(3)(A) of the Code. However, 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 Note under penalties of perjury, (ii) certifies that such owner is not a U.S. Holder and (iii) provides the name and address of the beneficial owner. The statement may be made on an IRS Form

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W-8 or a substantially similar form, and the beneficial owner must inform the Withholding Agent of any change in the information on the statement within 30 days of such change. If a Note is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide a signed statement to the Withholding Agent. However, in such case, the signed statement must be accompanied by a copy of the IRS Form W-8 or the substitute form provided by the beneficial owner to the organization or institution. The Treasury Department is considering implementation of further certification requirements aimed at determining

whether the issuer of a debt obligation is related to holders thereof.

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

Under current law, a Note will not be includible in the estate of a non-U.S. Holder unless the individual is a direct or indirect 10% or greater shareholder of the Company or, at the time of such individual's death, payments in respect of such Note would have been effectively connected with the conduct by such individual of a trade or business in the United States. Under the 1991 Proposed Regulations, however, a portion of the Note equal to the fair market value of the Contingent Payment may be includible in the gross estate of a nonresident alien individual for United States Federal estate tax purposes if the 1991 Proposed Regulations were applied to the Notes.

#### BACKUP WITHHOLDING

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

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

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 Supplemental Redemption Amount or Minimum Redemption Amount. The Company does not intend to confine its hedging activities to any

#### 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 \$100,000,000 aggregate principal amount of Notes. The Underwriting Agreement provides that the obligations of the Underwriter are subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Notes if any are purchased.

The Underwriter has advised the Company that it proposes initially to offer all or part of the Notes 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 Notes. The Underwriter may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the Notes to certain other dealers. After the initial public offering, the public offering price 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

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

Merrill Lynch & Co., Inc. (the "Company") intends to sell from time to time up to \$5,003,249,783 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 an amount in cash determined by reference to decreases or increases in the level of a specified stock or security index or the value of a portfolio of specified stocks or other securities which may be based on U.S. or foreign stocks or securities 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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The Securities may be sold directly or through Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") as agent or may be offered and reoffered through, or through underwriting syndicates managed or co-managed by, one or more 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 August 27, 1993.

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 Midwest 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 and June 25, 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 and July 27, 1993 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.

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MERRILL LYNCH & CO., INC.

Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates, provides investment, financing, insurance and related services. 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 and selected insurance products, a dealer in options and in corporate and municipal securities and an investment banking firm. Merrill Lynch Asset Management manages mutual funds and provides investment advisory services. 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. 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. 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. Pending such applications, the net proceeds will be temporarily invested or applied to the reduction of short-term indebtedness. 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.

#### SUMMARY FINANCIAL INFORMATION

The following summary 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. See "Incorporation of Certain Documents by Reference". The year-end results include 52 weeks for 1989, 1990, 1991 and 1992 and 53 weeks for 1988.

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				
	1988	1989	1990	1991	1992
	(IN THOUSANDS, EXCEPT RATIOS)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$ 9,694,980	\$11,275,951	\$11,150,816	\$12,362,845	\$ 13,428,291
Net Revenues.....	\$ 5,926,777	\$ 5,904,923	\$ 5,786,916	\$ 7,256,501	\$ 8,593,024
Earnings (loss) before income taxes, discontinued operations and cumulative effect of changes in accounting principles(1).....	\$ 611,256	\$ (158,386)	\$ 282,328	\$ 1,017,418	\$ 1,621,389
Discontinued operations (net of income taxes)(1).....	\$ 17,287	\$ 3,981	--	--	--
Cumulative effect of changes in accounting principles (net of applicable income taxes)(1).....	--	--	--	--	\$ (58,580)
Net earnings (loss)(1)..	\$ 463,182	\$ (213,385)	\$ 191,856	\$ 696,117	\$ 893,825
Ratio of earnings to fixed charges(2).....	1.2	--	1.1	1.2	1.3
Total assets.....	\$64,402,655	\$63,942,263	\$68,129,527	\$86,259,343	\$107,024,173
Long-term borrowings(3)..	\$ 6,283,349	\$ 6,897,109	\$ 6,341,559	\$ 7,964,424	\$ 10,871,100
Stockholders' equity....	\$ 3,484,178	\$ 3,151,343	\$ 3,225,430	\$ 3,818,088	\$ 4,569,104

(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. Net earnings for 1988 include an after-tax gain of \$254,699,000 (\$286,075,000 before income taxes) resulting from the curtailment of the Company's defined benefit pension plan which covered substantially all U.S. employees and an after-tax reduction of \$44,436,000 (\$65,509,000 before income taxes) resulting from a provision for the costs of merging or downsizing certain foreign and domestic branch offices and operating facilities. Net earnings for 1992 have been reduced by \$58,580,000 to reflect the effects of the adoption in 1992 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". Results for 1988 and 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.

- (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 25, 1992, \$243,754,000 of bank loans and \$9,578,612,000 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 25, 1992, cash deposits for securities loaned and securities sold under agreements to repurchase amounted to \$3,357,555,000 and \$32,410,407,000, respectively.

#### FISCAL YEAR 1992

Net earnings were a record \$893.8 million, an increase of \$197.7 million (28%) above the \$696.1 million reported for 1991. The 1992 results reflect the early adoption of two accounting pronouncements, Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits

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Other Than Pensions" and SFAS No. 109, "Accounting for Income Taxes." The cumulative effect of these changes in accounting principles reduced 1992 net earnings by \$58.6 million. Revenues after interest expense ("Net Revenues") reached a record \$8,593 million, up 18% over the \$7,257 million reported in 1991. Total revenues advanced 9% to \$13,428 million versus \$12,363 million for the prior year. Commission revenues rose 12% to \$2,400 million due to growth in listed securities transactions and sales of mutual funds. Heightened investor activity in the equity markets led to increases in commissions earned on listed securities, while mutual fund commissions benefitted from both the sales of front-end funds and a higher level of distribution and redemption fees earned on deferred charge funds. Interest and dividend revenues increased slightly to \$5,807 million, as compared with the \$5,761 million reported in 1991. Interest expense (including dividend expense) declined 5% in 1992 to \$4,835 million. As a result, net interest and dividend profit was a record \$972 million, up 48% from 1991. Underlying the record performance in net interest and dividend profit were growth of the balance sheet, increases in equity capital and margin lending, and an increase in the Company's interest rate spreads. Contributing to improved rate spreads were lower borrowing costs due to credit upgrades by rating agencies.

Principal transactions revenues rose to record levels in 1992, up 13% to \$2,147 million from the \$1,894 million reported in 1991. Fixed-income and foreign exchange trading revenues increased due to substantially higher

revenues from swaps and derivatives and foreign exchange. Corporate equities revenues also rose on the strength of the over-the-counter markets and higher revenues from international equities. Investment banking revenues advanced 26% to a record \$1,484 million from the \$1,176 million reported in the prior year. Underwriting revenues benefited from the low interest rate environment, leading to strong corporate demand for debt refinancing and investor demand for equities offering greater potential return opportunities. Underwritings of closed-end funds, preferred stock, corporate debt, and high-yield and municipal bonds benefited from these favorable market conditions. Revenues from strategic services, including fees for debt restructuring, merger and acquisition activity and other advisory services rose 14% over 1991, but remain well below revenue levels of the late 1980's. Asset management and custodial fees were also a record, advancing 11% to \$859 million due to increased levels of fees earned from both fund management and central asset account management services. The increase in fee based revenues from CMA (R) and retirement accounts was attributable to the growth in new accounts and the full year effect of an increase in annual fees instituted in the 1991 third quarter. Other revenues rose 18% to \$732 million due to higher fees from Merrill Lynch Consults (R), an investor portfolio management service, as well as higher securities processing fees. Substantially offsetting increases in other revenues were net investment losses which include provisions related to merchant banking activities.

Non-interest expenses totaled \$6,972 million, up 12% from the \$6,239 million reported in 1991. Compensation and benefits expense, which represents approximately 63% of total non-interest expenses, increased 13% from 1991 as a result of higher variable incentive compensation tied to the Company's profitability and return on equity. Nevertheless, compensation and benefits expense, as a percentage of net revenues, declined to 50.8% from 53.3% in 1991. Brokerage, clearing and exchange fees increased 17% primarily as a result of increased trading volume. Facilities-related costs including occupancy, communications and equipment rental, and depreciation and amortization, were up 1% from 1991. Advertising and market development expenses increased 21% reflecting the higher costs of both recognition and sales promotion programs for Financial Consultants and Account Executives that are tied to the level of business activity, as well as the discretionary expansion of certain national advertising campaigns. Professional fees increased 9% due to ongoing discretionary systems and strategic development projects, while other expenses increased 19% principally as a result of additions to loss provisions related to various business activities.

Income tax expense was \$669 million versus \$321 million in the prior year as the effective rate in 1992 rose to 41.3% as compared with 31.6% a year ago. The higher effective tax rate in 1992 results principally from the reduced availability of net operating loss and alternative minimum tax benefit carryforwards.

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 its investment banking, trading and insurance activities, the Company underwrites, purchases, sells and makes markets in high-yield securities and other non-investment grade securities. Additionally,

the Company provides financing and advisory services to corporations entering into leveraged transactions. 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 25, 1992, the carrying value of extensions of credit provided to corporations entering into leveraged transactions aggregated \$822 million (excluding unutilized revolving lines of credit and other lending commitments of \$75 million), consisting primarily of senior term and subordinated financings to 50 medium-sized corporations. Loans to highly leveraged enterprises are carried at unpaid principal balance less a reserve for estimated losses. At December 25, 1992, the Company had no bridge loans outstanding. 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 \$360 million at December 25, 1992, representing investments in approximately 100 enterprises. At December 25, 1992, the Company held \$120 million (recorded on the cost basis) in indirect equity investments through its participation in partnerships that invest in highly leveraged transactions. The Company has a co-investment arrangement in connection with a leverage buyout fund it has sponsored and manages. Assuming the fund was fully invested as of December 25, 1992, the Company's investment would be an additional \$89 million. At December 25, 1992, the Company was also committed to invest up to \$42 million in other limited partnerships that invest in leveraged transactions.

As a market maker, the Company holds trading positions in non-investment grade securities. At December 25, 1992, the fair value of long and short non-investment grade trading positions amounted to \$1,723 million and \$209 million, respectively, and in aggregate (i.e., sum of long and short trading positions), represented 4.2% of aggregate consolidated trading positions.

Investments of the Company's insurance subsidiaries, which are carried at amortized cost, include non-investment grade securities. At December 25, 1992, \$409 million or 4.5% of the aggregate carrying value of such investments were non-investment grade.

As of December 25, 1992, the largest concentration of highly leveraged or non-investment grade positions related to a single issuer totaled \$161 million. Additionally, no one industry sector represented more than 13% of such positions. At December 25, 1992, the Company held an aggregate carrying value of \$194 million in securities of issuers who were in various stages of bankruptcy proceedings or in default. Approximately 58% of this amount results from the Company's market-making activities for securities of corporations in bankruptcy.

#### DESCRIPTION OF DEBT SECURITIES

Unless otherwise specified in a Prospectus Supplement, the Senior Debt Securities are to be issued under an indenture (the "Senior 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 (the "Senior Debt Trustee"). 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 Indenture 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 Indenture, the Subordinated Indenture and any Subsequent Indentures (whether senior or subordinated) are referred to herein as the "Indentures"; and the Senior Debt Trustee, 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 Indenture 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 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

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under the Indenture 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.

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

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

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

### 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 Indenture 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 June 25, 1993, a total of approximately \$24.3 billion of the Company's indebtedness would have been Senior Indebtedness as so defined.

#### 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, and the number of such Debt Warrants issued with each such Debt Security; (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") and call warrants (the "Index Call Warrants"). The Index Warrants will entitle the holders to receive from the Company an amount in cash 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 a specified stock or security index or the value of a portfolio of specified stocks or other securities (the "Index"). The Index may be composed of U.S. or foreign stocks or securities or a combination thereof (the "Underlying Securities"). Unless otherwise specified in the accompanying Prospectus Supplement, payments, if any, on the Index Warrants will be made in U.S. dollars. An Index Warrant will not require or entitle the holder thereof (the "Index Warrantholder") to purchase or take delivery of or sell or make delivery of any securities (including Underlying Securities); nor will the Company be under any obligation to, nor will it, purchase or take delivery of or sell or make delivery of any securities (including Underlying Securities) from or to Index Warrantholders pursuant to the Index Warrants. The Index Warrants will be offered on terms to be determined at the time of sale.

#### 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, which may be based on U.S. or foreign stocks or securities or a combination thereof and may be a preexisting U.S. or foreign stock or security index compiled and published by a third party or a portfolio of Underlying Securities selected by the Company in connection with the issuance of such Index Warrants, and certain information regarding such Index and the Underlying Securities; (iv) 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 amount (the "Cash Settlement Value") payable in connection with the exercise or deemed exercise of such Index Warrants, (b) the minimum value, if any, payable upon expiration of such Index Warrants (the "Minimum Expiration Value"), (c) the

amount payable 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 are expressed in a foreign currency, the method of converting amounts in the relevant foreign currency or currencies into U.S. dollars (or such other currency or composite currency in which the Index Warrants are payable); (xiv) the method of providing for a substitute index or otherwise determining the amount payable 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 amounts will be payable 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 global form; (xviii) if such Index Warrants are not issued in book-entry form, the place or places at which payment of the Cash Settlement Value, amount payable 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, with their advisers, 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.

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Unless otherwise provided in the Prospectus Supplement, each Index Warrant will entitle Index Warrantholders to receive from the Company upon exercise the Cash 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, an amount equal to the greater of the applicable Cash 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 amount upon cancellation of the Index Warrants by the Company, upon the occurrence of specified events. In addition, if so specified in the Prospectus Supplement, following the occurrence of an extraordinary event, the Cash 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 Prospectus Supplement, the Index will be an established, broadly-based index related to a major domestic or foreign equity or security trading market or based upon a portfolio of specified stocks or other securities, and the Cash Settlement Value (and, if applicable, the Minimum Expiration Value or amount payable on cancellation) of the Index Warrants will be payable in U.S. dollars.

An Index Warrant will be settled only in cash, and accordingly, will not require or entitle an Index Warrantholder to sell, make delivery, purchase or take delivery of any shares of any Underlying Securities or any other securities, nor will the Company be under any obligation to, nor will it, purchase or take delivery of or sell or make delivery of any securities (including Underlying Securities) from or to Index Warrantholders pursuant to the Index Warrants. The Index Warrantholders will not receive any interest on any Cash Settlement Value, Minimum Expiration Value or amount payable on cancellation of the Index Warrants and the Index Warrants will not entitle the Index Warrantholders to any of the rights of holders of any Underlying Securities.

Unless otherwise specified in the related Prospectus Supplement, the Index Warrants will be deemed to be automatically exercised upon expiration. Upon such automatic exercise, Index Warrantholders will be entitled to receive the Cash Settlement Value of the Index Warrants, except that holders of Index Warrants having a Minimum Expiration Value will be entitled to receive an amount equal to the greater of such Cash Settlement Value and the applicable Minimum Expiration Value. The Minimum Expiration Value may be either a fixed amount or an amount 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 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 amount payable on cancellation specified in such Prospectus Supplement. The amount payable on cancellation may be either a fixed amount or an amount 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 of the Cash Settlement Value, Minimum Expiration Value or cancellation amount (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.

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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.

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 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  $66 \frac{2}{3}$  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 Cash Settlement Value or amount payable 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 amount receivable 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

Warrantheolders 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 Warrantheolder affected thereby.

#### 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 for such unexercised Index Warrants, which will immediately become due to the Index Warrantheolders 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 payment of the Cash Settlement Value (or any Minimum Expiration Value or cancellation amount, 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 Warrantheolder 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 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 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 25, 1992 included in this Prospectus and the Selected Financial Data under the captions "Operating Results", "Financial Position" and "Common Share Data" for each of the five years in the period ended December 25, 1992 included in the 1992 Annual Report to Stockholders of the Company and incorporated by reference herein have been derived from consolidated financial statements audited by Deloitte & Touche, as set forth in their reports incorporated by reference herein. The 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

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.

GRAPHICS APPENDIX LIST

PAGE WHERE GRAPHIC APPEARS	DESCRIPTION OF GRAPHIC OR CROSS REFERENCE
Graphic No. 1	The graph appearing at S-22 reflects quarter-end closing values of the Japan Index through December 29, 1993.

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

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MERRILL LYNCH & CO., INC.

JAPAN INDEX SM  
EQUITY PARTICIPATION  
SECURITIES WITH MINIMUM  
RETURN PROTECTION DUE JANUARY , 2000

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PROSPECTUS SUPPLEMENT  
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MERRILL LYNCH & CO.

, 1994

SM "Japan Index" is a service mark of the American Stock Exchange.



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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 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-1

CUSIP \_\_\_\_\_

\$ \_\_\_\_\_

MERRILL LYNCH & CO., INC.  
Japan Index/SM/  
Equity Participation Securities with Minimum  
Return Protection due January \_\_, 2000

Merrill Lynch & Co., Inc., a Delaware corporation (hereinafter referred to as 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, the principal sum of \_\_\_\_\_ MILLION DOLLARS (\$ \_\_\_\_\_) (the "Principal Amount") plus the Supplemental Redemption Amount as defined below, on January \_\_, 2000 (the "Stated Maturity").

Payment of the Principal Amount and the Supplemental Redemption Amount and any interest on any overdue amount thereof 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 Japan Index/SM/ Equity Participation Securities with Minimum Return Protection due January \_\_, 2000 (the "Notes").

SM

"Japan Index" is a service mark of The American Stock Exchange.

SUPPLEMENTAL REDEMPTION AMOUNT

The Supplemental Redemption Amount with respect to this Note equals:

$$\frac{\text{Principal Amount} \times (\text{Final Average Value} - \text{Initial Value}) \times \_\_\_\_\_\%}{\text{(Initial Value)}}$$

provided, however, that the Supplemental Redemption Amount shall not be less than the Minimum Supplemental Redemption Amount of \$150 per \$1,000 principal amount of the Notes. The "Initial Value" equals \_\_\_\_\_; provided, however, that a new Initial Value shall be calculated as described herein if a New Japan Index (as defined herein) is substituted for the Japan Index. The Index for purposes of calculating the Supplemental Redemption Amount shall initially be the Japan Index, calculated, published and disseminated by the American Stock Exchange (the "AMEX"). The Japan Index (or, if a New Japan Index is substituted for the Japan Index, the New Japan Index) is referred to herein as the "Index".

The "Final Average Value" shall be determined by State Street Bank and Trust Company (herein referred to as the "Calculation Agent", which term includes any successor thereto), and shall equal the arithmetic average (mean) of the Yearly Values, as defined below, for 1998, 1999 and 2000. The Yearly Value for any year shall be calculated during the "Calculation Period" for such year which shall be from and including January \_\_ in 1998, January \_\_ in 1999 and January \_\_ in 2000 to and including the fifth scheduled Business Day after each such date. The "Yearly Value" for each year shall equal the arithmetic average (mean) of the closing values of the Index on the first Business Day in the applicable Calculation Period (provided that a Market Disruption Event, as defined below, shall not have occurred on such day) and on each succeeding Business Day (provided that a Market Disruption Event shall not have occurred on the applicable day) up to and including the last Business Day in the applicable Calculation Period (each, a "Calculation Date") until the Calculation Agent has so determined such closing values for five Business Days. If a Market Disruption Event occurs on two or more of the Business Days during a Calculation Period, the Yearly Value for the relevant year shall equal the average of the values on Business Days on which a Market Disruption Event did not occur during such Calculation Period or, if there is only one such Business Day, the value on such day. If a Market Disruption Event occurs on all of such Business Days during a Calculation Period, the Yearly Value for the relevant year shall equal the closing value of the Index on the last Business Day of the Calculation Period regardless of whether a Market Disruption Event shall have occurred on such day. A Yearly Value may be

restated as specified herein if the Substitution Event (as defined herein) occurs after the determination of such Yearly Value.

For purposes of determining the Final Average Value, a "Business Day" is a day on which the Relevant Stock Exchange is open for trading. "Relevant Stock Exchange" means the AMEX or, if a New Japan Index has been substituted for the Japan Index, the U.S. Stock Exchange that publishes such New Japan Index.

All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, absent a determination by the Calculation Agent of a manifest error, shall be conclusive for all purposes and binding on the Company and the Holders of the Notes.

#### ADJUSTMENTS TO THE INDEX; MARKET DISRUPTION EVENT

If at any time the method of calculating the Index, or the value thereof, is changed in a material respect, or if the Index is in any other way modified so that such Index does not, in the opinion of the Calculation Agent, fairly represent the value of the Index had such changes or modifications not been made, then, from and after such time, the Calculation Agent shall, at the close of business in New York, New York, on each date that the closing value with respect to the Final Average Value is to be calculated, make such adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a calculation of a value of a stock index comparable to the Index as if such changes or modifications had not been made, and calculate such closing value with reference to the Index, as adjusted. Accordingly, if the method of calculating the Index is modified so that the value of such Index is a fraction or a multiple of what it would have been if it had not been modified (e.g., due to a split in the Index), then the Calculation Agent shall adjust such Index in order to arrive at a value of the Index as if it had not been modified (e.g., as if such split had not occurred).

"Market Disruption Event" means the occurrence or existence of either of the following events on a Business Day during a Calculation Period during the one-half hour period preceding the close of trading on the Relevant Stock Exchange, as determined by the Calculation Agent:

(i) a suspension or absence of trading on the Tokyo Stock Exchange (the "TSE") of 20% or more of the underlying stocks which then comprise the Index or a Successor Index (as defined herein); or

(ii) the suspension or material limitation on the Singapore International Monetary Exchange Ltd. (the "SIMEX"), Osaka Securities Exchange (the "OSE") or the Relevant Stock Exchange or

any other major securities market of trading in futures or options contracts related to the Index.

For purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, (2) a decision to permanently discontinue trading in the relevant contract will not constitute a Market Disruption Event, (3) a suspension of trading in a futures or options contract on the Index by the Relevant Stock Exchange or other major securities market by reason of (x) a price change exceeding limits set by the Relevant Stock Exchange

or such securities market, (y) an imbalance of orders relating to such contracts or (z) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or material limitation of trading in futures or options contracts related to the Index and (4) an "absence of trading" on the SIMEX, OSE, the Relevant Stock Exchange or a major securities market on which futures or options contracts related to the Index are traded will not include any time when the SIMEX, OSE, the Relevant Stock Exchange or such securities market, as the case may be, itself is closed for trading under ordinary circumstances.

#### SUBSTITUTION OF THE INDEX

In the event that conditions described below are fulfilled (the occurrence of all such conditions being referred to herein as a "Substitution Event"), a New Japan Index shall be substituted for the Japan Index.

From and after such time, the Index used to determine the Supplemental Redemption Amount with respect to the Notes shall be such New Japan Index. Upon the substitution of the New Japan Index for the Japan Index, the Company shall cause notice thereof to be given to the Holders of the Notes. Such notice shall also state that, for purposes of calculating the Supplemental Redemption Amount, an adjusted Initial Value shall be substituted for the original Initial Value. Such adjusted Initial Value shall be calculated as follows:

$$\frac{\text{Initial Value of Japan Index} \times \text{current value of New Japan Index}}{\text{current value of Japan Index}}$$

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where the current values of the Japan Index and of the New Japan Index will equal their respective levels reported by the relevant exchange at the close of business on the day that the Calculation Agent substitutes the New Japan Index for the Japan Index. If the Substitution Event occurs after the determination of a Yearly Value, any such Yearly Value shall be restated in terms of the New Japan Index pursuant to the following formula:

$$\frac{\text{Yearly Value prior to restatement} \times \text{adjusted Initial Value}}{\text{original Initial Value}}$$

The Supplemental Redemption Amount will then be calculated using such restated Yearly Value.

A "Substitution Event" will have occurred if, as determined by the Calculation Agent (whose opinion shall be conclusive and binding on the Company and on the Holders of the Notes), the following conditions are fulfilled:

(a) Futures contracts on the Nikkei 300 Index, calculated, published and disseminated by Nihon Keizai Shimbun, Inc., and referred to as the Nikkei 300 Index (the "Nikkei 300 Index") shall be introduced and publicly traded on an exchange in Japan (any such Futures contract being referred to herein as a "Nikkei 300 Futures Contract"); and

(b) The AMEX or another United States securities exchange publishes (on a basis not less regularly than each day on which such exchange and the TSE are open for trading) an index (the "New Japan Index") which:

(i) for a period of 90 days immediately preceding the date of the Substitution Event has a correlation based on daily, closing value to closing value, percentage changes of not less than 90% with the Nikkei 300 Index; and

(ii) an option, warrant or other security which has payments determined by reference to the New Japan Index has been approved to be listed on a national securities exchange by the Securities and Exchange Commission; and

(c) Either of the following has occurred:

(i) the Nikkei 225 Index published by Nihon Keizai Shimbun, Inc. (the "Nikkei 225 Index") is no longer published and/or the futures contracts on such index (the "Nikkei 225 Futures Contracts") have been delisted from trading on the OSE; or

(ii) the Nikkei 300 Futures Contracts publicly traded on exchanges in Japan have (A) greater average daily volume and (B) greater average daily open

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interest than the Nikkei 225 Futures Contracts which trade on the OSE, each for any three-month period prior to the date of the Substitution Event, commencing on a futures expiration date on the OSE and ending on the following futures expiration date; and

(d) To the extent required, the Company shall have obtained any license necessary to use the New Japan Index as described herein. The Company agrees to use its reasonable efforts to obtain any such license.

Notwithstanding the above, unless the Nikkei 225 Index is no longer published and/or the Nikkei 225 Futures Contracts shall have been delisted from trading on the OSE, a Substitution Event will not be deemed to have occurred on any of the 180 days next preceding the maturity date of the Notes.

#### DISCONTINUANCE OF THE INDEX

If the AMEX discontinues publication of the Japan Index (or, if a New Japan

Index has been substituted for the Japan Index, publication of the New Japan Index has been discontinued) and the AMEX or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to such Index (any such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Company, the Calculation Agent shall substitute the Successor Index as calculated by the AMEX or such other entity for the Japan Index or the New Japan Index, as the case may be, and calculate the Final Average Value as described in the second paragraph of the section entitled "Supplemental Redemption Amount" above. Upon any selection by the Calculation Agent of a Successor Index, the Company shall cause notice thereof to be given to the Holders of the Notes.

If the AMEX discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index, publication of the New Japan Index has been discontinued) and a Successor Index is not selected by the Calculation Agent or is no longer published on any of the Calculation Dates, the value to be substituted for the Index for any such Calculation Date used to calculate the Supplemental Redemption Amount at maturity will be a value computed by the Calculation Agent for each Calculation Date in accordance with the procedures last used to calculate the Index prior to any such discontinuance. If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the Index as described below, such Successor Index or value shall be substituted for the Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If the AMEX discontinues publication of the Japan Index (or, if a New Japan Index has been substituted for the Japan Index,

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publication of the New Japan Index has been discontinued) prior to the period during which the Supplemental Redemption Amount is to be determined and the Calculation Agent determines that no Successor Index is available at such time, then on each Business Day until the earlier to occur of (i) the determination of the Final Average Value and (ii) a determination by the Calculation Agent that a Successor Index is available, the Calculation Agent shall determine the value that would be used in computing the Supplemental Redemption Amount as if such day were a Calculation Date. The Calculation Agent shall cause notice of each such value to be published not less often than once each month in the Wall Street Journal (or another newspaper of general circulation), and arrange for information with respect to such values to be made by telephone.

#### GENERAL

This Note is one of a duly authorized issue of Securities of the Company, issued and to be issued under an Indenture, dated as of April 1, 1983, as amended and restated (herein referred to as the "Indenture"), between the Company and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), Trustee (herein referred to as 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 applicable 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 Stated Maturity.

Upon the occurrence of an Event of Default with respect to the Notes, Holders of the Notes may accelerate the maturity of the Notes as follows: the amount payable to a Holder of a Security upon any acceleration permitted by the Notes, with respect to each \$1,000 principal amount thereof, will be equal to: (i) \$1,000, plus (ii) an additional amount of contingent interest calculated as though the date of early repayment were the maturity date of the Securities. The Calculation Period used to calculate the final Yearly Value of the Notes so accelerated will begin on the eighth scheduled Business Day next preceding the scheduled date for such early redemption. If such final Yearly Value is the only Yearly Value which shall have been calculated with respect to the Notes, such final Yearly Value will be the Final Average Value. If one

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or two other Yearly Values shall have been calculated with respect to the Notes for prior years when the Notes shall have been outstanding, the average (mean) of the final Yearly Value and such one other Yearly Value or such two other Yearly Values, as the case may be, will be the Final Average Value. The Minimum Supplemental Redemption Amount with respect to any such early redemption date will be an amount equal to the interest which would have accrued on the Securities from and including the date of original issuance to but excluding the date of early redemption at an annualized rate of \_\_\_%, calculated on a semi-annual bond equivalent basis.

In case of default in payment at the maturity date of the Notes (whether at their stated maturity or upon acceleration), from and after the maturity date the Securities shall bear interest, payable upon demand of the beneficial owners thereof, at the rate of 5.5% per annum (to the extent that payment of such interest shall be legally enforceable) on the unpaid amount due and payable on such date in accordance with the terms of the Notes to the date payment of such amount has been made or duly provided for. Interest on any overdue Principal Amount or Supplemental Redemption Amount, as the case may be, shall be payable on demand.

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 Notes 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.

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 Principal Amount plus the Supplemental Redemption Amount with respect to this Note and any interest on the overdue amount thereof at the time, place, and rate, and in the coin or currency, herein prescribed.

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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 by his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$1,000 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) any Depository is at any time unwilling or unable to continue as Depository and a successor depository is not appointed by the Company within 60 days, (y) the Company executes and delivers to the Trustee a Company Order to the effect that 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 \$1,000 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.

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

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its successor thereunder, by the manual signature of one of its authorized officers, this Note shall not be entitled to any benefits 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:

CERTIFICATE OF AUTHENTICATION  
This is one of the Securities of  
the series designate therein referred  
to in the within-mentioned Indenture.

Merrill Lynch & Co., Inc.  
[Copy of Seal]

Chemical Bank, as Trustee

By:  
Treasurer

By:  
Authorized Officer

Attest:  
Secretary

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