

SERIES ADJUSTMENTS - 2002-45 ONN INFORMATION CIRCULAR # 354 August 5, 2002

Market 2000 + HOLDRs (MKH)

Stock Distribution

Ex-Distribution Date: 8/6/2002

Effective at the opening of business July 30, 2002, WorldCom Inc.-WorldCom Group Tracking Stock (WCOEQ) and WorldCom Inc.-MCI Group CommonStock (MCWEQ), components of the Market 2000 HOLDRS Trust (MKH) were delisted from trading on the Nasdaq. A distribution of 0.05 WCOEQ shares and 0.002 MCWEQ share per each MKH share held will be made to shareholders of record 8/8/02 The Ex-distribution date is **Tuesday August 6, 2002.**

Contract Adjustments:

Pursuant to the by-laws of The Options Clearing Corporation ("OCC"), all Market 2000 + HOLDRs options will be adjusted as follows:

Adjustment Date: Effective with exercises of Tuesday, August 6, 2002 and thereafter.

ISE Underlying Symbol(s): MKH becomes RKS OPRA Option Symbol(s): MKH becomes RKS

No. of Contracts: Unchanged

Multiplier: 100 (e.g., Premium of 1.00 = \$100)

New Deliverable/Contract: 1). 100 Shares MKH

2). 5 Shares of WCOEQ

3). Cash in lieu of .20 fractional shares of MCWEQ

GTC Order Cancellation:

On Monday, August 5, 2002, immediately after the ISE close, all resting orders in the MKH order book will be cancelled.

Unadjusted New Shares:

New MKH series with a contract unit of 100 shares will be introduced on Wednesday, August 7, 2002. Strike prices and expiration months will be announced on a separate release.

Adjusted Exercise Prices:

On Tuesday, August 6, 2002, the ex-distribution date, trading in MKH series will be on an adjusted basis. The strike price adjustments listed below are expected based on the current outstanding series. Any additional MKH series added prior to the ex-date will also be adjusted in the manner outlined below.

Market 2000 + HOLDRs (MKH)

(Before 8/6/2002)

(100 shrs MKH)

Market 2000 + HOLDRs (RKS)

(Beginning 8/6/2002)

(See New Deliverable Above)

ISE Series	<u>OPRA</u>	<u>Month</u>	<u>Strike</u>	Calls/Puts	ISE Series	<u>OPRA</u>	<u>Month</u>	<u>Strike</u>	Calls/Puts
MKH2AUG35.0C/P MKH2AUG40.0C/P MKH2AUG45.0C/P MKH2AUG50.0C/P MKH2AUG55.0C/P	MKH MKH MKH MKH MKH	AUG AUG AUG AUG AUG	35 40 45 50 55	HG/TG HH/TH HI/TI HJ/TJ HK/TK	RKS2AUG35.0CX/PX RKS2AUG40.0CX/PX RKS2AUG45.0CX/PX RKS2AUG50.0CX/PX RKS2AUG55.0CX/PX	RKS RKS RKS RKS RKS	AUG AUG AUG AUG AUG	35 40 45 50 55	HG/TG HH/TH HI/TI HJ/TJ HK/TK
MKH2SEP35.0C/P	MKH	SEP	35	IG/UG	RKS2SEP35.0CX/PX	RKS	SEP	35	IG/UG

Market 2000 + HOLDRs (MKH) (Before 8/6/2002) (100 shrs MKH)

Market 2000 + HOLDRs (RKS) (Beginning 8/6/2002) (See New Deliverable Above)

ISE Series	OPRA	Month	<u>Strike</u>	Calls/Puts	ISE Series	OPRA	Month	<u>Strike</u>	Calls/Puts
MKH2SEP40.0C/P	MKH	SEP	40	IH/UH	RKS2SEP40.0CX/PX	RKS	SEP	40	IH/UH
MKH2SEP45.0C/P	MKH	SEP	45	II/UI	RKS2SEP45.0CX/PX	RKS	SEP	45	II/UI
MKH2SEP50.0C/P	MKH	SEP	50	IJ/UJ	RKS2SEP50.0CX/PX	RKS	SEP	50	IJ/UJ
MKH2OCT35.0C/P MKH2OCT40.0C/P MKH2OCT45.0C/P MKH2OCT50.0C/P MKH2OCT55.0C/P MKH2OCT60.0C/P MKH2OCT65.0C/P	MKH MKH MKH MKH MKH MKH MKH	OCT OCT OCT OCT OCT OCT	35 40 45 50 55 60 65	JG/VG JH/VH JI/VI JK/VK JL/VL JM/VM	RKS2OCT35.0CX/PX RKS2OCT40.0CX/PX RKS2OCT45.0CX/PX RKS2OCT50.0CX/PX RKS2OCT55.0CX/PX RKS2OCT60.0CX/PX RKS2OCT65.0CX/PX	RKS RKS RKS RKS RKS RKS RKS	OCT OCT OCT OCT OCT OCT OCT	35 40 45 50 55 60	JE/VL JL/VL JJ/VJ JM/VH JM/VM
MKH3JAN35.0C/P	MKH	JAN	35	AG/MG	RKS3JAN35.0CX/PX	RKS	JAN	35	AG/MG
MKH3JAN40.0C/P	MKH	JAN	40	AH/MH	RKS3JAN40.0CX/PX	RKS	JAN	40	AH/MH
MKH3JAN45.0C/P	MKH	JAN	45	AI/MI	RKS3JAN45.0CX/PX	RKS	JAN	45	AI/MI
MKH3JAN50.0C/P	MKH	JAN	50	AJ/MJ	RKS3JAN50.0CX/PX	RKS	JAN	50	AJ/MJ
MKH3JAN55.0C/P	MKH	JAN	55	AK/MK	RKS3JAN55.0CX/PX	RKS	JAN	55	AK/MK
MKH3JAN60.0C/P	MKH	JAN	60	AL/ML	RKS3JAN60.0CX/PX	RKS	JAN	60	AL/ML

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