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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**POST-EFFECTIVE AMENDMENT NO. 7  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT of 1933**

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**Merrill Lynch, Pierce, Fenner & Smith Incorporated**  
Initial Depositor  
(Exact name of registrant as specified in charter)

**Utilities HOLDRS<sup>SM</sup> Trust**  
[Issuer with respect to the receipts]

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**6211**  
(Primary Standard Industrial  
Classification Code Number)

**13-5674085**  
(I.R.S. Employer  
Identification Number)

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**250 Vesey Street**  
New York, New York 10281  
(212) 449-1000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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*Copies to:*

**Judith Witterschein, Esq.**  
Corporate Secretary  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
250 Vesey Street  
New York, New York 10281  
(212) 449-1000

(Name, address, including zip code, and telephone number, including  
area code, of agent for service)

**Andrew B. Jánszky, Esq.**  
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New York, New York 10022  
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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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**PROSPECTUS**



**1,000,000,000 Depositary Receipts  
Utilities HOLDERS<sup>SM</sup> Trust**

The Utilities HOLDERS<sup>SM</sup> Trust issues Depositary Receipts called Utilities HOLDERS<sup>SM</sup> representing your undivided beneficial ownership in the U.S.-traded common stock of a group of specified companies that, among other things, are involved in various segments of the utilities industry. The Bank of New York is the trustee. You only may acquire, hold or transfer Utilities HOLDERS in a round-lot amount of 100 Utilities HOLDERS or round-lot multiples. Utilities HOLDERS are separate from the underlying deposited common stocks that are represented by the Utilities HOLDERS. For a list of the names and the number of shares of the companies that make up a Utilities HOLDERS, see “Highlights of Utilities HOLDERS—The Utilities HOLDERS” starting on page 9. The Utilities HOLDERS<sup>SM</sup> trust will issue Utilities HOLDERS on a continuous basis.

**Investing in Utilities HOLDERS involves significant risks. See “Risk factors” starting on page 4.**

Utilities HOLDERS are neither interests in nor obligations of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Utilities HOLDERS are not interests in The Bank of New York, as trustee. Please see “Description of the Depositary Trust Agreement” in this prospectus for a more complete description of the duties and responsibilities of the trustee, including the obligation of the trustee to act without negligence or bad faith.

The Utilities HOLDERS are listed on the American Stock Exchange under the symbol “UTH.” On August 9, 2007 the last reported sale price of the Utilities HOLDERS on the American Stock Exchange was \$142.16.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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The date of this prospectus is August 14, 2007.

“HOLDERS” and “HOLDing Company Depositary ReceiptS” are service marks of Merrill Lynch & Co., Inc.

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This prospectus contains information you should consider when making your investment decision. With respect to information about Utilities HOLDERS, you should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell Utilities HOLDERS in any jurisdiction where the offer or sale is not permitted.

The Utilities HOLDERS are not registered for public sale outside of the United States. Non-U.S. receipt holders should refer to “U.S. Federal Income Tax Consequences—Non-U.S. Receipt Holders” and we recommend that non-U.S. receipt holders consult their tax advisors regarding U.S. withholding and other taxes which may apply to ownership of the Utilities HOLDERS or of the underlying securities through an investment in the Utilities HOLDERS.

## SUMMARY

The Utilities HOLDing Company Depositary ReceiptS or HOLDRS trust was formed under the depositary trust agreement, dated as of May 18, 2000 among The Bank of New York, as trustee, Merrill Lynch, Pierce, Fenner & Smith Incorporated, other depositors and the owners of the Utilities HOLDRS and was amended on November 22, 2000. The trust is not a registered investment company under the Investment Company Act of 1940.

The trust currently holds shares of common stock issued by a group of specified companies that were, at the time of the initial offering, generally considered to be involved in various segments of the utilities industry. The number of shares of each company's common stock currently held by the trust with respect to each round-lot of Utilities HOLDRS is specified under "Highlights of Utilities HOLDRS—The Utilities HOLDRS." This group of common stocks, and the securities of any company that may be added to Utilities HOLDRS, are collectively referred to in this prospectus as the underlying securities. There are currently 19 companies included in Utilities HOLDRS, which may change as a result of reconstruction events, distributions of securities by underlying issuers, or other events. The Utilities HOLDRS are separate from the underlying common stocks that are represented by the Utilities HOLDRS. On August 9, 2007, there were 1,508,800 Utilities HOLDRS outstanding.

## RISK FACTORS

An investment in Utilities HOLDERS involves risks similar to investing directly in each of the underlying securities outside of the Utilities HOLDERS, including the risks associated with a concentrated investment in utilities companies.

### General Risk Factors

- *Loss of investment.* Because the value of Utilities HOLDERS directly relates to the value of the underlying securities, you may lose a substantial portion of your investment in the Utilities HOLDERS if the underlying securities decline in value.
- *Discount trading price.* Utilities HOLDERS may trade at a discount to the aggregate value of the underlying securities.
- *Ownership of only fractional shares in the underlying securities.* As a result of distributions of securities by companies included in the Utilities HOLDERS or other corporate events, such as mergers, a Utilities HOLDER may represent an interest in a fractional share of an underlying security. You will only be entitled to voting, distribution and other beneficial ownership rights in the underlying securities in which you own only fractional shares to the extent that the depository aggregates your fractional shares with the other shares of such underlying securities and passes on beneficial ownership rights, including distribution and voting rights, to you based on your proportional, fractional shares in the underlying securities. In addition, if you surrender your Utilities HOLDERS to receive the underlying securities you will receive cash in lieu of your fractional shares. You will not be entitled to any securities if your interest in an underlying security is only a fraction of a share.
- *Not necessarily representative of the utilities industry.* At the time of the initial offering, the companies included in the Utilities HOLDERS were generally considered to be involved in various segments of the utilities industry. However, the market price of the underlying securities and the Utilities HOLDERS may not necessarily follow the price movements of the entire utilities industry generally. If the underlying securities decline in value, your investment in the Utilities HOLDERS will decline in value even if common stock prices of companies involved in the utilities industry generally increase in value. In addition, since the time of the initial offering, the companies included in the Utilities HOLDERS may not be involved in the utilities industry. In this case, the Utilities HOLDERS may not consist of securities issued only by companies involved in the utilities industry.
- *Not necessarily comprised of solely utilities companies.* As a result of distributions of securities by companies included in the Utilities HOLDERS or other corporate events, such as mergers, securities of companies that are not currently included in the Utilities HOLDERS and that are not involved in the utilities industry may be included in the Utilities HOLDERS. The securities of a new company will only be distributed from the Utilities HOLDERS if the securities have a different Standard & Poor's Corporation sector classification than any of the underlying issuers included in the Utilities HOLDERS at the time of the distribution or the corporate event or if the securities are not listed for trading on a U.S. national securities exchange through the Nasdaq National Market System. As of January 2, 2002, Standard & Poor's Corporation GICS sector classifications are based upon the Standard & Poor's Global Industry Classification Standard ("GICS") sectors. As there are only 10 broadly defined GICS sector classifications, the use of Standard & Poor's GICS sector classifications to determine whether a new company will be included in the Utilities HOLDERS provides no assurance that each new company included in the Utilities HOLDERS will be involved in the utilities industry. Currently, the underlying securities in the Utilities HOLDERS are represented in the Utilities and Energy GICS sector. Since each GICS sector classification is defined so broadly, the securities of a new company could have the same GICS sector classification as a company currently included in the Utilities HOLDERS yet not be involved in the utilities industry. In addition, the GICS sector classifications of securities included in the Utilities HOLDERS may change over time if the companies that issued these securities change their focus of operations or if Standard & Poor's alters the criteria it uses to determine GICS sector classifications, or both. Therefore, additional GICS sector classifications may be represented in the Utilities HOLDERS which may also result in the inclusion in the Utilities HOLDERS of the securities of a new company that is not involved in the utilities industry.

- *No investigation of underlying securities.* The underlying securities initially included in the Utilities HOLDRS were selected by Merrill Lynch, Pierce, Fenner & Smith Incorporated based on the market capitalization of issuers and the market liquidity of common stocks in the utilities industry, without regard for the value, price performance, volatility or investment merit of the underlying securities. Consequently, the Utilities HOLDRS trust, the trustee, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and their affiliates, have not performed any investigation or review of the selected companies, including the public filings by the companies. Investors and market participants should not conclude that the inclusion of a company is any form of investment recommendation by the trust, the trustee, Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their affiliates.
- *Loss of diversification.* As a result of industry developments, reorganizations, or market fluctuations affecting issuers of the underlying securities, Utilities HOLDRS may not necessarily continue to be a diversified investment in the utilities industry. In addition, reconstitution events, distribution of securities by an underlying issuer or other events, which may result in the distribution of securities from, or the inclusion of additional securities in, Utilities HOLDRS may also reduce diversification. Utilities HOLDRS may represent a concentrated investment in one or more of the underlying securities which would reduce investment diversification and increase your exposure to the risks of concentrated investments.
- *Conflicting investment choices.* In order to sell one or more of the underlying securities individually, participate in a tender offer relating to one or more of the underlying securities, or participate in any form of stock repurchase program by an issuer of an underlying security, you will be required to cancel your Utilities HOLDRS and receive delivery of each of the underlying securities. The cancellation of your Utilities HOLDRS will allow you to sell individual underlying securities or to deliver individual underlying securities in a tender offer or any form of stock repurchase program. The cancellation of Utilities HOLDRS will involve payment of a cancellation fee to the trustee.
- *Trading halts.* Trading in Utilities HOLDRS on the American Stock Exchange may be halted if trading in one or more of the underlying securities is halted. Trading in Utilities HOLDRS may be halted even if trading continues in some or all of the underlying securities. If trading is halted in Utilities HOLDRS, you will not be able to trade Utilities HOLDRS and you will only be able to trade the underlying securities if you cancel your Utilities HOLDRS and receive each of the underlying securities.
- *Delisting from the American Stock Exchange.* If the number of companies whose securities are held in the trust falls below nine, the American Stock Exchange may consider delisting the Utilities HOLDRS. If the Utilities HOLDRS are delisted by the American Stock Exchange, a termination event will result unless the Utilities HOLDRS are listed for trading on another U.S. national securities exchange or through the Nasdaq National Market System within five business days from the date the Utilities HOLDRS are delisted. There are currently 19 companies whose securities are included in Utilities HOLDRS.
- *Possible conflicts of interest.* Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial depositor, selected the underlying securities that were originally included in the Utilities HOLDRS and may face possible conflicts of interest as Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates may engage in investment banking or may provide other services for issues of the underlying securities in connection with its business.
- *Delays in distributions.* The depositary trust agreement provides that the trustee will use its reasonable efforts to distribute any cash or other distributions paid in respect of the underlying securities to you as soon as practicable after receipt of such distribution. However, you may receive such cash or other distributions later than you would if you owned the underlying securities outside of the Utilities HOLDRS. In addition, you will not be entitled to any interest on any distribution by reason of any delay in distribution by the depositary.

#### **Risk Factors Specific to Companies Involved in the Utilities Industry**

- *The stock prices of companies involved in the utilities industry have been and will likely continue to be extremely volatile, which will directly affect the price volatility of the Utilities HOLDRS, and you could lose a substantial part of your investment.* The trading prices of the common stocks of utilities companies have been extremely volatile. These stock prices could be subject to wide fluctuations in response to a variety of factors, including the following:

- general market fluctuations;
- actual or anticipated variations in companies' quarterly operating results;
- announcements by utilities companies or their competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- failure to integrate or realize projected benefits from acquisitions;
- unscheduled system downtime;
- changes in government regulations;
- fluctuations in quarterly and annual operating results; and
- difficulty in obtaining additional financing.

In addition, the trading prices of utilities stocks in general have experienced extreme price and volume fluctuations in recent months. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. The valuations of many utilities stocks are high when measured by conventional valuation standards such as price to earnings and price to sales ratios. Some of the companies do not, or in the future might not, have earnings. As a result, these trading prices may decline substantially and valuations may not be sustained. Any negative change in the public's perception of the prospects of utilities companies, generally, could depress the stock prices of a utilities company regardless of utilities companies' results. Other broad market and industry factors may decrease the stock price of the utilities' stocks, regardless of their operating results. Market fluctuations, as well as general political and economic conditions such as recession, war or interest rate or currency rate fluctuations, also may decrease the market price of utilities stocks.

As a result of fluctuations in the trading prices of the companies included in the Utilities HOLDRS, the trading price of Utilities HOLDRS has fluctuated significantly. The initial offering price of Utilities HOLDRS, on June 22, 2000, was \$94.18, and during 2006, the price of a Utilities HOLDR reached a high of \$129.05 and a low of \$104.90.

- *Utilities companies whose securities are included in the Utilities HOLDRS may need additional financing, which may be difficult to obtain. Failure to obtain necessary financing or doing so on unattractive terms could adversely affect development and marketing efforts and other operations of companies whose securities are included in Utilities HOLDRS.* Companies whose securities are included in the Utilities HOLDRS may need to raise additional capital in order to fund the continued development and marketing of their products or to fund strategic acquisitions or investments. Their ability to obtain additional financing will depend on a number of factors, including market conditions, operating performance and investor interest. These factors may make the timing, amount, terms and conditions of any financing unattractive. If adequate funds are not available or are not available on acceptable terms, companies whose securities are included in the Utilities HOLDRS may have to forego strategic acquisitions or investments, reduce or defer their development activities, or delay their introduction of new products and services. Any of these actions may reduce the market price of stocks in the utilities industry.
- *The utilities industry is extremely competitive and failure of a utilities company to maintain a customer base will adversely affect its operating results.* The operations of many utilities companies, which have traditionally been subject to limited competitive pressures, are now subject to increased pressures with others in the industry in supplying the energy needs of consumers. Many utilities companies may not successfully develop and maintain a loyal customer base and failure to do so could have a material adverse effect on their business.
- *Utilities companies are subject to extensive regulation by various federal, state and local governmental agencies in the conduct of their business.* The sale, marketing and distribution of a utilities companies services are subject to regulation by all levels of governmental agencies including regulations on rate and marketing practices, environmental and development restrictions and regulations with respect to securities offerings. Competitive pressures by new market participants and changing consumer demands have resulted in additional changes in the regulatory environment, such as new regulations allowing consumers a broader choice to select their utility provider. The failure to obtain necessary government approvals, the

restrictions contained in existing approvals, loss of or changes to previously obtained approvals or the failure to comply with regulatory requirements could result in fines, unanticipated expenditures, interruption of service and even criminal prosecution. The success of a utilities company will depend, in part, upon obtaining and maintaining regulatory approval to offer its products and services and, once approved, complying with the continued review by regulatory agencies.

- *Many utilities companies are subject to laws relating to the protection of the environment.* The operations of many utilities companies are subject to extensive federal, state and local laws and regulations relating to the protection of the environment. Many utilities companies are exposed to significant environmental costs and liabilities inherent in the industry of a utility company and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property and persons resulting from operations. In addition, increasingly stringent federal, state or local environmental laws and regulations and enforcement policies will result in increased costs and liabilities.
- *The international operations of some utilities companies expose them to risks associated with instability and changes in economic and political conditions, foreign currency fluctuations, changes in foreign regulations and other risks inherent to international business.* Many utilities companies have international development and exploration operations necessary to their businesses. The risks of international business that the companies are exposed to include the following:
  - general economic, social and political conditions;
  - the difficulty of enforcing intellectual property rights, agreements and collecting receivables through certain foreign legal systems;
  - differing tax rates, tariffs, exchange controls or other similar restrictions;
  - currency fluctuations;
  - changes in, and compliance with, domestic and foreign laws and regulations which impose a range of restrictions on operations, trade practices, foreign trade and international investment decisions; and
  - reduction in the number or capacity of personnel in international markets.
- *Many utilities companies are holding companies that rely on dividends from their subsidiaries as a substantial portion of their income and the right to receive dividends may be subordinate to the interests of third parties.* Many utilities companies are separate and distinct entities from their subsidiaries that operate utilities and they receive a large portion of their revenue in dividends from these subsidiaries. The payment of dividends by these subsidiaries is subject to federal law restrictions as well as the laws of the respective state of incorporation. In addition, the right of a parent utility company to participate in any distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. The ability of a utility company to receive dividends or other distributions may be unpredictable, and fluctuations in income may adversely affect your investment in the Utilities HOLDERS.
- *Some of the companies involved in the utilities industry are also engaged in other lines of business unrelated to the utilities industry, and they may experience problems with these lines of business which could adversely affect their operating results.* Some of the companies which comprise the Utilities HOLDERS have lines of business that do not relate to utilities activities and which may present additional risks not mentioned in this prospectus. There can be no assurance that other companies whose common stock is included in the Utilities HOLDERS will not experience similar catastrophic losses as a result of energy trading losses or losses in connection with other non-utilities businesses. The operating results of these utilities companies may fluctuate as a result of these additional risks and events in the other lines of business which may cause unusual volatility in the stock prices of these companies as compared to other utilities companies. Despite a company's possible success in the utilities business, there can be no assurance that the other lines of business in which these companies are engaged will not have an adverse effect on a company's business or financial condition.
- *Failure to integrate acquisitions could disrupt operations and prevent the realization of intended benefits.* Many utilities companies are active acquirers of other companies as part of their business plans. There can be no assurance that many utilities companies will be able to integrate these acquired companies, which

may result in failure to realize expected cost savings, increases in revenue and other projected benefits from such integration. There can also be no assurance that these companies will be able to attract and retain qualified personnel from acquired businesses or be successful in integrating such personnel. Furthermore, utilities companies may suffer material adverse short and long-term effects on operating results and financial condition as a result of such acquisitions.

## HIGHLIGHTS OF UTILITIES HOLDERS

This discussion highlights information regarding Utilities HOLDING Company Depository Receipts. We present certain information more fully in the rest of this prospectus. You should read the entire prospectus carefully before you purchase Utilities HOLDERS.

<b>Issuer</b>	Utilities HOLDERS Trust.
<b>The trust</b>	The Utilities HOLDERS Trust was formed under the depositary trust agreement, dated as of May 18, 2000 among The Bank of New York, as trustee, Merrill Lynch, Pierce, Fenner & Smith Incorporated, other depositors and the owners of the Utilities HOLDERS and was amended on November 22, 2000. The trust is not a registered investment company under the Investment Company Act of 1940.
<b>Initial depositor</b>	Merrill Lynch, Pierce, Fenner & Smith Incorporated.
<b>Trustee</b>	The Bank of New York, a New York state-chartered banking organization, is the trustee and receives compensation as set forth in the depositary trust agreement. The trustee is responsible for receiving deposits of underlying securities and delivering Utilities HOLDERS representing the underlying securities issued by the trust. The trustee holds the underlying securities on behalf of the holders of Utilities HOLDERS.
<b>Purpose of Utilities HOLDERS</b>	<p>Utilities HOLDERS are designed to achieve the following:</p> <p><b>Diversification.</b> Utilities HOLDERS are designed to allow you to diversify your investment in the utilities industry through a single, exchange-listed instrument representing your undivided beneficial ownership of the underlying securities.</p> <p><b>Flexibility.</b> The beneficial owners of Utilities HOLDERS have undivided beneficial ownership interests in each of the underlying securities represented by the Utilities HOLDERS, and can cancel their Utilities HOLDERS to receive each of the underlying securities represented by the Utilities HOLDERS.</p> <p><b>Transaction costs.</b> The expenses associated with buying and selling Utilities HOLDERS in the secondary market are expected to be less than separately buying and selling each of the underlying securities in a traditional brokerage account with transaction-based charges.</p>
<b>Trust assets</b>	<p>The trust holds shares of common stock issued by specified companies that, when initially selected, were involved in the utilities industry. Except when a reconstitution event, distribution of securities by an underlying issuer or other event occurs, the group of companies will not change. Reconstitution events are described in this prospectus under the heading “Description of the Depositary Trust Agreement—Distributions” and “Reconstitution events.” There are currently 19 companies included in the Utilities HOLDERS.</p> <p>The trust’s assets may increase or decrease as a result of in-kind deposits and withdrawals of the underlying securities during the life of the trust.</p>
<b>The Utilities HOLDERS</b>	<p>The trust has issued, and may continue to issue, Utilities HOLDERS that represent an undivided beneficial ownership interest in the shares of common stock that are held by the trust. The Utilities HOLDERS themselves are separate from the underlying securities that are represented by the Utilities HOLDERS.</p> <p>The following chart provides the:</p> <ul style="list-style-type: none"><li>• names of the 19 issuers of underlying securities currently represented by a Utilities HOLDER,</li><li>• stock ticker symbols,</li></ul>

- share amounts currently represented by a round-lot of 100 Utilities HOLDERS, and
- principal U.S. market on which the shares of common stock of the selected companies are traded.

<b>Name of Company</b>	<b>Ticker</b>	<b>Share Amounts</b>	<b>Primary Trading Market</b>
American Electric Power Company, Inc.	AEP	14	NYSE
CenterPoint Energy, Inc.	CNP	13	NYSE
Consolidated Edison, Inc.	ED	9	NYSE
Dominion Resources, Inc.	D	11	NYSE
Duke Energy Corporation	DUK	30	NYSE
Dynegy, Inc.(1)	DYN	12	NYSE
Edison International	EIX	15	NYSE
El Paso Corporation	EP	10	NYSE
Entergy Corporation	ETR	10	NYSE
Exelon Corporation	EXC	30	NYSE
FirstEnergy Corporation	FE	10	NYSE
FPL Group, Inc.	FPL	16	NYSE
PG&E Corporation	PCG	17	NYSE
Progress Energy	PGN	7	NYSE
Public Service Enterprise Group Incorporated	PEG	10	NYSE
Reliant Energy, Inc.	RRI	10,2518	NYSE
The Southern Company	SO	29	NYSE
The Williams Companies, Inc.	WMB	20	NYSE
TXU Corp.	TXU	24	NYSE

(1) Effective April 2, 2007, Dynegy, Inc. (NYSE ticker “DYN”), an underlying constituent of Utilities HOLDERS Trust, changed its CUSIP to 26817G102.

The companies whose securities were included in the Utilities HOLDERS at the time Utilities HOLDERS were originally issued generally were considered to be among the 20 largest and most liquid companies with U.S. traded common stock involved in the utilities industry as measured by market capitalization and trading volume on May 2, 2000. The market capitalization of a company is determined by multiplying the market price of its common stock by the number of its outstanding securities.

The trust only will issue and cancel, and you only may obtain, hold, trade or surrender, Utilities HOLDERS in a round-lot of 100 Utilities HOLDERS and round-lot multiples. The trust will only issue Utilities HOLDERS upon the deposit of the whole shares represented by a round-lot of 100 Utilities HOLDERS. In the event that a fractional share comes to be represented by a round-lot of Utilities HOLDERS, the trust may require a minimum of more than one round-lot of 100 Utilities HOLDERS for an issuance so that the trust will always receive whole share amounts for issuance of Utilities HOLDERS.

The number of outstanding Utilities HOLDERS will increase and decrease as a result of in-kind deposits and withdrawals of the underlying securities. The trust will stand ready to issue additional Utilities HOLDERS on a continuous basis when an investor deposits the required shares of common stock with the trustee.

**Purchases**

You may acquire Utilities HOLDERS in two ways:

- through an in-kind deposit of the required number of shares of common stock of the underlying issuers with the trustee, or
- through a cash purchase in the secondary trading market.

**Issuance and cancellation fees**

If you wish to create Utilities HOLDERS by delivering to the trust the requisite shares of common stock represented by a round-lot of 100 Utilities HOLDERS, The Bank of New York as trustee will charge you an issuance fee of up to \$10.00 for each round-lot of 100 Utilities HOLDERS. If you wish to cancel your Utilities HOLDERS and withdraw your underlying securities, The Bank of New York as trustee will charge you a cancellation fee of up to \$10.00 for each round-lot of 100 Utilities HOLDERS.

**Commissions**

If you choose to deposit underlying securities in order to receive Utilities HOLDERS, you will be responsible for paying any sales commission associated with your purchase of the underlying securities that is charged by your broker in addition to the issuance fee, charged by the trustee, described above.

**Custody fees**

The Bank of New York, as trustee and as custodian, will charge you a quarterly custody fee of \$2.00 for each round-lot of 100 Utilities HOLDERS, to be deducted from any cash dividend or other cash distributions on underlying securities received by the trust. With respect to the aggregate custody fee payable in any calendar year for each Utilities HOLDER, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions received, or to be received, and payable with respect to such calendar year.

**Rights relating to Utilities HOLDERS**

You have the right to withdraw the underlying securities upon request by delivering a round-lot or integral multiple of a round-lot of Utilities HOLDERS to the trustee, during the trustee's business hours, and paying the cancellation fees, taxes and other charges. You should receive the underlying securities no later than the business day after the trustee receives a proper notice of cancellation. The trustee will not deliver fractional shares of underlying securities. To the extent that any cancellation of Utilities HOLDERS would otherwise require the delivery of a fractional share, the trustee will sell the fractional share in the market and the trust, in turn, will deliver cash in lieu of such fractional share. Except with respect to the right to vote for dissolution of the trust, the Utilities HOLDERS themselves will not have voting rights.

**Rights relating to the underlying securities**

Utilities HOLDERS represents your beneficial ownership of the underlying securities. Owners of Utilities HOLDERS have the same rights and privileges as if they owned the underlying securities beneficially outside of Utilities HOLDERS. These include the right to instruct the trustee to vote the underlying securities, to receive any dividends and other distributions on the underlying securities that are declared and paid to the trustee by an issuer of an underlying security, the right to pledge Utilities HOLDERS and the right to surrender Utilities HOLDERS to receive the underlying securities. Utilities HOLDERS does not change your beneficial ownership in the underlying securities under United States federal securities laws, including sections 13(d) and 16(a) of the Exchange Act. As a result, you have the same obligations to file insider trading reports that you would have if you held the underlying securities outside of Utilities HOLDERS. However, due to the nature of Utilities HOLDERS, you will not be able to participate in any dividend reinvestment program of an issuer of underlying securities unless you cancel your Utilities HOLDERS (and pay the applicable fees) and receive all of the underlying securities.

A holder of Utilities HOLDRS is not a registered owner of the underlying securities. In order to become a registered owner, a holder of Utilities HOLDRS would need to surrender their Utilities HOLDRS, pay the applicable fees and expenses, receive all of the underlying securities and follow the procedures established by the issuers of the underlying securities for registering their securities in the name of such holder.

You retain the right to receive any reports and communications that the issuers of underlying securities are required to send to beneficial owners of their securities. As such, you will receive such reports and communications from the broker through which you hold your Utilities HOLDRS in the same manner as if you beneficially owned your underlying securities outside of Utilities HOLDRS in "street name" through a brokerage account. The trustee will not attempt to exercise the right to vote that attaches to, or give a proxy with respect to, the underlying securities other than in accordance with your instructions.

The depositary trust agreement entitles you to receive, subject to certain limitations and net of any fees and expenses of the trustee, any distributions of cash (including dividends), securities or property made with respect to the underlying securities. However, any distribution of securities by an issuer of underlying securities will be deposited into the trust and will become part of the underlying securities unless the distributed securities are not listed for trading on a U.S. national securities exchange or through the Nasdaq National Market System or the distributed securities have a Standard & Poor's GICS sector classification that is different from the GICS sector classifications represented in the Utilities HOLDRS at the time of the distribution. In addition, if the issuer of underlying securities offers rights to acquire additional underlying securities or other securities, the rights may be distributed to you, may be disposed of for your benefit, or may lapse.

There may be a delay between the time any cash or other distribution is received by the trustee with respect to the underlying securities and the time such cash or other distributions are distributed to you. In addition, you are not entitled to any interest on any distribution by reason of any delay in distribution by the trustee. If any tax or other governmental charge becomes due with respect to Utilities HOLDRS or any underlying securities, you will be responsible for paying that tax or governmental charge.

If you wish to participate in a tender offer for any of the underlying securities, or any form of stock repurchase program by an issuer of an underlying security, you must surrender your Utilities HOLDRS (and pay the applicable fees and expenses) and receive all of your underlying securities in exchange for your Utilities HOLDRS. For specific information about obtaining your underlying securities, you should read the discussion under the caption "Description of the Depositary Trust Agreement –Withdrawal of Underlying Securities."

**Ownership rights in fractional shares in the underlying securities**

As a result of distributions of securities by companies included in the Utilities HOLDRS or other corporate events, such as mergers, a Utilities HOLDR may represent an interest in a fractional share of an underlying security. You are entitled to receive distributions proportionate to your fractional shares.

In addition, you are entitled to receive proxy materials and other shareholder communications and you are entitled to exercise voting rights proportionate to your fractional shares. The trustee will aggregate the votes of all of the share fractions represented by Utilities HOLDRS and will vote the largest possible number of whole shares. If, after aggregation, there is a fractional remainder, this fraction will be ignored, because the issuer will only recognize whole share

votes. For example, if 100,001 round-lots of 100 Utilities HOLDRS are outstanding and each round-lot of 100 Utilities HOLDRS represents 1.75 shares of an underlying security, there will be 175,001.75 votes of the underlying security represented by Utilities HOLDRS. If holders of 50,000 round-lots of 100 Utilities HOLDRS vote their underlying securities “yes” and holders of 50,001 round-lots of 100 Utilities HOLDRS vote their underlying securities “no”, there will be 87,500 affirmative votes and 87,501.75 negative votes. The trustee will ignore the .75 negative votes and will deliver to the issuer 87,500 affirmative votes and 87,501 negative votes.

#### **Reconstitution events**

The depositary trust agreement provides for the automatic distribution of underlying securities from the Utilities HOLDRS to you in the following four circumstances:

- A. If an issuer of underlying securities no longer has a class of common stock registered under section 12 of the Securities Exchange Act of 1934, then the trustee will distribute the shares of that company to the owners of the Utilities HOLDRS.
- B. If the SEC finds that an issuer of underlying securities should be registered as an investment company under the Investment Company Act of 1940, and the trustee has actual knowledge of the SEC finding, then its securities will no longer be an underlying security and the trustee will distribute the shares of that company to the owners of the Utilities HOLDRS.
- C. If the underlying securities of an issuer cease to be outstanding as a result of a merger, consolidation, corporate combination or other event, the trustee will distribute the consideration paid by and received from the acquiring company or the securities received in exchange for the securities of the underlying issuer whose securities cease to be outstanding to the beneficial owners of Utilities HOLDRS, only if the distributed securities have a different Standard & Poor’s GICS sector classification than any of the underlying securities represented in the Utilities HOLDRS at the time of the distribution or exchange or if the securities received are not listed for trading on a U.S. national securities exchange or through the Nasdaq National Market System. In any other case, the additional securities received will be deposited into the trust.
- D. If an issuer’s underlying securities are delisted from trading on a U.S. national securities exchange or through the Nasdaq National Market System and are not listed for trading on another U.S. national securities exchange or through the Nasdaq National Market System within five business days from the date the securities are delisted.

To the extent a distribution of underlying securities from the Utilities HOLDRS is required as a result of a reconstitution event, the trustee will deliver the underlying security to you as promptly as practicable after the date that the trustee has knowledge of the occurrence of a reconstitution event.

In addition, securities of a new company will be added to the Utilities HOLDRS, as a result of a distribution of securities by an underlying issuer, where a corporate event occurs, or where the securities of an underlying issuer are exchanged for the securities of another company, unless the securities received have a Standard & Poor’s GICS sector classification that is different from the GICS sector classification of any other security then included in the Utilities HOLDRS or are not listed for trading on a U.S. national securities exchange or through the Nasdaq National Market System.

It is anticipated, as a result of the broadly defined Standard & Poor's GICS sectors, that most distributions or exchanges of securities will result in the inclusion of new securities in Utilities HOLDRS. The trustee will review the publicly available information that identifies the Standard & Poor's GICS sector classifications of securities to determine whether securities received as a result of a distribution by an underlying issuer or as consideration for securities included in the Utilities HOLDRS will be included in Utilities HOLDRS or distributed to you.

**Standard & Poor's sector classifications**

Standard & Poor's Corporation is an independent source of market information that, among other things, maintains the Global Industry Classification Standard, which classifies the securities of public companies into various sector classifications based upon GICS sectors, which are derived from its own criteria. The GICS classification standards were exclusively effective as of January 2, 2002. There are 10 Standard & Poor's GICS sector classifications and each class of publicly traded securities of a company are each given only one GICS sector classification. The securities included in the Utilities HOLDRS are currently represented in the Utilities GICS sector. The Standard & Poor's GICS sector classifications of the securities included in the Utilities HOLDRS may change over time if the companies that issued these securities change their focus of operations or if Standard & Poor's alters the criteria it uses to determine GICS sectors, or both.

**Termination events**

- A. The Utilities HOLDRS are delisted from the American Stock Exchange and are not listed for trading on another U.S. national securities exchange or through the Nasdaq National Market System within five business days from the date the Utilities HOLDRS are delisted.
- B. The trustee resigns and no successor trustee is appointed within 60 days from the date the trustee provides notice to Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial depositor, of its intent to resign.
- C. Beneficial owners of at least 75% of outstanding Utilities HOLDRS vote to dissolve and liquidate the trust.

If a termination event occurs, the trustee will distribute the underlying securities as promptly as practicable after the termination event.

Upon termination of the depositary trust agreement and prior to distributing the underlying securities to you, the trustee will charge you a cancellation fee of up to \$10.00 per round-lot of 100 Utilities HOLDRS surrendered, along with any taxes or other governmental charges, if any.

**U.S. federal income tax consequences**

The U.S. federal income tax laws will treat a U.S. Holder of Utilities HOLDRS as directly owning the underlying securities. The Utilities HOLDRS themselves will not result in any U.S. federal income tax consequences separate from the tax consequences associated with ownership of the underlying securities. The Utilities HOLDRS are listed on the American Stock Exchange under the symbol "UTH." On August 9, 2007, the last reported sale price of Utilities HOLDRS on the American Stock Exchange was \$142.16.

**Listing**

**Trading**

Investors are only able to acquire, hold, transfer and surrender a round-lot of 100 Utilities HOLDERS. Bid and ask prices, however, are quoted per single Utilities HOLDER.

**Clearance and settlement**

Utilities HOLDERS have been issued only in book- entry form. Utilities HOLDERS are evidenced by one or more global certificates that the trustee has deposited with The Depository Trust Company, referred to as DTC. Transfers within DTC will be in accordance with DTC's usual rules and operating procedures. For further information see "Description of Utilities HOLDERS."

## THE TRUST

*General.* This discussion highlights information about the Utilities HOLDERS Trust. You should read this information, information about the depositary trust agreement as well as the depositary trust agreement and the amendment to the depositary trust agreement, before you purchase Utilities HOLDERS. The material terms of the depositary trust agreement are described in this prospectus under the heading “Description of the Depositary Trust Agreement.”

*The Utilities HOLDERS Trust.* The trust was formed pursuant to the depositary trust agreement, dated as of May 18, 2000. The depositary trust agreement was amended on November 22, 2000. The Bank of New York is the trustee. The Utilities HOLDERS Trust is not a registered investment company under the Investment Company Act of 1940.

The Utilities HOLDERS Trust is intended to hold deposited shares for the benefit of owners of Utilities HOLDERS. The trustee will perform only administrative and ministerial acts. The property of the trust consists of the underlying securities and all monies or other property, if any, received by the trustee. The trust will terminate on December 31, 2040, or earlier if a termination event occurs.

## DESCRIPTION OF UTILITIES HOLDERS

The trust has issued Utilities HOLDERS under the depositary trust agreement described in this prospectus under the heading “Description of the Depositary Trust Agreement.” The trust may issue additional Utilities HOLDERS on a continuous basis when an investor deposits the requisite underlying securities with the trustee.

*You may only acquire, hold, trade and surrender Utilities HOLDERS in a round-lot of 100 Utilities HOLDERS and round-lot multiples.* The trust will only issue Utilities HOLDERS upon the deposit of the whole shares of underlying securities that are represented by a round-lot of 100 Utilities HOLDERS. In the event of a stock split, reverse stock split or other distribution by the issuer of an underlying security that results in a fractional share becoming represented by a round-lot of Utilities HOLDERS, the trust may require a minimum of more than one round-lot of 100 Utilities HOLDERS for an issuance so that the trust will always receive whole share amounts for issuance of Utilities HOLDERS.

Utilities HOLDERS will represent your individual and undivided beneficial ownership interest in the common stock of the specified underlying securities. The companies selected as part of this receipt program are listed above in the section entitled “Highlights of Utilities HOLDERS—The Utilities HOLDERS.”

Beneficial owners of Utilities HOLDERS will have the same rights and privileges as they would have if they beneficially owned the underlying securities in “street name” outside of the trust. These include the right of investors to instruct the trustee to vote the common stock, and to receive dividends and other distributions on the underlying securities, if any are declared and paid to the trustee by an issuer of an underlying security, as well as the right to cancel Utilities HOLDERS to receive the underlying securities. See “Description of the Depositary Trust Agreement.” Utilities HOLDERS are not intended to change your beneficial ownership in the underlying securities under federal securities laws, including sections 13(d) and 16(a) of the Securities Exchange Act of 1934.

The trust will not publish or otherwise calculate the aggregate value of the underlying securities represented by a receipt. Utilities HOLDERS may trade in the secondary market at prices that are lower than the aggregate value of the corresponding underlying securities. If, in such case, an owner of Utilities HOLDERS wishes to realize the dollar value of the underlying securities, that owner will have to cancel the Utilities HOLDERS. Such cancellation will require payment of fees and expenses as described in “Description of the Depositary Trust Agreement—Withdrawal of underlying securities.”

Utilities HOLDERS are evidenced by one or more global certificates that the trustee has deposited with DTC and registered in the name of Cede & Co., as nominee for DTC. Utilities HOLDERS are available only in book-entry form. Owners of Utilities HOLDERS may hold their Utilities HOLDERS through DTC, if they are participants in DTC, or indirectly through entities that are participants in DTC.

## DESCRIPTION OF THE UNDERLYING SECURITIES

*Selection criteria.* The underlying securities are the common stocks of a group of specified companies that, at the time of selection, were involved in various aspects of the utilities industry on a regional level and whose common stock is registered under section 12 of the Securities Exchange Act of 1934. The issuers of the underlying securities were, at the time of selection, among the largest capitalized and most liquid companies involved in the utilities industry as measured by market capitalization and trading volume.

The Utilities HOLDRS may no longer consist exclusively of securities issued by companies involved in the utilities industry. Merrill Lynch, Pierce, Fenner & Smith Incorporated will determine, in its sole discretion, whether the issuer of a particular underlying security remains in the utilities industry and will undertake to make adequate disclosure when necessary.

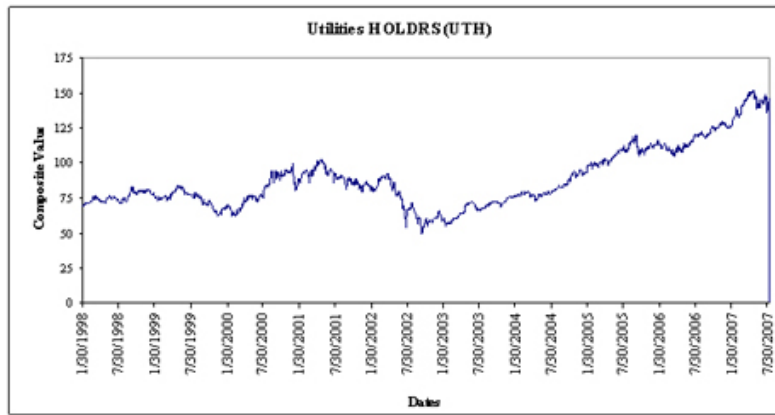
*Underlying securities.* For a list of the underlying securities represented by Utilities HOLDRS, please refer to “Highlights of Utilities HOLDRS—The Utilities HOLDRS.” If the underlying securities change because of a reconstitution event, a distribution of securities by an underlying issuer or other event, a revised list of underlying securities will be set forth in a prospectus supplement and filed with the SEC on a periodic basis.

*No investigation.* The trust, the trustee, Merrill Lynch, Pierce, Fenner & Smith Incorporated and any affiliate of these entities, have not performed any investigation or review of the selected companies, including the public filings by the companies. *Accordingly, before you acquire Utilities HOLDRS, you should consider publicly available financial and other information about the issuers of the underlying securities. See “Risk Factors” and “Where You Can Find More Information.”* Investors and market participants should not conclude that the inclusion of a company in the list is any form of investment recommendation of that company by the trust, the trustee, Merrill Lynch, Pierce, Fenner & Smith Incorporated, the selling group or any of their affiliates.

*General background and historical information.* For a brief description of the business of each of the issuers of the underlying securities and monthly pricing information showing the historical performance of each underlying issuer’s securities see “Annex A.”

The following table and graph set forth the composite performance of all of the 19 underlying securities currently represented by a single Utilities HOLDR, measured at the close of each month from January 30, 1998 to August 9, 2007. The performance table and graph data are adjusted for any splits that may have occurred over the measurement period. Past movements of the underlying securities are not necessarily indicative of future values.

1998	Price	1999	Price	2000	Price	2001	Price
January 30	69.36	January 29	76.76	January 31	68.73	January 31	86.80
February 27	70.81	February 26	73.73	February 29	63.87	February 28	93.30
March 31	75.44	March 31	73.59	March 31	65.95	March 30	93.50
April 30	73.52	April 30	78.75	April 28	72.96	April 30	101.57
May 29	73.48	May 31	83.80	May 31	77.08	May 31	100.75
June 30	75.71	June 30	77.45	June 30	72.10	June 29	92.33
July 31	71.98	July 30	76.38	July 31	74.65	July 31	90.68
August 31	73.65	August 31	76.20	August 31	84.26	August 31	89.97
September 30	79.31	September 30	71.81	September 29	93.77	September 28	83.53
October 30	77.89	October 29	73.14	October 31	92.43	October 31	84.80
November 30	78.46	November 30	66.27	November 30	94.27	November 30	82.33
December 31	80.46	December 31	64.58	December 29	99.48	December 31	85.33
2002	Price	2003	Price	2004	Price	2005	Price
January 31	82.12	January 31	59.67	January 30	76.91	January 31	96.54
February 28	81.95	February 28	57.01	February 27	78.30	February 28	98.24
March 28	90.37	March 31	59.78	March 31	79.40	March 31	99.28
April 30	89.50	April 30	64.23	April 30	76.56	April 29	102.61
May 31	81.38	May 30	70.44	May 31	77.43	May 31	101.64
June 28	76.79	June 30	71.73	June 30	78.25	June 30	107.39
July 31	66.90	July 31	66.94	July 30	79.51	July 29	110.65
August 30	68.18	August 29	68.16	August 31	82.29	August 31	112.11
September 30	60.51	September 30	71.31	September 30	83.12	September 30	118.51
October 31	57.97	October 31	71.61	October 29	88.03	October 31	110.25
November 29	58.47	November 28	71.03	November 30	91.87	November 30	109.79
December 31	61.32	December 31	75.64	December 31..	94.52	December 30..	110.64
2006	Price	2007	Price				
January 31	113.23	January 31	127.60				
February 28	113.26	February 28	135.32				
March 28	106.65	March 30	140.87				
April 30	108.84	April 30	147.50				
May 31	111.72	May 31	148.96				
June 28	113.78	June 29	141.80				
July 31	119.28	July 31	137.00				
August 30	122.15	August 9	141.99				
September 30	119.25						
October 31	125.13						
November 29	126.82						
December 31	127.72						



### DESCRIPTION OF THE DEPOSITARY TRUST AGREEMENT

*General.* The depositary trust agreement, dated as of May 18, 2000, among Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Bank of New York, as trustee, other depositors and the owners of the Utilities HOLDRS, provides that Utilities HOLDRS will represent an owner's undivided beneficial ownership interest in the common stock of the underlying companies. The depositary trust agreement was amended on November 22, 2000 to modify the reconstruction events, described below.

*The trustee.* The Bank of New York serves as trustee for the Utilities HOLDRS. The Bank of New York, which was founded in 1784, was New York's first bank and is the oldest bank in the country still operating under its original name. The Bank is a state-chartered New York banking corporation and a member of the Federal Reserve System. The Bank conducts a national and international wholesale banking business and a retail banking business in the New York City, New Jersey and Connecticut areas, and provides a comprehensive range of corporate and personal trust, securities processing and investment services.

*Issuance, transfer and surrender of Utilities HOLDRS.* You may create and cancel Utilities HOLDRS only in round-lots of 100 Utilities HOLDRS. You may create Utilities HOLDRS by delivering to the trustee the requisite underlying securities. The trust will only issue Utilities HOLDRS upon the deposit of the whole shares represented by a round-lot of 100 Utilities HOLDRS. In the event that a fractional share comes to be represented by a round-lot of Utilities HOLDRS, the trust may require a minimum of more than one round-lot of 100 Utilities HOLDRS for an issuance so that the trust will always receive whole share amounts for issuance of Utilities HOLDRS. Similarly, you must surrender Utilities HOLDRS in integral multiples of 100 Utilities HOLDRS to withdraw deposited shares from the trust. The trustee will not deliver fractional shares of underlying securities, and to the extent that any cancellation of Utilities HOLDRS would otherwise require the delivery of fractional shares, the trust will deliver cash in lieu of such shares. You may request withdrawal of your deposited shares during the trustee's normal business hours. The trustee expects that in most cases it will deliver your deposited shares within one business day of your withdrawal request.

*Voting rights.* You will receive proxy soliciting materials provided by issuers of the deposited shares so as to permit you to give the trustee instructions as to how to vote on matters to be considered at any annual or special meetings held by issuers of the underlying securities.

Under the depositary trust agreement, any beneficial owner of Utilities HOLDRS, other than Merrill Lynch, Pierce, Fenner & Smith Incorporated owning Utilities HOLDRS for its own proprietary account as principal, will have the right to vote to dissolve and liquidate the trust.

*Distributions.* You will be entitled to receive, net of trustee fees, distributions of cash, including dividends, securities or property, if any, made with respect to the underlying securities. The trustee will use its reasonable efforts to ensure that it distributes these distributions as promptly as practicable after the date on which it receives the distribution. Therefore, you may receive your distributions substantially later than you would have had you held the underlying securities directly. Any distributions of securities by an issuer of underlying securities will be deposited into the trust and will become part of the Utilities HOLDRS unless such securities are not listed for trading on U.S. national securities exchange or through the Nasdaq National Market System or such distributed securities have a different Standard & Poor's GICS sector classification than any of the underlying securities represented in the Utilities HOLDRS at the time of the distribution of such securities. In addition, if the issuer of underlying securities offers rights to acquire additional underlying securities or other securities, the rights will be distributed to you through the trustee, if practicable, and if the rights and the securities that those rights relate to are exempt from registration or are registered under the Securities Act of 1933. Otherwise, if practicable, the rights will be disposed of and the net proceeds distributed to you by the trustee. In all other cases, the rights will lapse.

You will be obligated to pay any tax or other charge that may become due with respect to Utilities HOLDRS. The trustee may deduct the amount of any tax or other governmental charge from a distribution before making payment to you. In addition, the trustee will deduct its quarterly custody fee of \$2.00 for each round-lot of 100 Utilities HOLDRS from quarterly dividends, if any, paid to the trustee by the issuers of the underlying securities. With respect to the aggregate custody fee payable in any calendar year for each Utilities HOLDER, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions received, or to be received, and payable with respect to such calendar year.

*Record dates.* With respect to dividend payments and voting instructions, the trustee expects to fix the trust's record dates as close as possible to the record date fixed by the issuer of the underlying securities.

*Shareholder communications.* The trustee promptly will forward to you all shareholder communications that it receives from issuers of the underlying securities.

*Withdrawal of underlying securities.* You may surrender your Utilities HOLDRS and receive underlying securities during the trustee's normal business hours and upon the payment of applicable fees, taxes or governmental charges, if any. You should receive your underlying securities no later than the business day after the trustee receives your request. If you surrender Utilities HOLDRS in order to receive underlying securities, you will pay to the trustee a cancellation fee of up to \$10.00 per round-lot of 100 Utilities HOLDRS.

*Further issuances of Utilities HOLDRS.* The depositary trust agreement provides for further issuances of Utilities HOLDRS on a continuous basis without your consent.

*Reconstitution events.* The depositary trust agreement provides for the automatic distribution of underlying securities from Utilities HOLDRS to you in the following four circumstances:

- A. If an issuer of underlying securities no longer has a class of common stock registered under section 12 of the Securities Exchange Act of 1934, then its securities will no longer be an underlying security and the trustee will distribute the shares of that company to the owners of the Utilities HOLDRS.
- B. If the SEC finds that an issuer of underlying securities should be registered as an investment company under the Investment Company Act of 1940, and the trustee has actual knowledge of the SEC finding, then the trustee will distribute the shares of that company to the owners of the Utilities HOLDRS.
- C. If the underlying securities of an issuer cease to be outstanding as a result of a merger, consolidation, corporate combination or other event, the trustee will distribute the consideration paid by and received from the acquiring company to the beneficial owners of Utilities HOLDRS, only if the distributed securities have a different Standard & Poor's GICS sector classification than any of the underlying securities represented in the Utilities HOLDRS at the time of the distribution or exchange or if the securities received are not listed for trading on a U.S. national securities exchange or through the Nasdaq National Market System. In any other case, the additional underlying securities received as consideration will be deposited into the trust.

- D. If an issuer's underlying securities are delisted from trading on a U.S. national securities exchange or through the Nasdaq National Market System and are not listed for trading on another U.S. national securities exchange or through the Nasdaq National Market System within five business days from the date such securities are delisted.

To the extent a distribution of underlying securities is required as a result of a reconstitution event, the trustee will deliver the underlying security to you as promptly as practicable after the date that the trustee has knowledge of the occurrence of a reconstitution event.

As provided in the amendment to the depositary trust agreement, securities of a new company will be added to the Utilities HOLDRS, as a result of a distribution of securities by an underlying issuer or where an event occurs, such as a merger, where the securities of an underlying issuer are exchanged for the securities of another company, unless the securities received have a different Standard & Poor's GICS sector classification than any of the underlying securities represented in Utilities HOLDRS at the time of distribution or exchange or are not listed for trading on a U.S. national securities exchange or through the Nasdaq National Market System.

It is anticipated, as a result of the broadly defined GICS sectors, that most distributions or exchanges of securities will result in the inclusion of new securities in the Utilities HOLDRS. The trustee will review the Standard & Poor's GICS sector classifications of securities to determine whether securities received as a result of a distribution by an underlying issuer or as consideration for securities included in the Utilities HOLDRS will be distributed from the Utilities HOLDRS to you.

*Standard & Poor's classifications.* Standard & Poor's Corporation is an independent source of market information that, among other things, maintains the Global Industry Classification Standard, which classifies the securities of public companies into various sector classifications based upon GICS sectors, which are derived from its own criteria. There are 10 Standard & Poor's GICS sector classifications and each class of publicly traded securities of a company is given only one GICS sector classification. The securities included in the Utilities HOLDRS are currently represented in the Utilities GICS sector. The Standard & Poor's GICS sector classifications of the securities included in the Utilities HOLDRS may change over time if the companies that issued these securities change their focus of operations or if Standard & Poor's alters the criteria it uses to determine GICS sectors, or both.

*Termination of the trust.* The trust will terminate if the trustee resigns and no successor trustee is appointed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial depositor, within 60 days from the date the trustee provides notice to the initial depositor of its intent to resign. Upon termination, the beneficial owners of Utilities HOLDRS will surrender their Utilities HOLDRS as provided in the depositary trust agreement, including payment of any fees of the trustee or applicable taxes or governmental charges due in connection with delivery to the owners of the underlying securities. The trust also will terminate if Utilities HOLDRS are delisted from the American Stock Exchange and are not listed for trading on another U.S. national securities exchange or through the Nasdaq National Market System within five business days from the date the Utilities HOLDRS are delisted. Finally, the trust will terminate if 75% of the owners of outstanding Utilities HOLDRS, other than Merrill Lynch, Pierce, Fenner & Smith Incorporated, vote to dissolve and liquidate the trust.

If a termination event occurs, the trustee will distribute the underlying securities to you as promptly as practicable after the termination event occurs.

*Amendment of the depositary trust agreement.* The trustee and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial depositor, may amend any provisions of the depositary trust agreement without the consent of any other depositor or any of the owners of the Utilities HOLDRS. Promptly after the execution of any amendment to the agreement, the trustee must furnish or cause to be furnished written notification of the substance of the amendment to each owner of Utilities HOLDRS. Any amendment that imposes or increases any fees or charges, subject to exceptions, or that otherwise prejudices any substantial existing right of the owners of Utilities HOLDRS will not become effective until 30 days after notice of the amendment is given to the owners of Utilities HOLDRS.

*Issuance and cancellation fees.* If you wish to create Utilities HOLDRS by delivering to the trust the requisite underlying securities, the trustee will charge you an issuance fee of up to \$10.00 for each round-lot of 100 Utilities HOLDRS. If you wish to cancel your Utilities HOLDRS and withdraw your underlying securities, the trustee will charge you a cancellation fee of up to \$10.00 for each round-lot of 100 Utilities HOLDRS issued. The trustee may negotiate either of these fees depending on the volume, frequency and size of the issuance or cancellation transactions.

*Commissions.* If you choose to create Utilities HOLDRS you will be responsible for paying any sales commissions associated with your purchase of the underlying securities that is charged by your broker, whether it be Merrill Lynch, Pierce, Fenner & Smith Incorporated or another broker, in addition to the issuance fee described above.

*Custody fees.* The Bank of New York, as trustee and as custodian, will charge you a quarterly custody fee of \$2.00 for each round-lot of 100 Utilities HOLDRS to be deducted from any dividend payments or other cash distributions on underlying securities received by the trustee. With respect to the aggregate custody fee payable in any calendar year for each Utilities HOLDER, the Trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions received, or to be received, and payable with respect to such calendar year. The trustee cannot recapture unpaid custody fees from prior years.

*Address of the trustee.* The Bank of New York, ADR Department, 101 Barclay Street, New York, New York 10286.

*Governing law.* The depositary trust agreement and the Utilities HOLDRS are governed by the laws of the State of New York. The trustee will provide the depositary trust agreement to any owner of the underlying securities free of charge upon written request.

*Duties and immunities of the trustee.* The trustee assumes no responsibility or liability for, and makes no representations as to, the validity or sufficiency, or as to the accuracy of the recitals, if any, set forth in the Utilities HOLDRS.

The trustee has undertaken to perform only those duties as are specifically set forth in the depositary trust agreement. Subject to the preceding sentence, the trustee is liable for its own negligence or misconduct except for good faith errors in judgment so long as the trustee is not negligent in ascertaining the relevant facts.

## U.S. FEDERAL INCOME TAX CONSEQUENCES

### General

The following discussion represents the opinion of Shearman & Sterling LLP, our special U.S. federal income tax counsel, as to the principal U.S. federal income tax consequences relating to the Utilities HOLDERS for:

- an individual who is a citizen or resident of the United States;
- a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source;
- a trust if either (i) it is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person (a “U.S. Receipt Holder”); and
- any individual, corporation, estate or trust that is neither a U.S. Receipt Holder nor a partnership (or entity treated as a partnership) for U.S. federal income tax purposes (a “non-U.S. Receipt Holder”).

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds Utilities HOLDERS, the tax treatment of the partnership and each partner will generally depend on the status of the partner and the activities of the partnership. Partnerships acquiring Utilities HOLDERS, and partners in such partnerships, should consult their tax advisors.

This discussion is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change or differing interpretations, possibly on a retroactive basis. The discussion does not deal with all U.S. federal income tax consequences applicable to all categories of investors, some of which may be subject to special rules, such as (without limitation) tax-exempt entities, banks, dealers in securities, U.S. Receipt Holders whose functional currency is not the U.S. dollar, investors who acquire or hold any Utilities HOLDERS as part of a conversion transaction, straddle or hedging or other integrated transaction, certain former citizens and residents of the United States and persons subject to U.S. estate, gift or alternative minimum tax. In addition, this discussion generally is limited to investors who will hold the Utilities HOLDERS as “capital assets” (generally, property held for investment) within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). Moreover, this discussion does not address Internet Architecture HOLDERS held by a partnership or other flow through entity for U.S. federal income tax purposes. We recommend that you consult with your own tax advisor with regard to the application of the U.S. federal income tax laws to your particular situation as well as any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction.

### Taxation of the trust

The trust will provide for flow through tax consequences as it will be treated as a grantor trust or custodial arrangement for U.S. federal income tax purposes.

### Taxation of Utilities HOLDERS

A U.S. Receipt Holder purchasing and owning Utilities HOLDERS will be treated, for U.S. federal income tax purposes, as directly owning a proportionate share of the underlying securities represented by Utilities HOLDERS. Consequently, if there is a taxable cash distribution on an underlying security, a U.S. Receipt Holder will recognize income with respect to the distribution at the time the distribution is received by the trustee, not at the time that the U.S. Receipt Holder receives the cash distribution from the trustee.

Qualified dividend income received in respect of Utilities HOLDERS by U.S. Receipt Holders who are individuals, trusts and estates will be eligible for U.S. federal income taxation at preferential rates, which are currently scheduled to expire on December 31, 2010. Qualified dividend income includes dividends received from domestic corporations and “qualified foreign corporations,” as such term is defined below under “Special considerations with respect to underlying securities of foreign issuers.” In order for such dividends to qualify for the preferential rates,

specific minimum holding period requirements must be met, and for this purpose, a holder's holding period with respect to an underlying security may be tolled for any period in which such U.S. Receipt Holder has diminished its risk of loss in respect of such security by (for example) entering into a hedging transaction. Special rules apply to a U.S. Receipt Holder who leverages its investment in Utilities HOLDRS. U.S. Receipt Holders that are corporations may be eligible for a dividends-received deduction in respect of dividends received from domestic corporations.

A U.S. Receipt Holder will determine its initial tax basis in each of the underlying securities by allocating the purchase price for the Utilities HOLDRS among the underlying securities based on their relative fair market values at the time of purchase. Similarly, when a U.S. Receipt Holder sells Internet Architecture HOLDRS, it will determine the amount realized with respect to each security by allocating the sales price among the underlying securities based on their relative fair market values at the time of sale. A U.S. Receipt Holder's gain or loss with respect to each security will be computed by subtracting its adjusted basis in the security from the amount realized on the security. With respect to purchases of Utilities HOLDRS for cash in the secondary market, a U.S. Receipt Holder's aggregate tax basis in each of the underlying securities will be equal to the purchase price of the Utilities HOLDRS. Similarly, with respect to sales of Utilities HOLDRS for cash in the secondary market, the amount realized with respect to a sale of Utilities HOLDRS will be equal to the aggregate amount realized with respect to each of the underlying securities.

The distribution of any securities by the trust upon the surrender of Utilities HOLDRS, the occurrence of a reconstitution event or a termination event will not be a taxable event, except to the extent that cash is distributed in lieu of fractional shares. Gain or loss with respect to fractional shares shall be computed by allocating a portion of the aggregate tax basis of the distributed securities to such fractional shares. The U.S. Receipt Holder's aggregate tax basis with respect to the distributed securities will be the same as when held through the trust, less any tax basis allocated to fractional shares. The U.S. Receipt Holder's holding period with respect to the distributed securities will include the period that the U.S. Receipt Holder held the securities through the trust.

#### **Brokerage fees and custodian fees**

The brokerage fee incurred in purchasing a receipt will be treated as part of the cost of the underlying securities. Accordingly, a U.S. Receipt Holder includes this fee in its tax basis in the underlying securities. A U.S. Receipt Holder will allocate the brokerage fee among the underlying securities using either a fair market value allocation or pro rata based on the number of shares of each underlying security. Similarly, the brokerage fee incurred in selling Utilities HOLDRS will reduce the amount realized with respect to the underlying securities.

A U.S. Receipt Holder will be required to include in its income the full amount of dividends paid on the underlying securities, even though the depositary trust agreement provides that the custodian fees will be deducted directly from any dividends paid. These custodian fees will be treated as an expense incurred in connection with a U.S. Receipt Holder's investment in the underlying securities and may be deductible. If a U.S. Receipt Holder is an individual, estate or trust, however, the deduction of its share of custodian fees will be a miscellaneous itemized deduction that may be disallowed in whole or in part.

#### **Special considerations with respect to underlying securities of foreign issuers**

If any of the underlying securities are securities of foreign issuers, the gross amount of any taxable cash distribution generally will not be eligible for the dividends-received deduction provided to corporations.

As discussed above, dividends received by certain U.S. Receipt Holders from an issuer of underlying securities that is a "qualified foreign corporation" will be eligible for U.S. federal income taxation at preferential rates. A qualified foreign corporation includes:

- a foreign corporation that is eligible for the benefits of a comprehensive U.S. income tax treaty, which the Secretary of the Treasury determines to be satisfactory and that includes an exchange of information program,
- a foreign corporation if the stock to which the dividend is paid is readily tradable on an established market in the United States (which includes the American Stock Exchange), and
- a corporation that is incorporated in a possession of the United States

but will not include a passive foreign investment company (as defined below),

If a foreign issuer pays a dividend in a currency other than in U.S. dollars, the amount of the dividend for U.S. federal income tax purposes will be the U.S. dollar value (determined at the spot rate on the date of the payment) regardless of whether the payment is later converted into U.S. dollars. In this case, the U.S. Receipt Holder may recognize ordinary income or loss as a result of currency fluctuations between the date on which the dividend is paid and the date the dividend amount is converted into U.S. dollars.

Subject to certain conditions and limitations, any foreign income tax withheld on dividends may be deducted from taxable income (provided the U.S. Receipts Holder does not elect to claim a credit for any foreign income taxes paid or accrued during that taxable year) or credited against a U.S. Receipt Holder's U.S. federal income tax liability. The limitation on foreign income taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by a foreign issuer generally will constitute "passive income" or, in the case of some U.S. Receipt Holders, "financial services income for taxable years beginning before January 1, 2007." For taxable years beginning after December 31, 2006, the number of specific classes of income for which a separate limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated will be reduced to two types of income, "passive category income" and "general category income." In addition, dividends distributed by a foreign issuer that constitute "financial services income" with respect to a U.S. Receipt Holder generally will be treated as constituting "general category income." For purposes of the U.S. foreign tax credit limitation, dividends received by a U.S. Receipt Holder with respect to an underlying security of a foreign issuer generally will be treated as foreign-source income while any gain or loss recognized from the sale of such security generally will be treated as from sources within the United States. Accordingly, if any foreign income taxes are withheld upon the sale of an underlying security of a foreign issuer, the availability of foreign tax credits with respect to such taxes may be limited unless the U.S. Receipt Holder has other foreign-source income. The rules relating to the determination of the foreign tax credit are complex and we recommend that U.S. Receipt Holders consult their own tax advisors to determine whether and to what extent a credit would be available.

Dividends and distributions made by a foreign issuer may be subject to a foreign withholding tax. Some foreign issuers may make arrangements through which holders of their American depository shares or global shares can apply for a refund of withheld taxes. With respect to these issuers, U.S. Receipt Holders of Utilities HOLDRS may be able to use these arrangements to apply for a refund of withheld taxes. In some cases, however, the U.S. Receipt Holders of Utilities HOLDRS may have to independently apply to a foreign tax authority for a refund of withheld taxes.

Additionally, special U.S. federal income tax rules apply to U.S. persons owning shares of a "passive foreign investment company" (a "PFIC"). The Initial Depositor is not aware that any of the foreign issuers of the underlying securities is currently a PFIC, although no assurances can be made that the applicable tax law or other relevant circumstances will not change in a manner which affects the PFIC determination. The Initial Depositor will notify the trustee, who in turn will notify the U.S. Receipt Holders, if it becomes aware that any of the foreign issuers is a PFIC. A foreign corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules, either:

- at least 75% of its gross income is "passive income;" or
- on average at least 50% of the gross value of its assets is attributable to assets that produce "passive income" or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rent, and gains from commodities and securities transactions.

If a corporation were classified as a PFIC, a U.S. Receipt Holder could be subject to increased tax liability, possibly including an interest charge, upon the sale or other disposition of the Utilities HOLDRS or of the underlying securities or upon the receipt of "excess distributions." To avoid the interest charge provisions described in the preceding sentence, a U.S. Receipt Holder can make one of certain elections (to the extent available under specific rules) including an election to be taxed currently on its pro rata portion of the corporation's income, whether or not the income was distributed in the form of dividends or otherwise.

### **Non-U.S. Receipt Holders**

A non-U.S. Receipt Holder generally will be subject to U.S. withholding tax at a rate of 30% or a lower rate as may be specified by an applicable tax treaty with respect to dividends received on underlying securities of U.S. issuers. A non-U.S. Receipt Holder who wishes to claim a reduction in withholding under the benefit of an applicable

tax treaty must comply with certification requirements. However, if that income is effectively connected with a U.S. trade or business conducted by the non-U.S. Receipt Holder or, where a tax treaty applies, is attributable to a permanent establishment maintained in the United States by the non-U.S. Receipt Holder, then those dividends will be exempt from withholding tax, provided the non-U.S. Receipt Holder complies with applicable certification and disclosure requirements.

A non-U.S. Receipt Holder generally will not be subject to U.S. federal income or withholding tax with respect to dividends received on any underlying securities of a foreign issuer, unless that income is effectively connected with a U.S. trade or business conducted by the non-U.S. Receipt Holder or, where a tax treaty applies, is attributable to a permanent establishment maintained in the United States by the non-U.S. Receipt Holder.

With respect to dividends of U.S. and any foreign issuers, a non-U.S. Receipt Holder's dividends that are effectively connected with a U.S. trade or business or, where a tax treaty applies, dividends attributable to a U.S. permanent establishment generally will be subject to U.S. federal income taxation on a net income basis at the same graduated rates applicable to U.S. persons. In addition to this graduated tax, effectively connected dividends or, where a tax treaty applies, dividends attributable to a U.S. permanent establishment received by a corporate non-U.S. Receipt Holder may also be subject to a branch profits tax at a rate of 30% or a lower rate as may be specified by an applicable tax treaty. Under some circumstances, a corporate non-U.S. Receipt Holder whose dividends are effectively connected or attributable to a U.S. permanent establishment may be entitled to a dividends received deduction equal to 70% or 80% of the amount of the dividend.

A non-U.S. Receipt Holder that is eligible for a reduced rate of withholding tax pursuant to a tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service (the "IRS").

A non-U.S. Receipt Holder generally will not be subject to U.S. federal income or withholding tax with respect to gain recognized upon the sale or other disposition of Utilities HOLDRS or of the underlying securities unless:

- that gain is effectively connected with a U.S. trade or business conducted by the non-U.S. Receipt Holder or, where a tax treaty applies, is attributable to a permanent establishment maintained in the United States by the non-U.S. Receipt Holder,
- in the case of any gain realized by an individual non-U.S. Receipt Holder, the non-U.S. Receipt Holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met, or
- the underlying securities issuer is or has been a U.S. real property holding corporation for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of the disposition or the period during which the non-U.S. Receipt Holder held the common stock of such issuer and (a) the common stock is not considered to be "regularly traded on an established securities market" or (b) the non-U.S. Receipt Holder owned, actually or constructively, at any time during the shorter of the periods described above, more than 5% of the common stock of such issuer. It is expected that the underlying securities are currently "regularly traded on an established securities market" although no assurances can be made that the securities will continue to be so traded.

Effectively connected gains or gains attributable to a U.S. permanent establishment generally will be subject to U.S. federal income taxation on a net income basis at the same graduated rates applicable to U.S. persons, and may, in the case of a corporate non-U.S. Receipt Holder, also be subject to the branch profits tax. We recommend that non-U.S. Receipt Holders consult their own tax advisors to determine whether any applicable tax treaties provide for different rules.

#### **Backup withholding and information reporting**

Information returns will be filed with the IRS in connection with dividend payments made with respect to the underlying securities, or the proceeds of the sale or other disposition of Internet Architecture HOLDRS (or the underlying securities). If you are a non-corporate U.S. Receipt Holder, you will be subject to U.S. backup withholding tax at the applicable rate on these payments unless you are an exempt holder (such as a corporation or tax exempt entity) or provide your taxpayer identification number to the paying agent and comply with certain certification procedures. If you are a non-U.S. Receipt Holder, you may have to comply with certification procedures to establish

that you are not a U.S. person in order to avoid the information reporting and backup withholding tax requirements. However, payments of dividends to non-U.S. Receipt Holders will be reported on IRS Form 1042-S even if such payments are not otherwise subject to the information reporting requirements.

The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is furnished to the IRS on a timely basis.

The preceding discussion does not address all aspects of U.S. federal income taxation that may be relevant in light of a non-U.S. Receipt Holder's or an issuer's particular facts and circumstances. We recommend that investors consult their own tax advisors.

## **ERISA CONSIDERATIONS**

Any plan fiduciary which proposes to have a plan acquire Utilities HOLDRS should consult with its counsel with respect to the potential applicability of the prohibited transaction provisions of ERISA and the Internal Revenue Code to this investment, and whether any exemption would be applicable and determine on its own whether all conditions have been satisfied. Moreover, each plan fiduciary should determine whether, under the general fiduciary standards of investment prudence and diversification, an acquisition of Utilities HOLDRS is appropriate for the plan, taking into account the overall investment policy of the plan and the composition of the plan's investment portfolio.

## **PLAN OF DISTRIBUTION**

In accordance with the depositary trust agreement, the trust issued Utilities HOLDRS to Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Merrill Lynch, Pierce, Fenner & Smith Incorporated has deposited the underlying securities to receive Utilities HOLDRS. The trust delivered the initial distribution of Utilities HOLDRS against deposit of the underlying securities in New York, New York on approximately January 17, 2001.

Investors who purchase Utilities HOLDRS through a fee-based brokerage account will pay fees charged by the brokerage account. We recommend that investors review the terms of their brokerage accounts for details on applicable charges.

Members of the selling group have from time to time provided investment banking and other financial services to some of the issuers of the underlying securities and expect in the future to provide these services, for which they have received and will receive customary fees and commissions. They also may have served as counterparties in other transactions with some of the issuers of the underlying securities.

Merrill Lynch, Pierce, Fenner & Smith Incorporated has used and may continue to use this prospectus, as updated from time to time, in connection with offers and sales related to market-making transactions in the Utilities HOLDRS. Merrill Lynch, Pierce, Fenner & Smith Incorporated may act as principal or agent in these transactions. Market-making sales will be made at prices related to prevailing market prices at the time of sale.

Merrill Lynch, Pierce, Fenner & Smith Incorporated has agreed to indemnify the trustee against some civil liabilities related to acts performed or not performed by the trustee in accordance with the depositary trust agreement or periodic reports filed or not filed with the SEC with respect to the Utilities HOLDRS. Should a court determine not to enforce the indemnification provision, Merrill Lynch, Pierce, Fenner & Smith Incorporated also has agreed to contribute to payments the trustee may be required to make with respect to these liabilities.

## **LEGAL MATTERS**

Legal matters, including the validity of the Utilities HOLDRS, were passed upon for Merrill Lynch, Pierce, Fenner & Smith Incorporated, the initial depositor and the underwriter in connection with the initial offering of Utilities HOLDRS, by Shearman & Sterling LLP, New York, New York. Shearman & Sterling LLP, as special U.S. tax counsel to the trust, also rendered an opinion regarding the material U.S. federal income tax consequences relating to the Utilities HOLDRS.

## **WHERE YOU CAN FIND MORE INFORMATION**

Merrill Lynch, Pierce, Fenner & Smith Incorporated has filed a registration statement on Form S-1 with the SEC covering the Utilities HOLDRS. While this prospectus is a part of the registration statement, it does not contain all the exhibits filed as part of the registration statement. You should consider reviewing the full text of those exhibits.

The registration statement is available over the Internet at the SEC's Web site at <http://www.sec.gov>. You also may read and copy the registration statement at the SEC's public reference rooms in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms and their copy charges. Merrill Lynch, Pierce, Fenner & Smith Incorporated will not file any reports pursuant to the Exchange Act. The trust will file modified reports pursuant to the Securities Exchange Act of 1934.

Since the securities of the issuers of the underlying securities are registered under the Securities Exchange Act of 1934, the issuers of the underlying securities are required to file periodically financial and other information specified by the SEC. For more information about the issuers of the underlying securities, information provided to or filed with the SEC by the issuers of the underlying securities with respect to their registered securities can be inspected

at the SEC's public reference facilities or accessed through the SEC's Web site referenced above. However, some of the issuers of the underlying securities may be considered foreign issuers. The requirements for filing periodic financial and other information for foreign issuers differ from that of domestic issuers. In particular, foreign issuers are not required to file quarterly reports with the SEC and are not required to file periodic financial and other information on EDGAR. Therefore, this information may not be accessible through the SEC's Web site. Information regarding the issuers of the underlying securities may also be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated information.

The trust and the selling group and their affiliates are not affiliated with the issuers of the underlying securities, and the issuers of the underlying securities have no obligations with respect to Utilities HOLDERS. This prospectus relates only to Utilities HOLDERS and does not relate to the other securities of the issuers of the underlying securities. The information in this prospectus regarding the issuers of the underlying securities has been derived from the publicly available documents described in the preceding paragraph. We have not participated in the preparation of these documents or made any due diligence inquiries with respect to the issuers of the underlying securities in connection with Utilities HOLDERS. We make no representation that these publicly available documents or any other publicly available information regarding the issuers of the underlying securities are accurate or complete. Furthermore, we cannot assure you that all events occurring prior to the date of this prospectus, including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph, that would affect the trading price of the securities of the issuers of the underlying securities, and therefore the offering and trading prices of the Utilities HOLDERS have been publicly disclosed.

## ANNEX A

This annex forms an integral part of the prospectus.

The following tables provide a brief description of the business of each of the issuers of the underlying securities and set forth the split-adjusted closing market prices, as reported on the applicable primary U.S. trading market, of each of the underlying securities in each month during 2002, 2003, 2004, 2005 and 2006, through August 9, 2007. The historical prices of the underlying securities should not be taken as an indication of future performance.

### AMERICAN ELECTRIC POWER COMPANY, INC. (AEP)

American Electric Power Company, Inc., a public utility holding company, engages in the generation, transmission, and distribution of electric power. It distributes electric power at wholesale to other electric utility companies, rural electric co-operatives, municipalities, and other market participants. The company operates in the states of Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, and West Virginia.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	41.74	January	23.62	January	32.65	January	35.25	January	37.22	January	43.53
February	43.85	February	21.78	February	34.50	February	33.40	February	36.50	February	44.90
March	46.09	March	22.85	March	32.92	March	34.06	March	34.02	March	48.75
April	45.80	April	26.38	April	30.44	April	35.22	April	33.46	April	50.22
May	42.73	May	29.04	May	31.77	May	35.69	May	34.27	May	47.63
June	40.02	June	29.83	June	32.00	June	36.87	June	34.25	June	45.04
July	32.91	July	28.06	July	31.11	July	38.70	July	36.12	July	43.49
August	34.10	August	28.31	August	32.73	August	37.18	August	36.48		
September	28.51	September	30.00	September	31.96	September	39.70	September	36.37		
October	25.64	October	28.19	October	32.93	October	37.96	October	41.43		
November	28.42	November	27.69	November	34.17	November	36.54	November	41.51		
December	27.33	December	30.51	December	34.34	December	37.09	December	42.58		

The closing price on August 9, 2007 was \$46.97.

### CENTERPOINT ENERGY INC. (CNP)

CenterPoint Energy, Inc. operates as a public utility company in the United States. It operates in five segments: Electric Transmission and Distribution, Natural Gas Distribution, Competitive Natural Gas Sales and Services, Interstate Pipelines, and Field Services. The Electric Transmission and Distribution segment provides electric transmission and distribution services to retail electric providers, municipalities, electric cooperatives, and other distribution companies. The Natural Gas Distribution segment engages in regulated intrastate natural gas sale and transportation to approximately 3.2 million residential, commercial, and industrial customers. The Competitive Natural Gas Sales and Services segment offers variable and fixed-priced physical natural gas supplies to commercial and industrial customers, and electric and gas utilities; physical delivery services and financial products; natural gas management services; and bundled and unbundled merchant and transportation services. The Interstate Pipelines segment owns and operates approximately 7,900 miles of gas transmission lines located in Arkansas, Illinois, Louisiana, Missouri, Oklahoma, and Texas; and 6 natural gas storage fields with a combined daily deliverability of approximately 1.2 billion cubic feet (Bcf) per day and a combined working gas capacity of approximately 59 Bcf. The Field Services segment operates gas gathering, treating, and processing facilities; and also provides operating and technical services, and remote data monitoring and communication services.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	25.08	January	6.97	January	10.50	January	11.25	January	12.78	January	17.26
February	20.80	February	4.65	February	10.46	February	11.98	February	12.97	February	17.83
March	25.79	March	7.05	March	11.43	March	12.03	March	11.93	March	17.94
April	25.38	April	7.90	April	10.79	April	11.84	April	12.02	April	18.83
May	17.01	May	9.55	May	10.84	May	12.26	May	11.99	May	18.93
June	16.90	June	8.15	June	11.50	June	13.21	June	12.50	June	17.40
July	10.06	July	8.07	July	11.61	July	13.74	July	13.74	July	16.48
August	11.85	August	8.49	August	10.94	August	14.21	August	14.45		
September	10.01	September	9.17	September	10.36	September	14.87	September	14.32		
October	7.08	October	9.81	October	10.51	October	13.24	October	15.48		
November	7.65	November	9.70	November	11.16	November	13.22	November	16.35		
December	8.50	December	9.69	December	11.30	December	12.85	December	16.58		

The closing price on August 9, 2007 was \$16.16.

### CONSOLIDATED EDISON, INC. (ED)

Consolidated Edison, Inc. provides electric, gas, and steam utility services in the United States. It offers electric and gas service in southeastern New York and in adjacent areas of northern New Jersey and eastern Pennsylvania. The company also provides gas service in Manhattan, the Bronx, and parts of Queens and Westchester. The company sells electricity to industrial and large commercial customers, and residential customers; and provides energy-efficiency services, which include design and installation of lighting retrofits, high-efficiency heating, ventilating and air conditioning equipment, and other energy saving technologies to government and commercial customers in the northeastern United States.

2002	Closing Price	2003	Closing Price	2003	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	40.99	January	39.92	January	43.83	January	43.87	January	47.01	January	48.28
February	40.80	February	39.00	February	44.17	February	42.75	February	45.87	February	48.58
March	41.91	March	38.47	March	44.10	March	42.18	March	43.50	March	51.06
April	43.59	April	38.87	April	41.21	April	43.28	April	43.12	April	51.26
May	43.77	May	42.99	May	39.26	May	45.51	May	44.10	May	48.82
June	41.75	June	43.28	June	39.76	June	46.84	June	44.44	June	45.12
July	42.85	July	39.71	July	40.97	July	48.16	July	46.87	July	43.68
August	40.69	August	39.53	August	42.20	August	46.91	August	46.20		
September	40.22	September	40.76	September	42.04	September	48.55	September	46.20		
October	42.57	October	40.47	October	43.45	October	45.50	October	48.35		
November	39.75	November	40.30	November	43.85	November	45.54	November	48.22		
December	42.82	December	43.01	December	43.75	December	46.33	December	48.07		

The closing price on August 9, 2007 was \$46.94.

## DOMINION RESOURCES, INC. (D)

Dominion Resources, Inc. operates as an integrated gas and electric company in the United States. The company operates in four segments: Dominion Delivery (DD), Dominion Energy (DE), Dominion Generation (DG), and Dominion E&P (DE&P). The DD segment engages in regulated electric and gas distribution, as well as nonregulated retail energy marketing operations, including marketing of gas, electricity, and related products and services. The DE segment includes regulated electric transmission, natural gas transmission pipeline, and storage businesses, as well as the Cove Point LNG facility. This segment also engages in gathering and extraction activities; and natural gas production. The DG segment generates electricity from coal, nuclear, gas, oil, hydro, and purchased power resources with approximately 28,000 megawatts of generation capacity. The DE&P segment engages in the exploration, development, and production of oil and gas in the Gulf of Mexico, West Texas, Mid-Continent, and the Rockies and Appalachia. This segment has approximately 6.5 trillion cubic feet of natural gas and oil reserves.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	58.87	January	54.19	January	64.16	January	69.38	January	75.33	January	82.96
February	48.67	February	53.90	February	62.83	February	72.03	February	75.10	February	85.53
March	65.16	March	55.37	March	64.30	March	74.43	March	69.03	March	88.77
April	66.42	April	59.18	April	63.81	April	75.40	April	74.87	April	91.20
May	64.78	May	63.00	May	62.97	May	70.31	May	72.58	May	88.59
June	66.20	June	64.27	June	63.08	June	73.39	June	74.79	June	86.31
July	59.44	July	60.10	July	63.46	July	73.86	July	78.48	July	84.22
August	62.71	August	60.58	August	64.89	August	76.48	August	79.89		
September	50.73	September	61.90	September	65.25	September	86.14	September	76.49		
October	48.00	October	61.60	October	64.32	October	76.08	October	80.99		
November	50.95	November	60.27	November	65.47	November	75.95	November	80.74		
December	54.90	December	63.83	December	67.74	December	77.20	December	83.84		

The closing price on August 9, 2007 was \$90.85.

## DUKE ENERGY CORPORATION (DUK)

Duke Energy Corporation engages in the natural gas and electric businesses in the Americas. The company operates in six divisions: Franchised Electric, Natural Gas Transmission, Field Services, Duke Energy North America (DENA), International Energy, and Crescent Resources. The Franchised Electric division generates, transmits, distributes, and sells electricity in central and western North Carolina and western South Carolina. The Natural Gas Transmission division provides transportation and storage of natural gas in the eastern and southeastern United States, and in Ontario and British Columbia, Canada. The Field Services division gathers, compresses, treats, processes, transports, markets, and stores natural gas; and fractionates, transports, markets, and stores natural gas liquids. The DENA division operates and manages power plants, and markets electric power and natural gas in the United States and Canada. The International Energy division operates and manages power generation facilities, and sells and markets electric power and natural gas. The Crescent Resources division develops and manages commercial, residential, and multifamily real estate projects primarily in the southeastern and southwestern United States. In addition, Duke Energy owns and operates a fiber optic communications network in the Carolinas serving wireless, local, and long distance communications companies; Internet service providers; and other businesses and organizations.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	34.87	January	16.91	January	21.73	January	26.79	January	28.35	January	19.69
February	35.30	February	13.51	February	21.96	February	26.99	February	28.40	February	19.68
March	37.80	March	14.54	March	22.60	March	28.01	March	29.15	March	20.29
April	38.33	April	17.59	April	21.06	April	29.19	April	29.12	April	20.52
May	32.01	May	19.38	May	19.94	May	27.48	May	28.22	May	19.54
June	31.10	June	19.95	June	20.29	June	29.73	June	29.37	June	18.30
July	25.49	July	17.55	July	21.50	July	29.54	July	30.32	July	17.03
August	26.83	August	17.08	August	22.14	August	28.99	August	30.00		
September	19.55	September	17.81	September	22.89	September	29.17	September	30.20		
October	20.49	October	18.15	October	24.53	October	26.48	October	31.64		
November	19.74	November	18.04	November	25.28	November	26.86	November	31.72		
December	19.54	December	20.45	December	25.33	December	27.45	December	33.21		

The closing price on August 9, 2007 was \$19.40.



## DYNEGY, INC. (DYN)

Dynegy, Inc., through its subsidiaries, engages in the production and sale of electric energy, capacity, and ancillary services in the United States. It generates electricity by burning coal, natural gas, or oil. Its customers include regional transmission organizations, independent system operators, integrated utilities, municipalities, electric cooperatives, transmission and distribution utilities, industrial customers, power marketers, banks, hedge funds, other power generators, and commercial end-users. The company sells electric energy, capacity, and ancillary services primarily through bilateral negotiated contracts with third parties and into regional central markets; and through structured wholesale over-the-counter markets and directly to end-use customers.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	23.85	January	1.87	January	4.47	January	4.45	January	5.50	January	7.05
February	25.57	February	1.95	February	4.09	February	4.16	February	5.41	February	8.22
March	29.00	March	2.61	March	3.96	March	3.91	March	4.80	March	9.26
April	18.00	April	4.40	April	3.96	April	3.35	April	4.97	April	9.41
May	8.89	May	4.98	May	4.39	May	4.65	May	5.28	May	9.68
June	7.20	June	4.20	June	4.26	June	4.86	June	5.47	June	9.44
July	2.40	July	3.17	July	4.20	July	5.56	July	5.63	July	8.91
August	2.08	August	3.09	August	4.36	August	4.36	August	6.20		
September	0.73	September	3.60	September	4.99	September	4.71	September	5.54		
October	0.68	October	4.01	October	4.93	October	4.44	October	6.08		
November	1.17	November	4.00	November	5.65	November	4.79	November	6.79		
December	1.18	December	4.28	December	4.62	December	4.84	December	7.24		

The closing price on August 9, 2007 was \$8.96.

## EDISON INTERNATIONAL (EIX)

Edison International, through its subsidiary, Southern California Edison Company, engages in the supply of electric energy in central, coastal, and southern California. The company also engages in the development, acquisition, ownership, leasing, operation, and sale of energy and capacity from independent power production facilities, as well as conducts price risk management and energy trading activities in power markets. It also invests in energy and infrastructure projects, including power generation, electric transmission and distribution, transportation, and telecommunications in the United States. It offers its services to commercial, residential, agricultural, and industrial customers, as well as public authorities.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	11.44	January	12.33	January	22.00	January	32.47	January	43.82	January	44.98
February	15.80	February	12.36	February	23.09	February	32.48	February	44.36	February	47.00
March	16.75	March	13.57	March	24.29	March	34.72	March	41.18	March	49.13
April	18.15	April	14.59	April	23.40	April	36.30	April	40.41	April	52.35
May	18.66	May	16.28	May	24.14	May	36.75	May	39.24	May	58.27
June	17.00	June	16.43	June	25.57	June	40.55	June	39.00	June	56.12
July	13.10	July	16.41	July	26.80	July	40.88	July	41.38	July	52.89
August	11.98	August	18.86	August	26.88	August	45.03	August	43.64		
September	10.00	September	19.10	September	26.51	September	47.28	September	41.64		
October	10.05	October	19.71	October	30.50	October	43.76	October	44.44		
November	11.09	November	20.42	November	31.90	November	45.12	November	45.98		
December	11.85	December	21.93	December	32.03	December	43.61	December	45.48		

The closing price on August 9, 2007 was \$52.76.

## EL PASO ENERGY CORPORATION (EP)

El Paso Corporation provides natural gas and related energy products primarily in North America. The company offers natural gas transmission services to various customers, including natural gas producers, marketers, and end-users, as well as other natural gas transmission, distribution, and electric generation companies through its interests in approximately 43,000 miles of interstate pipeline system. It also focuses on the exploration, acquisition, development, and production of natural gas, oil, and natural gas liquids in the United States, Brazil, and Egypt. The company sells its natural gas and oil to third parties. It also has interests in international power plants in Brazil, Asia, and Central America. The company sells power to power transmission and distribution companies owned by local governments.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	37.95	January	8.44	January	8.50	January	10.87	January	13.46	January	15.52
February	39.08	February	4.86	February	7.44	February	12.33	February	13.08	February	14.35
March	44.03	March	6.05	March	7.11	March	10.58	March	12.05	March	14.47
April	40.00	April	7.50	April	7.01	April	9.99	April	12.91	April	15.00
May	25.65	May	8.70	May	7.21	May	10.34	May	15.57	May	17.04
June	20.61	June	8.08	June	7.88	June	11.52	June	15.00	June	17.23
July	14.45	July	7.04	July	7.89	July	12.00	July	16.00	July	16.65
August	16.91	August	7.34	August	8.18	August	11.60	August	14.52		
September	8.27	September	7.30	September	9.19	September	13.90	September	13.64		
October	7.75	October	7.34	October	8.94	October	11.86	October	13.70		
November	8.52	November	7.10	November	10.44	November	10.99	November	14.60		
December	6.96	December	8.19	December	10.40	December	12.16	December	15.26		

The closing price on August 9, 2007 was \$16.83.

## ENTERGY CORPORATION (ETR)

Entergy Corporation, an integrated energy company, engages in the production and retail distribution of electric power. It generates, transmits, distributes, and sells electric power in Arkansas, Mississippi, Texas, and Louisiana. The company also operates a small natural gas distribution business. It owns and operates nuclear power plants located in the northeastern United States, as well as sells electric power produced by those plants primarily to wholesale customers. The company also operates non-nuclear wholesale assets business, which sells the electric power produced by power plants to wholesale customers.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	41.18	January	44.45	January	58.48	January	69.52	January	69.51	January	92.85
February	41.28	February	45.55	February	59.29	February	69.12	February	72.51	February	98.75
March	43.41	March	48.15	March	59.50	March	70.66	March	68.94	March	104.92
April	46.40	April	46.61	April	54.60	April	73.30	April	69.94	April	113.14
May	43.98	May	51.69	May	54.61	May	71.83	May	70.11	May	112.90
June	42.44	June	52.78	June	56.01	June	75.55	June	70.75	June	107.35
July	40.53	July	51.51	July	57.50	July	77.94	July	77.10	July	99.96
August	42.19	August	52.45	August	60.30	August	74.91	August	77.65		
September	41.60	September	54.15	September	60.61	September	74.32	September	78.23		
October	44.09	October	53.90	October	65.36	October	70.72	October	85.83		
November	43.73	November	52.86	November	64.82	November	70.00	November	91.32		
December	45.59	December	57.13	December	67.59	December	68.65	December	92.32		

The closing price on August 9, 2007 was \$98.59.

## EXELON CORPORATION (EXC)

Exelon Corporation, a utility services holding company, engages in the purchase, transmission, distribution, and sale of electricity to residential, commercial, industrial, and wholesale customers in northern Illinois. It also offers electricity and natural gas in southeastern Pennsylvania. In addition, the company operates electric generating facilities and wholesale energy marketing business, as well as retail sales business of other generation projects.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	49.24	January	50.93	January	33.49	January	44.25	January	57.42	January	59.99
February	49.28	February	49.15	February	33.57	February	45.36	February	57.11	February	65.93
March	52.97	March	50.41	March	34.44	March	45.89	March	52.90	March	68.71
April	54.30	April	53.04	April	33.47	April	49.50	April	54.00	April	75.41
May	53.49	May	57.30	May	33.30	May	46.85	May	56.61	May	78.00
June	52.30	June	59.81	June	33.29	June	51.33	June	56.83	June	72.60
July	49.05	July	28.74	July	34.90	July	53.52	July	57.90	July	70.15
August	46.82	August	29.45	August	36.85	August	53.99	August	60.98		
September	47.50	September	31.75	September	39.62	September	53.44	September	60.54		
October	50.40	October	31.73	October	39.62	October	52.03	October	61.98		
November	50.19	November	30.91	November	41.71	November	52.04	November	60.73		
December	52.77	December	33.18	December	44.07	December	53.14	December	61.89		

The closing price on August 9, 2007 was \$75.25.

## FIRSTENERGY CORPORATION (FE)

FirstEnergy Corp. provides various electric utility services in the United States. It engages in the generation, transmission, and distribution of electric energy.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	37.20	January	31.20	January	37.52	January	39.76	January	50.10	January	59.33
February	36.60	February	29.50	February	38.63	February	41.24	February	51.08	February	62.57
March	34.58	March	31.50	March	39.08	March	41.95	March	48.90	March	66.24
April	33.30	April	33.73	April	39.10	April	43.52	April	50.71	April	68.44
May	34.51	May	36.81	May	39.00	May	44.30	May	52.42	May	69.23
June	33.38	June	38.45	June	37.41	June	48.11	June	54.21	June	64.73
July	30.75	July	34.49	July	39.10	July	49.78	July	56.00	July	60.75
August	33.00	August	29.26	August	40.24	August	51.03	August	57.06		
September	29.89	September	31.90	September	41.08	September	52.12	September	55.86		
October	32.45	October	34.39	October	41.33	October	47.50	October	58.85		
November	31.68	November	34.65	November	42.33	November	46.96	November	59.84		
December	32.97	December	35.20	December	39.51	December	48.99	December	60.30		

The closing price on August 9, 2007 was \$61.36.

**FPL GROUP, INC. (FPL) (SS AND DIVIDEND-GO BACK)**

FPL Group, Inc. engages in the generation, transmission, distribution, and sale of electric energy. It produces electricity utilizing natural gas, wind, nuclear, oil, hydro, and other resources. The company also has investments in independent power projects. In addition, the company provides fiber-optic services to telecommunications companies and other customers.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	26.81	January	29.20	January	32.88	January	38.32	January	41.79	January	56.65
February	26.56	February	28.01	February	32.83	February	39.68	February	41.93	February	59.10
March	29.78	March	29.47	March	33.43	March	40.15	March	40.14	March	61.17
April	31.75	April	30.44	April	31.81	April	40.82	April	39.60	April	64.37
May	31.50	May	33.24	May	31.88	May	40.65	May	39.83	May	63.93
June	30.00	June	33.43	June	31.98	June	42.06	June	41.38	June	56.74
July	28.33	July	30.84	July	33.67	July	43.12	July	43.14	July	57.73
August	28.54	August	30.93	August	34.60	August	43.09	August	44.45		
September	26.90	September	31.60	September	34.16	September	47.60	September	45.00		
October	29.49	October	31.87	October	34.45	October	43.06	October	51.00		
November	29.40	November	31.78	November	35.17	November	42.39	November	53.30		
December	30.07	December	32.71	December	37.38	December	41.56	December	54.42		

The closing price on August 9, 2007 was \$61.25.

**PG&E CORPORATION (PCG)**

PG&E Corporation engages in the generation, procurement, and transmission of electricity; and procurement, transportation, and storage of natural gas primarily in the in northern and central California. It owns and operates an integrated natural gas transportation, storage, and distribution system, as well as underground natural gas storage fields in California. The company primarily serves agricultural, industrial, residential, and commercial customers; public street and highway lighting; and other electric utilities in Canada and the United States.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	21.50	January	13.80	January	26.85	January	35.00	January	37.31	January	46.68
February	21.21	February	12.75	February	28.17	February	35.18	February	38.05	February	46.43
March	23.56	March	13.45	March	28.97	March	34.10	March	38.90	March	48.27
April	23.50	April	14.98	April	27.52	April	34.72	April	39.84	April	50.60
May	21.50	May	17.00	May	28.50	May	35.77	May	39.68	May	49.26
June	17.89	June	21.15	June	27.94	June	37.54	June	39.28	June	45.30
July	13.90	July	21.45	July	28.54	July	37.63	July	41.68	July	42.81
August	11.35	August	22.17	August	29.19	August	37.52	August	41.93		
September	11.26	September	23.90	September	30.40	September	39.52	September	41.65		
October	10.85	October	24.45	October	32.04	October	36.38	October	43.14		
November	13.81	November	25.12	November	33.26	November	36.78	November	45.93		
December	13.90	December	27.77	December	33.28	December	37.12	December	47.33		

The closing price on August 9, 2007 was \$43.77.

**PROGRESS ENERGY, INC. (PGN)**

Progress Energy, Inc. operates as an integrated energy company serving the southeast region of the United States. It engages in the generation, transmission, distribution, and sale of electricity in North Carolina, South Carolina, and Florida. The company also produces and sells coal-based solid synthetic fuels in Kentucky and West Virginia; operates synthetic fuels facilities for third parties in West Virginia; and provides coal terminal services, which include procuring and processing coal, and transloading and marketing synthetic fuels. It offers its coal terminal services in Kentucky and West Virginia. The company serves textile, chemical, metal, paper, food, rubber and plastics, wood products, and electronic machinery and equipment sectors, as well as phosphate rock mining and processing, electronics design and manufacturing, and citrus and other food processing sectors.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	43.70	January	40.41	January	44.78	January	44.25	January	43.62	January	47.54
February	44.74	February	38.90	February	46.16	February	43.34	February	44.38	February	48.86
March	50.04	March	39.15	March	47.08	March	41.95	March	43.98	March	50.44
April	51.89	April	41.78	April	42.77	April	41.99	April	42.80	April	50.55
May	51.85	May	47.05	May	42.61	May	44.23	May	42.04	May	50.09
June	52.01	June	43.90	June	44.05	June	45.24	June	42.87	June	45.59
July	46.75	July	40.74	July	42.14	July	44.61	July	43.55	July	43.66
August	46.52	August	40.49	August	43.89	August	43.59	August	44.33		
September	40.87	September	44.46	September	42.34	September	44.75	September	45.38		
October	41.72	October	43.10	October	41.30	October	43.59	October	46.00		
November	42.00	November	43.82	November	43.91	November	44.78	November	47.77		
December	43.35	December	45.26	December	45.24	December	43.92	December	49.08		

The closing price on August 9, 2007 was \$47.02.

**PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED (PEG)**

Public Service Enterprise Group Incorporated engages in the transmission, distribution, and sale of electric energy and natural gas to commercial, residential, and industrial customers primarily in the Northeastern and Mid Atlantic United States. It also offers appliance services and repairs to its customers. The company also operates as an independent wholesale energy supply company, integrating its generating asset operations, through its wholesale energy, fuel supply, energy trading, and marketing and risk management functions.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	42.08	January	35.28	January	45.44	January	52.75	January	69.62	January	67.03
February	42.17	February	34.63	February	47.14	February	54.55	February	69.39	February	74.90
March	45.80	March	36.69	March	46.98	March	54.39	March	64.04	March	83.04
April	46.35	April	38.47	April	42.90	April	58.10	April	62.70	April	86.45
May	45.28	May	42.73	May	42.16	May	55.50	May	63.73	May	88.94
June	43.30	June	42.25	June	40.03	June	60.82	June	66.12	June	87.78
July	34.55	July	40.75	July	39.00	July	64.30	July	67.43	July	86.15
August	35.20	August	42.34	August	42.34	August	64.55	August	70.02		
September	30.50	September	42.00	September	42.60	September	64.36	September	61.19		
October	28.65	October	40.87	October	42.59	October	62.89	October	61.05		
November	29.94	November	41.02	November	43.99	November	62.72	November	67.22		
December	32.10	December	43.80	December	51.77	December	64.97	December	66.38		

The closing price on August 9, 2007 was \$85.11.

## RELIANT ENERGY INC. (RRI)

Reliant Energy, Inc. provides electricity and energy services to retail and wholesale customers in the United States. It operates through two segments, Retail Energy and Wholesale Energy. The Retail Energy segment provides electricity and energy services to retail electricity customers in Texas, including residential and small business customers; and commercial, industrial, and governmental/institutional customers, such as refineries, chemical plants, manufacturing facilities, hospitals, universities, governmental agencies, restaurants, and other facilities. The Wholesale Energy segment offers electricity and energy services to investor-owned utilities, municipalities, cooperatives, and other companies that serve end users or purchase power at wholesale for resale.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	14.05	January	4.08	January	7.76	January	12.45	January	10.12	January	14.88
February	10.56	February	4.05	February	7.60	February	11.99	February	10.16	February	16.94
March	16.91	March	3.56	March	8.21	March	11.38	March	10.58	March	20.32
April	15.43	April	5.62	April	8.31	April	10.17	April	11.35	April	22.27
May	9.45	May	6.70	May	9.91	May	12.30	May	11.65	May	25.62
June	8.75	June	6.13	June	10.83	June	12.38	June	11.98	June	26.95
July	4.62	July	4.96	July	9.88	July	13.26	July	12.58	July	25.68
August	5.00	August	4.62	August	9.96	August	12.50	August	13.46		
September	1.75	September	5.12	September	9.33	September	15.44	September	12.31		
October	1.88	October	4.95	October	10.28	October	12.70	October	12.68		
November	2.35	November	6.56	November	11.88	November	9.16	November	13.42		
December	3.20	December	7.36	December	13.65	December	10.32	December	14.21		

The closing price on August 9, 2007 was \$26.11.

## THE SOUTHERN COMPANY (SO)

Reliant Energy, Inc. provides electricity and energy services to retail and wholesale customers in the United States. It operates through two segments, Retail Energy and Wholesale Energy. The Retail Energy segment provides electricity and energy services to retail electricity customers in Texas, including residential and small business customers; and commercial, industrial, and governmental/institutional customers, such as refineries, chemical plants, manufacturing facilities, hospitals, universities, governmental agencies, restaurants, and other facilities. The Wholesale Energy segment offers electricity and energy services to investor-owned utilities, municipalities, cooperatives, and other companies that serve end users or purchase power at wholesale for resale.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	24.65	January	28.17	January	29.80	January	33.77	January	34.80	January	36.53
February	25.40	February	28.21	February	30.32	February	32.12	February	34.03	February	35.80
March	26.49	March	28.44	March	30.50	March	31.83	March	32.77	March	36.65
April	28.35	April	29.09	April	28.76	April	32.95	April	32.23	April	37.79
May	27.00	May	31.48	May	28.92	May	33.95	May	31.97	May	36.01
June	27.40	June	31.16	June	29.15	June	34.67	June	32.05	June	34.29
July	28.78	July	28.44	July	29.28	July	34.99	July	33.78	July	33.64
August	28.96	August	28.38	August	30.35	August	34.40	August	34.27		
September	28.78	September	29.35	September	29.98	September	35.76	September	34.46		
October	29.70	October	29.80	October	31.59	October	34.99	October	36.40		
November	26.16	November	29.27	November	32.79	November	34.71	November	36.25		
December	28.39	December	30.25	December	33.52	December	34.53	December	36.86		

The closing price on August 9, 2007 was \$37.01.

**THE WILLIAMS COMPANIES, INC. (WMB)**

The Williams Companies, Inc. engages in the production, gathering, processing, and transportation of natural gas. It also engages in the management of power business. The company operates through four segments: Exploration and Production, Gas Pipeline, Midstream Gas and Liquids, and Power. The Exploration and Production segment produces, develops, and manages natural gas reserves primarily in the Rocky Mountain and Mid-Continent regions of the United States. The Gas Pipeline segment owns and operates a 10,500-mile natural gas pipeline system extending from Texas, Louisiana, Mississippi, and the offshore Gulf of Mexico through Alabama, Georgia, South Carolina, North Carolina, Virginia, Maryland, Pennsylvania, and New Jersey to the New York City metropolitan area; and another natural gas pipeline system extending from the San Juan basin in northwestern New Mexico and southwestern Colorado through Colorado, Utah, Wyoming, Idaho, Oregon and Washington to a point on the Canadian border near Sumas, Washington. The Midstream Gas and Liquids segment engages in the natural gas gathering, treating, and processing; natural gas liquids fractionation, storage, and transportation; and oil transportation. The Power segment operates as an energy service provider that buys, sells, stores, and transports energy and energy-related commodities primarily power and natural gas on a wholesale level.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	17.68	January	3.24	January	10.14	January	16.81	January	23.84	January	26.99
February	15.45	February	3.81	February	9.47	February	18.83	February	21.57	February	26.97
March	23.56	March	4.58	March	9.57	March	18.81	March	21.39	March	28.46
April	19.10	April	6.95	April	10.30	April	17.02	April	21.93	April	29.50
May	14.20	May	7.91	May	11.91	May	18.41	May	22.60	May	31.76
June	5.99	June	7.90	June	11.90	June	19.00	June	23.36	June	31.62
July	2.95	July	6.35	July	12.15	July	21.24	July	24.25	July	32.25
August	3.22	August	9.13	August	11.89	August	22.44	August	24.63		
September	2.66	September	9.42	September	12.10	September	25.05	September	23.87		
October	1.88	October	10.20	October	12.51	October	22.30	October	24.43		
November	2.69	November	9.38	November	16.67	November	21.50	November	27.76		
December	2.70	December	9.82	December	16.29	December	23.17	December	26.12		

The closing price on August 9, 2007 was \$31.66.

**TXU CORP. (TXU)**

TXU Corp. engages in the generation, transmission, and distribution of electricity to residential and business customers in Texas. It also involves in the sale and purchase of energy, as well as commodity risk management and trading activities. The company owns and leases approximately 17,605 megawatts of generation capacity, including 2,300 MW of nuclear-fired capacity; 5,837 MW of lignite/coal-fueled capacity; and 9,468 MW of natural gas-fueled capacity. It provides electricity to approximately 2.1 million electricity customers in Texas. In addition, the company develops lignite/coal-fueled generation facilities; and transmits electricity to customers, including municipalities, electric cooperatives, and other distribution companies.

2002	Closing Price	2003	Closing Price	2004	Closing Price	2005	Closing Price	2006	Closing Price	2007	Closing Price
January	24.36	January	7.53	January	12.00	January	34.60	January	50.64	January	54.08
February	25.44	February	8.20	February	14.07	February	38.13	February	52.39	February	66.19
March	27.26	March	8.70	March	14.33	March	39.82	March	44.76	March	64.10
April	27.21	April	9.96	April	17.07	April	42.90	April	49.63	April	65.58
May	25.67	May	10.12	May	18.69	May	40.14	May	57.30	May	67.45
June	25.78	June	11.23	June	20.26	June	41.55	June	59.79	June	67.30
July	21.57	July	10.09	July	19.83	July	43.32	July	64.23	July	65.25
August	24.18	August	11.00	August	20.82	August	48.51	August	66.21		
September	20.86	September	11.78	September	23.96	September	56.40	September	62.52		
October	7.18	October	11.41	October	30.61	October	50.38	October	63.13		
November	7.71	November	11.07	November	31.41	November	51.34	November	57.39		
December	9.34	December	11.86	December	32.28	December	50.19	December	54.21		

The closing price on August 9, 2007 was \$63.55.



1,000,000,000 Depositary Receipts  
Utilities HOLDERS<sup>SM</sup> Trust

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PROSPECTUS

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August 14, 2007

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## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### Item 14. Indemnification of Directors and Officers.

Section 145 of the General Corporation Law of the State of Delaware, as amended, provides that under certain circumstances a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving at its request in such capacity in another corporation or business association, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.

Article XIV, Section 2 of the Restated Certificate of Incorporation of Merrill Lynch, Pierce, Fenner & Smith Incorporated provides in effect that, subject to certain limited exceptions, Merrill Lynch, Pierce, Fenner & Smith Incorporated shall indemnify its directors and officers to the full extent authorized or permitted by law.

The directors and officers of Merrill Lynch, Pierce, Fenner & Smith Incorporated are insured under policies of insurance maintained by Merrill Lynch, Pierce, Fenner & Smith Incorporated, subject to the limits of the policies, against certain losses arising from any claim made against them by reason of being or having been such directors or officers. In addition, Merrill Lynch, Pierce, Fenner & Smith Incorporated has entered into contracts with all of its directors providing for indemnification of such persons by Merrill Lynch, Pierce, Fenner & Smith Incorporated to the full extent authorized or permitted by law, subject to certain limited exceptions.

#### Item 16. Exhibits.

See Exhibit Index.

#### Item 17. Undertakings.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of the prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the

securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(5) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to Item 14 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant hereby certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and has duly caused this Post-Effective Amendment No. 7 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, on August 14, 2007.

**MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED**

By: \_\_\_\_\_  
\*  
Name: Joseph F. Regan  
Title: First Vice President, Chief  
Financial Officer and Controller

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 7 to the Registration Statement has been signed by the following persons in the capacities indicated August 14, 2007.

<u>Signature</u>	<u>Title</u>
_____ * Robert J. McCann	Chief Executive Officer, Chairman of the Board
_____ * Carlos M. Morales	Director and Senior Vice President
_____ * Candace E. Browning	Director and Senior Vice President
_____ * Gregory J. Fleming	Director and Executive Vice President
_____ * Joseph F. Regan	First Vice President, Chief Financial Officer and Controller
_____ *By: /s/ Mitchell M. Cox Mitchell M. Cox	Attorney-in-Fact

## INDEX TO EXHIBITS

### Exhibits

- \*4.1 Standard Terms for Depositary Trust Agreements between Merrill Lynch, Pierce, Fenner & Smith Incorporated and The Bank of New York, as Trustee dated as of September 2, 1999, and included as exhibits thereto, form of Depositary Trust Agreement and form of HOLDERS, filed on May 8, 2000 as an exhibit to the registration statement filed on Form S-1 for Utilities HOLDERS.
- \*4.2 Amendment No. 2 to the Standard Terms for Depositary Trust Agreements, dated as of November 22, 2000, filed on November 28, 2000 as an exhibit to post-effective Amendment No. 1 to the registration statement on Form S-1 for Utilities HOLDERS.
- \*5.1 Opinion of Shearman & Sterling LLP regarding the validity of the Utilities HOLDERS Receipts, filed on May 8, 2000 as an exhibit to the registration statement filed on Form S-1 for Utilities HOLDERS.
- \*8.1 Opinion of Shearman & Sterling LLP, as special U.S. tax counsel, regarding the material federal income tax consequences, filed on May 8, 2000 as an exhibit to the registration statement filed on Form S-1 for Utilities HOLDERS.
- \*24.1 Power of Attorney (included in Part II of Registration Statement), filed on May 8, 2000 as an exhibit to the registration statement filed on Form S-1 for Utilities HOLDERS.
- \*24.2 Power of Attorney of Dominic A. Carone, filed on November 28, 2000 as an exhibit to post-effective Amendment No. 1 to the registration statement on Form S-1 for Utilities HOLDERS.
- \*24.3 Power of Attorney of John J. Fosina, E. Stanley O'Neal, George A. Schieren, Thomas H. Patrick and Dominic A. Carone.
- \*24.4 Power of Attorney of James P. Gorman, Arshad R. Zakaria and Carlos M. Morales.
- \*24.5 Power of Attorney of Candace E. Browning, Gregory J. Fleming, Do Woo Kim and John F. Regan.
- \*24.6 Power of Attorney of Robert J. McCann and Joseph F. Regan.

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\* Previously filed.