

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
 From: Market Watch
 Date: June 8, 2007
 Re: **Software HOLDRs (SWH) - Special Cash Dividend**

Software HOLDRs (SWH) has declared a special cash dividend of \$0.30 payable to share holders of record on Friday, June 15, 2007. Distribution date for the special cash dividend will be Thursday, July 5, 2007. **Ex-distribution date for the special cash dividend will be Wednesday, June 13, 2007.**

Adjustment Date: **Effective Wednesday, June 13, 2007.**
 Symbol(s): **SWH becomes EHW**
 Strike Price: Unchanged
 Position/Exercise Limits: Unchanged
 Multiplier: 100 (e.g., Premium of 1.00 = \$100)
 New Deliverable: **1) 100 shares of Software HOLDRs (SWH)**
2) \$30.00 cash (\$0.30 x 100)

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.

The resulting list of adjusted strike prices and symbols is as follows:

Software HOLDRs (SWH) (Before 6/13/2007) (100 shrs SWH)					Software HOLDRs (EHW) (Beginning 6/13/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
SWH	JUN	30	FF	RF	EHW	JUN	30	FF	RF
SWH	JUN	35	FG	RG	EHW	JUN	35	FG	RG
SWH	JUN	40	FH	RH	EHW	JUN	40	FH	RH
SWH	JUN	45	FI	RI	EHW	JUN	45	FI	RI
SWH	JUN	50	FJ	RJ	EHW	JUN	50	FJ	RJ
SWH	JUL	30	GF	SF	EHW	JUL	30	GF	SF
SWH	JUL	35	GG	SG	EHW	JUL	35	GG	SG
SWH	JUL	40	GH	SH	EHW	JUL	40	GH	SH
SWH	JUL	45	GI	SI	EHW	JUL	45	GI	SI
SWH	JUL	50	GJ	SJ	EHW	JUL	50	GJ	SJ
SWH	AUG	35	HG	TG	EHW	AUG	35	HG	TG
SWH	AUG	37 1/2	HU	TU	EHW	AUG	37 1/2	HU	TU
SWH	AUG	40	HH	TH	EHW	AUG	40	HH	TH
SWH	AUG	42 1/2	HV	TV	EHW	AUG	42 1/2	HV	TV
SWH	AUG	45	HI	TI	EHW	AUG	45	HI	TI
SWH	NOV	32 1/2	KZ	WZ	EHW	NOV	32 1/2	KZ	WZ
SWH	NOV	35	KG	WG	EHW	NOV	35	KG	WG
SWH	NOV	37 1/2	KU	WU	EHW	NOV	37 1/2	KU	WU
SWH	NOV	40	KH	WH	EHW	NOV	40	KH	WH
SWH	NOV	42 1/2	KV	WV	EHW	NOV	42 1/2	KV	WV
SWH	NOV	45	KI	WI	EHW	NOV	45	KI	WI

The new SWH option contracts representing 100 shares of SWH, will be admitted to trading on Thursday, June 14, 2007. 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) 496-1508.