

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
 From: Market Watch
 Date: December 28, 2007
 Re: **Regional Bank HOLDRs Trust (RKH) - Stock Distribution**

Regional Bank HOLDRs Trust (RKH) has declared a distribution of Common Stock of Total System Services, Inc. (TSS) to RKH shareholders of record, January 4, 2008. Distribution will be Wednesday, January 9, 2008. **The AMEX has set the ex-distribution date as January 2, 2008.** The distribution will be .03872 shares of Total System Services, Inc. per share of Regional Bank HOLDRs Trust.

Accordingly, pursuant to OCC By-Laws, all RKH options on the ex-distribution date must be adjusted as follows:

Adjustment Date: **Effective Wednesday, January 2, 2008.**
 Symbol(s): **RKH/OSF/WJF becomes BXJ/VWJ/WVZ**
 Strike Price: Unchanged
 Multiplier: 100 (e.g., Premium of 1.00 = \$100)
 New Deliverable: **1) 100 Shares of Regional Bank HOLDRs Trust (RKH)
 2) 3 Shares of Total System Services, Inc. (TSS)
 3) Cash in lieu of 0.872 fractional TSS shares**

FOR PREVIOUSLY ADJUSTED NZP/ONL/LMG OPTIONS

**1) 100 Shares of Regional Bank HOLDRs Trust (RKH)
 2) 2 Shares of Metavante Technologies Inc. (MV)
 3) 3 Shares of Total System Services, Inc. (TSS)
 4) Cash in lieu of 0.872 fractional TSS shares**

GOOD-TILL-CANCELLED (GTC) ORDERS

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution or effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Regional Bank HOLDRs Trust (RKH) (Before 1/2/2008) (100 shrs RKH)					Regional Bank HOLDRs Trust (BXJ) (Beginning 1/2/2008) (See new deliverable above)				
			Calls	Puts			Calls	Puts	
RKH	JAN	100	AT	MT	BXJ	JAN	100	AT	MT
RKH	JAN	105	AA	MA	BXJ	JAN	105	AA	MA
RKH	JAN	110	AB	MB	BXJ	JAN	110	AB	MB
RKH	JAN	115	AC	MC	BXJ	JAN	115	AC	MC
RKH	JAN	120	AD	MD	BXJ	JAN	120	AD	MD
RKH	JAN	125	AE	ME	BXJ	JAN	125	AE	ME
RKH	JAN	130	AF	MF	BXJ	JAN	130	AF	MF
RKH	JAN	135	AG	MG	BXJ	JAN	135	AG	MG
RKH	JAN	140	AH	MH	BXJ	JAN	140	AH	MH
RKH	JAN	145	AI	MI	BXJ	JAN	145	AI	MI
RKH	JAN	150	AJ	MJ	BXJ	JAN	150	AJ	MJ
RKH	JAN	155	AK	MK	BXJ	JAN	155	AK	MK
RKH	JAN	160	AL	ML	BXJ	JAN	160	AL	ML
RKH	JAN	165	AM	MM	BXJ	JAN	165	AM	MM
RKH	FEB	100	BT	NT	BXJ	FEB	100	BT	NT
RKH	FEB	105	BA	NA	BXJ	FEB	105	BA	NA
RKH	FEB	110	BB	NB	BXJ	FEB	110	BB	NB

RKH	FEB	115	BC	NC	BXJ	FEB	115	BC	NC
RKH	FEB	120	BD	ND	BXJ	FEB	120	BD	ND
RKH	FEB	125	BE	NE	BXJ	FEB	125	BE	NE
RKH	FEB	130	BF	NF	BXJ	FEB	130	BF	NF
RKH	FEB	135	BG	NG	BXJ	FEB	135	BG	NG
RKH	FEB	140	BH	NH	BXJ	FEB	140	BH	NH
RKH	FEB	145	BI	NI	BXJ	FEB	145	BI	NI
RKH	FEB	150	BJ	NJ	BXJ	FEB	150	BJ	NJ
RKH	FEB	155	BK	NK	BXJ	FEB	155	BK	NK
RKH	FEB	160	BL	NL	BXJ	FEB	160	BL	NL
RKH	MAY	95	ES	QS	BXJ	MAY	95	ES	QS
RKH	MAY	100	ET	QT	BXJ	MAY	100	ET	QT
RKH	MAY	105	EA	QA	BXJ	MAY	105	EA	QA
RKH	MAY	110	EB	QB	BXJ	MAY	110	EB	QB
RKH	MAY	115	EC	QC	BXJ	MAY	115	EC	QC
RKH	MAY	120	ED	QD	BXJ	MAY	120	ED	QD
RKH	MAY	125	EE	QE	BXJ	MAY	125	EE	QE
RKH	MAY	130	EF	QF	BXJ	MAY	130	EF	QF
RKH	MAY	135	EG	QG	BXJ	MAY	135	EG	QG
RKH	MAY	140	EH	QH	BXJ	MAY	140	EH	QH
RKH	MAY	145	EI	QI	BXJ	MAY	145	EI	QI
RKH	MAY	150	EJ	QJ	BXJ	MAY	150	EJ	QJ
RKH	MAY	155	EK	QK	BXJ	MAY	155	EK	QK
RKH	MAY	160	EL	QL	BXJ	MAY	160	EL	QL
RKH	MAY	165	EM	QM	BXJ	MAY	165	EM	QM
RKH	MAY	170	EN	QN	BXJ	MAY	170	EN	QN
RKH	MAY	175	EO	QO	BXJ	MAY	175	EO	QO
RKH	MAY	180	EP	QP	BXJ	MAY	180	EP	QP
RKH	AUG	120	HD	TD	BXJ	AUG	120	HD	TD
RKH	AUG	125	HE	TE	BXJ	AUG	125	HE	TE
RKH	AUG	130	HF	TF	BXJ	AUG	130	HF	TF
RKH	AUG	135	HG	TG	BXJ	AUG	135	HG	TG
RKH	AUG	140	HH	TH	BXJ	AUG	140	HH	TH

Regional Bank HOLDRs Trust - 2009 Leap (OSF)
(Before 1/2/2008)
(100 shrs RKH)

			Calls	Put
OSF	JAN	95	AS	MS
OSF	JAN	100	AT	MT
OSF	JAN	105	AA	MA
OSF	JAN	110	AB	MB
OSF	JAN	115	AC	MC
OSF	JAN	120	AD	MD
OSF	JAN	125	AE	ME
OSF	JAN	130	AF	MF
OSF	JAN	135	AG	MG
OSF	JAN	140	AH	MH
OSF	JAN	145	AI	MI
OSF	JAN	150	AJ	MJ
OSF	JAN	155	AK	MK
OSF	JAN	160	AL	ML
OSF	JAN	165	AM	MM
OSF	JAN	170	AN	MN
OSF	JAN	175	AO	MO
OSF	JAN	180	AP	MP
OSF	JAN	185	AQ	MQ

Regional Bank HOLDRs Trust - 2009 Leap (VWJ)
(Beginning 1/2/2008)
(See new deliverable above)

			Calls	Put
VWJ	JAN	95	AS	MS
VWJ	JAN	100	AT	MT
VWJ	JAN	105	AA	MA
VWJ	JAN	110	AB	MB
VWJ	JAN	115	AC	MC
VWJ	JAN	120	AD	MD
VWJ	JAN	125	AE	ME
VWJ	JAN	130	AF	MF
VWJ	JAN	135	AG	MG
VWJ	JAN	140	AH	MH
VWJ	JAN	145	AI	MI
VWJ	JAN	150	AJ	MJ
VWJ	JAN	155	AK	MK
VWJ	JAN	160	AL	ML
VWJ	JAN	165	AM	MM
VWJ	JAN	170	AN	MN
VWJ	JAN	175	AO	MO
VWJ	JAN	180	AP	MP
VWJ	JAN	185	AQ	MQ

Regional Bank HOLDRs Trust - 2010 Leap (WJF)
 (Before 1/2/2008)
 (100 shrs RKH)

			Calls	Put
WJF	JAN	90	AR	MR
WJF	JAN	100	AT	MT
WJF	JAN	110	AB	MB
WJF	JAN	120	AD	MD
WJF	JAN	125	AE	ME
WJF	JAN	130	AF	MF
WJF	JAN	135	AG	MG
WJF	JAN	140	AH	MH
WJF	JAN	145	AI	MI
WJF	JAN	150	AJ	MJ
WJF	JAN	155	AK	MK
WJF	JAN	160	AL	ML
WJF	JAN	170	AN	MN
WJF	JAN	180	AP	MP

Regional Bank HOLDRs Trust - 2010 Leap (WVZ)
 (Beginning 1/2/2008)
 (See new deliverable above)

			Calls	Put
WVZ	JAN	90	AR	MR
WVZ	JAN	100	AT	MT
WVZ	JAN	110	AB	MB
WVZ	JAN	120	AD	MD
WVZ	JAN	125	AE	ME
WVZ	JAN	130	AF	MF
WVZ	JAN	135	AG	MG
WVZ	JAN	140	AH	MH
WVZ	JAN	145	AI	MI
WVZ	JAN	150	AJ	MJ
WVZ	JAN	155	AK	MK
WVZ	JAN	160	AL	ML
WVZ	JAN	170	AN	MN
WVZ	JAN	180	AP	MP

Any additional RKH series that are added prior to the ex-date will also be adjusted in the manner described above.

The new RKH option contracts representing 100 shares of RKH, will be admitted to trading on Thursday, January 3, 2008. Strike prices and expiration months will be announced on a separate release prior to that date.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.