

SERIES ADJUSTMENTS - 040
ONN INFORMATION CIRCULAR # 346
July 17, 2002

Biotech HOLDRs Trust (BBH)
Stock Distribution
Ex-Distribution Date: 7/17/2002

Due to the merger of Immunex Corporation (IMNX), a component of the Biotech HOLDRSSM Trust (BBH), with and into Amgen, Incorporated (AMGN), BBH has declared a distribution of the cash portion of the merger consideration to its shareholders. A distribution of \$1.85295 per each BBH share held will be made to shareholders of record 7/19/02. The ex-distribution date is Wednesday, July 17, 2002.

Contract Adjustments:

Pursuant to the by-laws of The Options Clearing Corporation ("OCC"), all Biotech HOLDRs Trust options will be **adjusted as follows:**

Adjustment Date:	Effective with exercises of Wednesday, July 17, 2002 and thereafter.
ISE Underlying Symbol(s):	BBH becomes EIH
OPRA Option Symbol(s):	BBH/GBZ/KBB/KOV/XBB become EIH/EVH/EIE/EVK/EIL
No. of Contracts:	Unchanged
Multiplier:	100 (e.g., Premium of 1.00 = \$100)
New Deliverable/Contract:	1). 100 Shares of Biotech HOLDRs Trust 2). \$185.30 Cash

GTC Order Cancellation:

On Tuesday, July 16, 2002, immediately after the ISE close, all resting orders in the BBH order book will be cancelled.

Unadjusted New Shares:

New BBH series with a contract unit of 100 shares will be introduced on Thursday July 18, 2002. Strike prices and expiration months will be announced on a separate release.

Questions regarding this release may be directed to Iris Rodriguez at (212) 897-0264.