



INTERNATIONAL SECURITIES EXCHANGE

SERIES ADJUSTMENTS - 2005-003
ONN INFORMATION CIRCULAR # 826
January 12, 2005

Software HOLDRs (SWH)
Stock Distribution
Ex-Distribution Date: 1/13/2005

On January 10, 2005, PeopleSoft Inc.(PSFT),a component of theSoftware HOLDRs Trust (SWH), merged with Oracle Corp., and each PSI share was converted to \$26.50 cash. As a result, the Peoplesoft, Inc. common shares component of Software HOLDRs Trust (SWH) will be distributed to SWH Shareholders. The distribution ratio is \$212.00 for 100 share round lot of SWH HOLDRs(\$26.50 X 8 = \$212.00). The record date is January 18, 2005. The mail date is to be determined. The ex distribution date as set by The American Stock Exchange is **Thursday, January 13, 2005.**

Contract Adjustments

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

Adjustment Date: Effective with exercises of Thursday, January 13, 2005 and thereafter
ISE Underlying Symbol(s): SWH becomes HZV
OPRA Option Symbol(s): SWH becomes HZV
No. of Contracts: Unchanged
Multiplier: 100 (e.g., Premium of 1.00 = \$100)
New Deliverable/Contract: **1) 100 Shares of Software HOLDRs Trust (SWH)**
2) \$212.00 Cash

GTC Order Cancellation

On Wednesday, January 12, 2005, immediately after the ISE close, all resting orders in the SWH order book will be cancelled

Unadjusted New Shares:

New SWH series with a contract unit of 100 shares will be introduced on Friday, January 14, 2005. Strike prices and expiration months will be announced on a separate release.

Adjusted Exercise Prices

On Thursday, January 13, 2005, the ex-distribution date, trading in SWH series will be on an adjusted basis. The strike price adjustments listed below are expected based on the current outstanding series. Any additional SWH series added prior to the ex-date will also be adjusted in the manner outlined below

ISE Series	Software HOLDRs (SWH) (Before 1/13/2005) (100 shrs SWH)				ISE Series	Software HOLDRs (HZV) (Beginning 1/13/2005) (See New Deliverable Above)			
	OPRA	Month	Strike	Calls/Puts		OPRA	Month	Strike	Calls/Puts
SWH5JAN30.0C/P	SWH	JAN	30	AF/MF	HZV5JAN30.0CX/PX	HZV	JAN	30	AF/MF
SWH5JAN32.5C/P	SWH	JAN	32 1/2	AZ/MZ	HZV5JAN32.5CX/PX	HZV	JAN	32 1/2	AZ/MZ
SWH5JAN35.0C/P	SWH	JAN	35	AG/MG	HZV5JAN35.0CX/PX	HZV	JAN	35	BG/NG
SWH5JAN37.5C/P	SWH	JAN	37 1/2	AU/MU	HZV5JAN37.5CX/PX	HZV	JAN	37 1/2	AU/MU
SWH5JAN40.0C/P	SWH	JAN	40	AH/MH	HZV5JAN40.0CX/PX	HZV	JAN	40	AH/MH
SWH5JAN42.5C/P	SWH	JAN	42 1/2	AV/MV	HZV5JAN42.5CX/PX	HZV	JAN	42 1/2	AV/MV
SWH5JAN45.0C/P	SWH	JAN	45	AI/MI	HZV5JAN45.0CX/PX	HZV	JAN	45	AI/MI

Software HOLDRs (SWH)
(Before 1/13/2005)
(100 shrs SWH)

Software HOLDRs (HZV)
(Beginning 1/13/2005)
(See New Deliverable Above)

<u>ISE Series</u>	<u>OPRA</u>	<u>Month</u>	<u>Strike</u>	<u>Calls/Puts</u>	<u>ISE Series</u>	<u>OPRA</u>	<u>Month</u>	<u>Strike</u>	<u>Calls/Puts</u>
SWH5FEB26.6CX/PX	SWH	FEB	26 5/8	BA/NA	HZV5FEB26.6CY/PY	HZV	FEB	26 5/8	BA/NA
SWH5FEB29.1CX/PX	SWH	FEB	29 1/8	BB/NB	HZV5FEB29.1CY/PY	HZV	FEB	29 1/8	BB/NB
SWH5FEB30.0C/P	SWH	FEB	30	BF/NF	HZV5FEB30.0CX/PX	HZV	FEB	30	BF/NF
SWH5FEB31.6CX/PX	SWH	FEB	31 5/8	BO/NO	HZV5FEB31.6CY/PY	HZV	FEB	31 5/8	BO/NO
SWH5FEB32.5C/P	SWH	FEB	32 1/2	BZ/NZ	HZV5FEB32.5CX/PX	HZV	FEB	32 1/2	BZ/NZ
SWH5FEB34.1CX/PX	SWH	FEB	34 1/8	BP/NP	HZV5FEB34.1CY/PY	HZV	FEB	34 1/8	BP/NP
SWH5FEB35.0C/P	SWH	FEB	35	BG/NG	HZV5FEB35.0CX/PX	HZV	FEB	35	BG/NG
SWH5FEB36.6CX/PX	SWH	FEB	36 5/8	BQ/NQ	HZV5FEB36.6CY/PY	HZV	FEB	36 5/8	BQ/NQ
SWH5FEB37.5C/P	SWH	FEB	37 1/2	BU/NU	HZV5FEB37.5CX/PX	HZV	FEB	37 1/2	BU/NU
SWH5FEB39.1CX/PX	SWH	FEB	39 1/8	BR/NR	HZV5FEB39.1CY/PY	HZV	FEB	39 1/8	BR/NR
SWH5FEB40.0C/P	SWH	FEB	40	BH/NH	HZV5FEB40.0CX/PX	HZV	FEB	40	BH/NH
SWH5FEB41.6CX/PX	SWH	FEB	41 5/8	BS/NS	HZV5FEB41.6CY/PY	HZV	FEB	41 5/8	BS/NS
SWH5FEB44.1CX/PX	SWH	FEB	44 1/8	BT/NT	HZV5FEB44.1CY/PY	HZV	FEB	44 1/8	BT/NT
SWH5MAY29.1CX/PX	SWH	MAY	29 1/8	EB/QB	HZV5MAY29.1CY/PY	HZV	MAY	29 1/8	EB/QB
SWH5MAY30.0C/P	SWH	MAY	30	EF/QF	HZV5MAY30.0CX/PX	HZV	MAY	30	EF/QF
SWH5MAY31.6CX/PX	SWH	MAY	31 5/8	EO/QO	HZV5MAY31.6CY/PY	HZV	MAY	31 5/8	EO/QO
SWH5MAY32.5C/P	SWH	MAY	32 1/2	EZ/QZ	HZV5MAY32.5CX/PX	HZV	MAY	32 1/2	EZ/QZ
SWH5MAY34.1CX/PX	SWH	MAY	34 1/8	EP/QP	HZV5MAY34.1CY/PY	HZV	MAY	34 1/8	EP/QP
SWH5MAY35.0C/P	SWH	MAY	35	EG/QG	HZV5MAY35.0CX/PX	HZV	MAY	35	EG/QG
SWH5MAY36.6CX/PX	SWH	MAY	36 5/8	EQ/QQ	HZV5MAY36.6CY/PY	HZV	MAY	36 5/8	EQ/QQ
SWH5MAY37.5C/P	SWH	MAY	37 1/2	EU/QU	HZV5MAY37.5CX/PX	HZV	MAY	37 1/2	EU/QU
SWH5MAY39.1CX/PX	SWH	MAY	39 1/8	ER/QR	HZV5MAY39.1CY/PY	HZV	MAY	39 1/8	ER/QR
SWH5MAY41.6CX/PX	SWH	MAY	41 5/8	ES/QS	HZV5MAY41.6CY/PY	HZV	MAY	41 5/8	ES/QS
SWH5MAY44.1CX/PX	SWH	MAY	44 1/8	ET/QT	HZV5MAY44.1CY/PY	HZV	MAY	44 1/8	ET/QT
SWH5AUG35.0C/P	SWH	AUG	35	HG/TG	HZV5AUG35.0CX/PX	HZV	AUG	35	HG/TG
SWH5AUG37.5C/P	SWH	AUG	37 1/2	HU/TU	HZV5AUG37.5CX/PX	HZV	AUG	37 1/2	HU/TU
SWH5AUG40.0C/P	SWH	AUG	40	HH/TH	HZV5AUG40.0CX/PX	HZV	AUG	40	HH/TH
SWH5AUG42.5C/P	SWH	AUG	42 1/2	HV/TV	HZV5AUG42.5CX/PX	HZV	AUG	42 1/2	HV/TV
SWH5AUG45.0C/P	SWH	AUG	45	HI/TI	HZV5AUG45.0CX/PX	HZV	AUG	45	HI/TI

Questions regarding this release may be directed to Iris Rodriguez at (212) 897-026