

ETFs: Past, Present and Future

Presentation to

Capital Link Forum - New York

Closed-End Country Funds and Global ETF Conference

April 9, 2002

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**AMERICAN
STOCK EXCHANGE®**
Equities Options ETFs

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Analyzing the Impact and
Role of Exchanges in the
ETF Process....



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Exchanges in the ETF Process

- **Product Creation / Development**
- **Product Support**
- **Market Information & Education**
- **Industry Leadership**

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➤ **Product Creation / Development**

- ✓ **Sponsor / Issuer**
- ✓ **Regulatory Liaison**
- ✓ **Facilitator / Advisor**

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➤ **Product Support**

✓ **Index Calculation**

✓ **Marketing**

- **Conferences**

- **Firm/Broker Visits**

- **Web Site**

- **Request Fulfillment**

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➤ **Market Information & Education**

- ✓ **Real-Time Market Data**
- ✓ **Daily Product Information**
 - **Shares outstanding, NAV, Accrued Dividends, etc.**
- ✓ **Intra-day Proxy Value**
- ✓ **Research**
 - **Premium/ Discount Study**

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➤ **Industry Leadership**

- ✓ **Neutrality**
- ✓ **Long View**

Continued Growth

- A. There are now 118 portfolios including **HOLDERS** with assets of \$84.6 billion as of February 28, 2002.**
- B. Each trading day averages \$6.3 billion in consolidated trading volume. In fact, according to Lipper in 2001 the QQQ at \$3.5 billion, traded more per day than GE, GM, XON, MRK, Philip Morris, Dupont and Sears combined.**

Continued Growth....

C. We anticipate the number of portfolios to almost double over the next 12 months with trading volume expected to rise at least 50%. New funds will include those from BGI, ProFunds and Vanguard.

Continued Growth....

D. New products will include different kinds of index funds, bond funds, enhanced index funds, leveraged funds and eventually actively managed funds.

E. SEC Concept Release

International

A. Vision

- **24-hour trading of the same fund share clearing and settling on a common platform**
- **U.S. funds overseas / overseas funds in the U.S. either directly cross-listed or as clones**

International....

B. Singapore Joint Venture Signed

- May 5th, 2001
- SPDRs, Diamonds – Three BGI Portfolios

C. Euronext Cross-Listing

- Expected trading date – 3rd Quarter of 2002

International....

D. Tokyo MOU Signed

- **Expected Joint Venture Signing – 3rd Quarter of 2002**

E. According to Morgan Stanley, there are now more ETFs trading overseas than in the U.S. Market, although assets are not nearly as large.

For More Information & Prospectuses....

For more complete information and prospectuses, including charges, expenses and potential risks, on DIAMONDS®, FORTUNE 500® Index Tracking Stock, FORTUNE e-50™ Index Tracking Stock, iSharesSM, MidCap SPDRs™, Nasdaq-100 Index Tracking StockSM, Select Sector SPDRs®, SPDRs®, and streetTRACKSSM, call 1-800-THE-AMEX or visit www.amex.com. Read a prospectus carefully before you invest. Exchange-Traded Funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Investments in foreign investments may incur unique and greater risks than domestic investments. Past performance is no guarantee of future results. ALPS Mutual Funds Services, Inc., a registered broker-dealer, is distributor for the DIAMONDS, Nasdaq-100 Index Tracking Stock, MidCap SPDR and SPDR Trusts, all unit investment trusts, and the Select Sector SPDR Trust, an index fund. SEI Investments Distribution Co., a registered broker-dealer, is distributor for iShares, an index fund. State Street Brokerage, a division of State Street Capital Markets, LLC, is distributor for streetTRACKS, FORTUNE 500 Index Tracking Stock and FORTUNE e-50 Index Tracking Stock, all index funds. These products are not sponsored, endorsed, sold or promoted by the licensors of the foregoing trademarks and service marks. For complete details regarding rights relating to HOLDRS and rights relating to the HOLDRS underlying securities, please refer to the prospectus. This is not an offer to sell HOLDRS and we are not soliciting offers to buy HOLDRS in any state where such offer or sale is not permitted.

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