

SERIES ADJUSTMENTS - 2002-014
ONN INFORMATION CIRCULAR # 308
April 4, 2002

Telecom HOLDRs Trust (TTH)
Stock Distribution
Ex-Distribution Date: 4/5/2002

Effective at the open of business on Thursday, March 28, 2002, NTL Inc. NLI, a component of the Telecom HOLDRs Trust (TTH), was delisted from trading on the NYSE. A distribution of 0.0125 NLI share per each TTH share will be made to shareholders of record 4/9/02. The ex-distribution date for the dividend, as established by the American Stock Exchange, is Friday April 5, 2002.

Contract Adjustments:

Pursuant to the by-laws of The Options Clearing Corporation ("OCC"), all Telecom HOLDRs Trust options will be **adjusted as follows:**

| | |
|----------------------------------|--|
| Adjustment Date: | Effective with exercises of Friday, April 5, 2002 and thereafter. |
| ISE Underlying Symbol(s): | TTH becomes IGD |
| OPRA Option Symbol(s): | TTH becomes IGD HLL remains unchanged |
| No. of Contracts: | Unchanged |
| Multiplier: | 100 (e.g., Premium of 1.00 = \$100) |
| New Deliverable/Contract: | IGD: 100 TTH shares plus, 1 NTLD share plus .25 C.I.L of fractional NTLD shares |
| | HLL: 100 TTH shares plus 6 GBLXQ shares plus 1 NTLD share plus .25 C.I.L of fractional NTLD shares |

GTC Order Cancellation:

On Thursday, April 4, 2002, immediately after the ISE close, all resting orders in the TTH order book will be cancelled.

Unadjusted New Shares:

New TTH series with a contract unit of 100 shares will be introduced on Monday, April 8, 2002. Strike prices and expiration months will be announced on a separate release.

Adjusted Exercise Prices:

On Friday, April 5, 2002, the ex-distribution date, trading in TTH series will be on an adjusted basis. The strike price adjustments listed below are expected based on the current outstanding series. Any additional TTH series added prior to the ex-date will also be adjusted in the manner outlined below.

| Telecom HOLDRs Trust (TTH) (Before 4/5/2002) (100 shrs TTH) | | | | | Telecom HOLDRs Trust (IGD) (Beginning 4/5/2002) (See New Deliverable Above) | | | | |
|---|-------------|--------------|---------------|-------------------|---|-------------|--------------|---------------|-------------------|
| <u>ISE Series</u> | <u>OPRA</u> | <u>Month</u> | <u>Strike</u> | <u>Calls/Puts</u> | <u>ISE Series</u> | <u>OPRA</u> | <u>Month</u> | <u>Strike</u> | <u>Calls/Puts</u> |
| TTH2APR35.0C/P | TTH | APR | 35 | DG/PG | IGD2APR35.0CX/PX | IGD | APR | 35 | DG/PG |
| TTH2APR40.0C/P | TTH | APR | 40 | DH/PH | IGD2APR40.0CX/PX | IGD | APR | 40 | DH/PH |
| TTH2APR45.0C/P | TTH | APR | 45 | DI/PI | IGD2APR45.0CX/PX | IGD | APR | 45 | DI/PI |
| TTH2MAY35.0C/P | TTH | MAY | 35 | EG/QG | IGD2MAY35.0CX/PX | IGD | MAY | 35 | EG/QG |
| TTH2MAY40.0C/P | TTH | MAY | 40 | EH/QH | IGD2MAY40.0CX/PX | IGD | MAY | 40 | EH/QH |
| TTH2MAY45.0C/P | TTH | MAY | 45 | EI/QI | IGD2MAY45.0CX/PX | IGD | MAY | 45 | EI/QI |

Telecom HOLDRs Trust (TTH)
 (Before 4/5/2002)
 (100 shrs TTH)

Telecom HOLDRs Trust (IGD)
 (Beginning 4/5/2002)
 (See New Deliverable Above)

| <u>ISE Series</u> | <u>OPRA</u> | <u>Month</u> | <u>Strike</u> | <u>Calls/Puts</u> | <u>ISE Series</u> | <u>OPRA</u> | <u>Month</u> | <u>Strike</u> | <u>Calls/Puts</u> |
|-------------------|-------------|--------------|---------------|-------------------|-------------------|-------------|--------------|---------------|-------------------|
| TTH2MAY50.0C/P | TTH | MAY | 50 | EJ/QJ | IGD2MAY50.0CX/PX | IGD | MAY | 50 | EJ/QJ |
| TTH2MAY55.0C/P | TTH | MAY | 55 | EK/QK | IGD2MAY55.0CX/PX | IGD | MAY | 55 | EK/QK |
| TTH2AUG35.0C/P | TTH | AUG | 35 | HG/TG | IGD2AUG35.0CX/PX | IGD | AUG | 35 | HG/TG |
| TTH2AUG40.0C/P | TTH | AUG | 40 | HH/TH | IGD2AUG40.0CX/PX | IGD | AUG | 40 | HH/TH |
| TTH2AUG45.0C/P | TTH | AUG | 45 | HI/TI | IGD2AUG45.0CX/PX | IGD | AUG | 45 | HI/TI |
| TTH2AUG50.0C/P | TTH | AUG | 50 | HJ/TJ | IGD2AUG50.0CX/PX | IGD | AUG | 50 | HJ/TJ |
| TTH2NOV35.0C/P | TTH | NOV | 35 | KG/WG | IGD2NOV35.0CX/PX | IGD | NOV | 35 | KG/WG |
| TTH2NOV40.0C/P | TTH | NOV | 40 | KH/WH | IGD2NOV40.0CX/PX | IGD | NOV | 40 | KH/WH |
| TTH2NOV45.0C/P | TTH | NOV | 45 | KI/WI | IGD2NOV45.0CX/PX | IGD | NOV | 45 | KI/WI |

Questions regarding this release may be directed to Iris Rodriguez at (212) 897-0264.