

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13D  
Under the Securities Exchange Act of 1934

(Amendment No. 1)

LEVEL 8 SYSTEMS, INC.  
(Name of Issuer)

COMMON STOCK, PAR VALUE \$0.001 PER SHARE  
(Title of class of securities)

52729M102  
(CUSIP number)

MLBC, INC.  
222 BROADWAY  
NEW YORK, NEW YORK 10038  
(Name, address and telephone number of person authorized  
to receive notices and communications)

WITH A COPY TO:

HOWARD CHATZINOFF, ESQ.  
S. WADE ANGUS, ESQ.  
WEIL, GOTSHAL & MANGES LLP  
767 FIFTH AVENUE  
NEW YORK, NEW YORK 10153-0119  
(212) 310-8000

JANUARY 3, 2002  
(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [ ].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

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<TABLE>  
<CAPTION>

CUSIP No. 52729M102  
Page 2

13D

<S> <C>

1 NAME OF REPORTING PERSON  
SMITH INCORPORATED

MERRILL LYNCH, PIERCE, FENNER &

S.S. OR I.R.S. IDENTIFICATION NO.  
OF ABOVE PERSON

13-5674085

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:  
(a) [ ]

(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS:

00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEM 2(d) OR 2(e):

[ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION:  
Delaware

7 SOLE VOTING POWER:  
0 NUMBER OF SHARES

BENEFICIALLY OWNED BY

EACH REPORTING PERSON WITH

8 SHARED VOTING POWER:  
0

9 SOLE DISPOSITIVE POWER:  
0

10 SHARED DISPOSITIVE POWER:  
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:  
0

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:  
[ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):  
0%

14 TYPE OF REPORTING PERSON: BD, IA, CO

2

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1 NAME OF REPORTING PERSON OF ABOVE PERSON MLBC, INC.  
S.S. OR I.R.S. IDENTIFICATION NO. 13-3433608

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:  
(a) [ ]  
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS: 00

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):  
[ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION:  
Delaware

7 SOLE VOTING POWER:  
1,229,000  
NUMBER OF  
SHARES

BENEFICIALLY  
OWNED BY

EACH  
REPORTING

PERSON WITH

8 SHARED VOTING POWER:  
7,534,286\*

9 SOLE DISPOSITIVE POWER:  
1,229,000

10 SHARED DISPOSITIVE POWER:  
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:  
7,534,286\*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:  
[ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):  
42.4%

14 TYPE OF REPORTING PERSON: CO

\* See Item 5 of this Amendment No.1

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1 NAME OF REPORTING PERSON MERRILL LYNCH & CO., INC.  
S.S. OR I.R.S. IDENTIFICATION NO. 13-2740599  
OF ABOVE PERSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [  
] (b)  
[X]

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEM 2(d) OR 2(e):

[ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION:  
Delaware

7 SOLE VOTING POWER: Disclaimed (See  
11 below)  
NUMBER OF  
SHARES

BENEFICIALLY  
OWNED BY

EACH  
REPORTING

PERSON WITH

8 SHARED VOTING POWER: Disclaimed (See  
11 below)

9 SOLE DISPOSITIVE POWER: Disclaimed (See  
11 below)

10 SHARED DISPOSITIVE POWER:  
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON: Beneficial ownership of all  
shares disclaimed by Merrill  
Lynch & Co., Inc.

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:  
[ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): Not applicable  
(See 11 above)

14 TYPE OF REPORTING PERSON: CO, HC

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1 NAME OF REPORTING PERSON MERRILL LYNCH GROUP, INC.  
S.S. OR I.R.S. IDENTIFICATION NO. 13-3408201  
OF ABOVE PERSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [  
] (b)

[X]

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not applicable

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):		
[ ]			
6	CITIZENSHIP OR PLACE OF ORGANIZATION:		
Delaware			
7	SOLE VOTING POWER:		Disclaimed (See
11 below)			
NUMBER OF SHARES			
BENEFICIALLY OWNED BY			
EACH REPORTING PERSON WITH			
8	SHARED VOTING POWER:		Disclaimed (See
11 below)			
9	SOLE DISPOSITIVE POWER:		Disclaimed (See
11 below)			
10	SHARED DISPOSITIVE POWER:		
0			
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:		Beneficial ownership of
all shares			disclaimed by Merrill
Lynch Group, Inc.			
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:		
[ ]			
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):		Not applicable (See
11 above)			
14	TYPE OF REPORTING PERSON:	CO	

</TABLE>

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This Amendment No. 1 amends the Schedule 13D dated September 8, 2000, and is filed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, MLBC, Inc., Merrill Lynch Group, Inc. and Merrill Lynch & Co., Inc. (collectively, the "Reporting Persons"), with respect to the common stock, par value \$0.001 per share ("Common Stock"), of Level 8 Systems, Inc. (the "Company").

ITEM 2. IDENTITY AND BACKGROUND  
Item 2 is amended as follows:

On November 29, 2001, Merrill Lynch, Pierce, Fenner & Smith ("MLPFS") transferred 1,000,000 shares of Common Stock to its affiliate, MLBC, Inc. ("MLBC"), without consideration in exchange, pursuant to an Assignment Agreement dated as of November 29, 2001.

MLBC is a wholly-owned subsidiary of Merrill Lynch Group, Inc. ("MLG"). MLG is a wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("Merrill Lynch"), a holding company that, through its subsidiaries and

affiliates, provides investment, financing, advisory, insurance and related products and services on a global basis. An agreement among the Reporting Persons with respect to the filing of this statement is attached hereto as Exhibit 3.

MLBC's state of incorporation is Delaware. The address of its principal business and its principal office is 222 Broadway, New York, New York 10038.

MLG's state of incorporation is Delaware. The address of its principal business and its principal office is 4 World Financial Center, New York, New York 10080.

Merrill Lynch's state of incorporation is Delaware. The address of its principal business and its principal office is 4 World Financial Center, New York, New York 10080.

MLPFS ceased to be a Reporting Person on November 29, 2001, when it no longer owned any shares of Common Stock.

The name, business address, present principal occupation or employment, and citizenship of each director and executive officer of MLBC, MLG, and Merrill Lynch are set forth on Schedule A, Schedule B and Schedule C attached hereto, respectively.

During the last five years, none of the Reporting Persons, nor to the best of their knowledge, any of the their directors and executive officers have (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding a violation with respect to such laws.

This statement is being filed while the Reporting Persons are still in the process of verifying all information required herein from their respective directors and executive officers, including, without limitation, the information required by this Item 2 and Item 5 of this Amendment No.1. If the Reporting Persons obtain information concerning such individuals which would

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cause a material change in the disclosure contained in this Amendment No.1, an amendment to this statement will be filed that will disclose any such change.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Item 3 is supplemented as follows:

MLBC entered into a Purchase Agreement with the Company, dated as of January 3, 2002 (the "Purchase Agreement"), whereby MLBC agreed to purchase, subject to certain conditions, 250,000 shares of Common Stock. A copy of the Purchase Agreement is filed herewith as Exhibit 1. The consideration paid by MLBC to the Company for the 250,000 shares of Common Stock consisted of MLPFS extending a software license agreement with the Company. The purchase of the Common Stock by MLBC from the Company pursuant to the Purchase Agreement was consummated on January 3, 2002.

ITEM 4. PURPOSE OF TRANSACTION

Item 4 is supplemented as follows:

MLBC acquired the shares of Common Stock of the Company as an investment and holds the shares of Common Stock in the ordinary course of business and, except as set forth herein, not with the purpose or effect of changing the control of the Company.

MLBC intends to review its investment in the Company on a regular basis and as a result of such review may at any time or from time to time acquire additional securities of the Company or dispose of securities of the Company, in each case, in open market transactions or otherwise.

In connection with its acquisition of shares of Common Stock from MLPFS and pursuant to an assignment of MLPFS' rights related to its ownership of shares of Common Stock, MLBC became party to a Stockholders' Agreement dated as of August 23, 2000. Such Stockholders' Agreement has been previously filed.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) As of the close of business on January 3, 2002, MLBC owned an aggregate of 1,229,000 shares of Common Stock of the Company, representing approximately 7.4% of the Common Stock outstanding on January 3, 2002, based on 16,260,559 shares

outstanding as of December 28, 2001 (as supplied by the Company's transfer agent) plus the additional 250,000 shares issued by the Company on January 3, 2002.

The responses of the Reporting Persons to Rows (11) through (13) of the cover pages of this Amendment No.1 are incorporated herein by reference.

Merrill Lynch and MLG disclaim beneficial ownership of shares of Common Stock beneficially owned by MLBC, which shares may be deemed to be beneficially owned, for purposes of Section 13(d) of the Exchange Act, by Merrill Lynch and MLG by virtue of Merrill Lynch and MLG being the direct or indirect parent companies of MLBC.

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(A) The filing of this Amendment No.1 shall not be construed as an admission by either Merrill Lynch or MLG that it is, for purposes of Section 13(d) of the Exchange Act, the beneficial owner of shares of the Common Stock held by MLBC.

Each of the Reporting Persons disclaims beneficial ownership of shares of Common Stock beneficially owned by Liraz Systems Ltd., Liraz Export (1990) Ltd., Advanced Systems Europe B.V., Welsh, Carson, Anderson & Stowe VI, L.P., WCAS Information Partners, L.P. and WCAS Capital Partners II, L.P. (collectively, the "Company Stockholders"), which shares may be deemed to be beneficially owned, for purposes of Section 13(d) of the Exchange Act, by the Reporting Persons by virtue of MLBC and these stockholders of the Company being party to a Stockholders Agreement, dated August 23, 2000. The Company Stockholders beneficially own in the aggregate 6,305,286 shares of Common Stock (based on the disclosures contained in the respective Schedules 13D and amendments thereto) filed by the Company Stockholders through January 31, 2002. Row 13 of the cover pages of this Amendment No.1 is calculated based on (i) 16,260,559 shares of Common Stock outstanding as of December 28, 2001 (as supplied by the Company's transfer agent) plus (ii) the additional 250,000 shares issued by the Company on January 3, 2000 plus (iii) 1,239,032 shares which may be issued upon conversion of Series A Preferred Stock, or exercise of warrants, owned by the Company Stockholders based on the disclosures contained in the respective Schedules 13D (and amendments thereto) filed by the Company Stockholders through January 31, 2002. The filing of this Amendment No.1 shall not be construed as an admission by any Reporting Person that it is, for purposes of Section 13(d) of the Exchange Act, the beneficial owner of shares of the Common Stock held by such other parties to the Stockholders Agreement.

(B) Neither the filing of this Amendment No.1, nor anything contained herein is intended as, or should be construed as, an admission that either Merrill Lynch or MLG is the "beneficial owner" of any shares of Common Stock.

(C) Neither the filing of this Amendment No.1, nor anything contained herein is intended as, or should be construed as, an admission that any Reporting Person is the "beneficial owner" of any shares of Common Stock of any other person referenced in this Amendment No.1.

Except as disclosed in this Item 5(a), none of the Reporting Persons, nor to the best knowledge of the Reporting Persons, any of the directors or executive officers of the Reporting Persons beneficially owns any shares of Common Stock.

(b) The responses of the Reporting Persons to (i) Rows (7) through (10) of the cover pages of this Amendment No.1 and (ii) Item 5(a) hereof are incorporated by reference.

Except as disclosed in this Item 5(b), none of the Reporting Persons, nor to the best knowledge of the Reporting Persons, any of the directors or executive officers of the Reporting Persons has the power to vote, direct the voting of, dispose of or direct the disposition of any shares of Common Stock which they may be deemed to beneficially own.

(c) The information set forth in Item 3 of this Amendment No.1 is hereby incorporated by reference herein.

In addition to the transactions described in Item 2 and Item 6 of this Amendment No. 1 (which are hereby incorporated by reference), on January 1, 2002, MLBC transferred a total of 21,000 shares of Common Stock to five former employees of Merrill Lynch pursuant to various professional service

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agreements dated as of December 31, 2000 with such respective former employees.

Except as disclosed above and in Item 3 of this Amendment No. 1, none of the Reporting Persons, nor, to the best knowledge of the Reporting Persons, any of the directors or executive officers of the Reporting Persons has effected any transaction in the Common Stock in the past 60 days, other than transactions in the ordinary course of business effected by Merrill Lynch or any of its affiliates on behalf of their respective customers,

including, without limitation, transactions effected by MLPFS in its capacity as a broker-dealer.

(d) Not applicable.

(e) MLPFS ceased to be a Reporting Person as of November 29, 2001 when it no longer owned any shares of Common Stock.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

In addition to the Purchase Agreement, the Company and MLBC entered into a Registration Rights Agreement (the "Registration Rights Agreement"), dated January 3, 2002, pursuant to which the Company granted MLBC certain rights to demand that the Company register under the Securities Act the Common Stock owned by MLBC, and to allow MLBC to include such Common Stock in any registration statement filed by the Company (other than on Form S-4 or S-8, or any successor form thereto, for securities to be offered in a transaction of the type referred to in Rule 145 of the Securities Act or to employees of the Company pursuant to any employee benefit plan, respectively). A copy of the Registration Rights Agreement is filed herewith as Exhibit 2.

The information set forth in Items 2, 3, 4 and 5(a) of this Amendment No.1 is hereby incorporated by reference herein.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

1. Purchase Agreement, dated January 3, 2002, between the Company and MLBC (filed as an exhibit to the Form 8-K filed by the Company with the SEC on January 11, 2002 and is hereby incorporated by reference herein).

2. Registration Rights Agreement, dated January 3, 2002, between the Company and MLBC (filed as an exhibit to the Form 8-K filed by the Company with the SEC on January 11, 2002 and is hereby incorporated by reference herein).

3. Joint Filing Agreement by and between MLPFS, MLBC, MLG and Merrill Lynch & Co., Inc., dated January 31, 2002.

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SIGNATURES

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: January 31, 2002

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: /s/ Jonathan N. Santelli

-----  
Name: Jonathan N. Santelli  
Title: Assistant Secretary

MERRILL LYNCH GROUP, INC.

By: /s/ Andrew Quigley

-----  
Name: Andrew Quigley  
Title: Secretary

MERRILL LYNCH & CO., INC.

By: /s/ Jonathan N. Santelli

-----  
Name: Jonathan N. Santelli  
Title: Assistant Secretary

MLBC, INC.

By: /s/ Jonathan N. Santelli

-----  
Name: Jonathan N. Santelli  
Title: Assistant Secretary



## SCHEDULE A TO AMENDMENT NO. 1

<TABLE> <CAPTION> NAMES OF DIRECTORS AND EXECUTIVE OFFICERS -----	OFFICE -----	CITIZENSHIP -----	BUSINESS ADDRESS -----
<S> David W. Tralka	<C> Chairman of the Board and Director	<C> United States of America	<C> 222 Broadway, 17th Fl. New York, NY 10038
James A. Koepke	President and Director	<C> United States of America	222 Broadway, 17th Fl. New York, NY 10038
Eric J. Mueller	Vice President, Treasurer and Director	<C> United States of America	222 Broadway, 17th Fl. New York, NY 10038
Karen R. Ryan	Vice President and Director	<C> United States of America	222 Broadway, 17th Fl. New York, NY 10038
Michael J. Troccoli	Director	<C> United States of America	222 Broadway, 17th Fl. New York, NY 10038

&lt;/TABLE&gt;

## SCHEDULE B TO AMENDMENT NO. 1

<TABLE> <CAPTION> NAMES OF DIRECTORS AND EXECUTIVE OFFICERS -----	OFFICE -----	CITIZENSHIP -----	BUSINESS ADDRESS -----
<S> John C. Stomber Fl.	<C> President, Treasurer and Director	<C> United States of America	<C> 4 World Financial Center, 32nd New York, NY 10080
D. Kevin Dolan Fl.	Vice President and Director	<C> United States of America	4 World Financial Center, 32nd New York, NY 10080
John Fosina Fl.	Vice President and Director	<C> United States of America	4 World Financial Center, 32nd New York, NY 10080
Katherine Hudson Zrike Fl.	Vice President and Director	<C> United States of America	4 World Financial Center, 32nd New York, NY 10080

&lt;/TABLE&gt;

## SCHEDULE C TO AMENDMENT NO. 1

<TABLE> <CAPTION> NAMES OF DIRECTORS AND EXECUTIVE OFFICERS -----	OFFICE -----	CITIZENSHIP -----	BUSINESS ADDRESS -----
<S> David H. Komansky Center, 32nd Fl.	<C> Chairman of the Board, Chief Executive Officer and Director	<C> United States of America	<C> 4 World Financial New York, NY 10080

E. Stanley O'Neal Center, 32nd Fl.	President, Chief Operating Officer and Director	United States of America	4 World Financial New York, NY 10080
Stephen L. Hammerman Center, 32nd Fl.	Vice Chairman of the Board and Director	United States of America	4 World Financial New York, NY 10080
W. H. Clark Secretary's Office Fl.	Director	United States of America	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
Jill K. Conway Secretary's Office Fl.	Director	United States of America	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
George B. Harvey Secretary's Office Fl.	Director	United States of America	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
Robert P. Luciano Secretary's Office Fl.	Director	United States of America	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
Heinz-Joachim Neuburger Secretary's Office Fl.	Director	Germany	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
David K. Newbigging Secretary's Office Fl.	Director	United Kingdom	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
Aulana L. Peters Secretary's Office Fl.	Director	United States of America	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
John J. Phelan, Jr. Secretary's Office Fl.	Director	United States of America	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
Joseph W. Prueher Secretary's Office Fl.	Director	United States of America	c/o Corporate 222 Broadway, 17th New York, N.Y. 10038
Rosemary T. Berkery Center, 32nd Fl.	Executive Vice President	United States of America	4 World Financial New York, NY 10080
Thomas W. Davis Center, 8th Fl.	Executive Vice President	United States of America	4 World Financial New York, NY 10080
Barry S. Friedberg Center, 32nd Fl.	Executive Vice President	United States of America	4 World Financial New York, NY 10080
James P. Gorman Center, 32nd Fl.	Executive Vice President	Australia	4 World Financial New York, NY 10080
Jerome P. Kenney Center, 32nd Fl.	Executive Vice President	United States of America	4 World Financial New York, NY 10080

NAMES OF DIRECTORS AND EXECUTIVE OFFICERS - - - - -	OFFICE -----	CITIZENSHIP -----	BUSINESS ADDRESS -----
Michael J.P. Marks  Street, 5th Fl.	Executive Vice President	United Kingdom	MLFC Main 2 King Edward  London, UK EC1A 1HQ
John A. McKinley, Jr. Center, 32nd Fl.	Executive Vice President (and Chief Technology Officer)	United States of America	4 World Financial New York, NY 10080
Thomas H. Patrick Center, 32nd Fl.	Executive Vice President (and Chief Financial Officer)	United States of America	4 World Financial New York, NY 10080
Paul D. Roy  Street, 2nd Fl.	Executive Vice President	United Kingdom	MLFC Main 2 King Edward  London, UK EC1A 1HQ
Arshad R. Zakaria Center, 8th Fl.	Executive Vice President	United States of America	4 World Financial New York, NY 10080

</TABLE>

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EXHIBIT INDEX

Exhibit No.  
- - - - -

- Exhibit 1 Purchase Agreement, dated January 3, 2002, between the Company and MLBC (filed as an exhibit to the Form 8-K filed by the Company with the SEC on January 11, 2002 and is hereby incorporated by reference herein).
- Exhibit 2 Registration Rights Agreement, dated January 3, 2002, between the Company and MLBC (filed as an exhibit to the Form 8-K filed by the Company with the SEC on January 11, 2002 and is hereby incorporated by reference herein).
- Exhibit 3 Joint Filing Agreement by and between Merrill Lynch, Pierce, Fenner & Smith Incorporated, MLBC, Inc., Merrill Lynch Group, Inc. and Merrill Lynch & Co., Inc., dated January 31, 2002.

JOINT FILING AGREEMENT

This will confirm the agreement by and between the undersigned that the Amendment No.1 to Schedule 13D filed on or about this date with respect to beneficial ownership by the undersigned of shares of the Common Stock, par value \$0.001 per share, of Level 8 Systems, Inc. is being filed on behalf of each of the undersigned in accordance with Rule 13d-1(k)(1) under the Securities Exchange Act of 1934. This agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Dated: January 31, 2002

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: /s/ Jonathan N. Santelli  
-----  
Name: Jonathan N. Santelli  
Title: Assistant Secretary

MERRILL LYNCH GROUP, INC.

By: /s/ Andrew Quigley  
-----  
Name: Andrew Quigley  
Title: Secretary

MERRILL LYNCH & CO., INC.

By: /s/ Jonathan N. Santelli  
-----  
Name: Jonathan N. Santelli  
Title: Assistant Secretary

MLBC, INC.

By: /s/ Jonathan N. Santelli  
-----  
Name: Jonathan N. Santelli  
Title: Assistant Secretary