



INTERNATIONAL SECURITIES EXCHANGE

## SERIES ADJUSTMENTS - 2003-006

### ONN INFORMATION CIRCULAR # 405

February 25, 2003

#### Software HOLDRs (SWH)

#### Stock Distribution

Ex-Distribution Date: 2/26/2003

Software HOLDRs Trust (SWH) has declared a cash distribution resulting from the merger between International Business Machines Corporation and Rational Software Corporation. The distribution will be \$0.51775 in cash per SWH share held of record February 28, 2003. The mail date for this distribution will be March 4, 2003. **The ex -date for the distribution will be Wednesday, February 26, 2003.**

#### Contract Adjustments:

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

**Adjustment Date:** Effective with exercises of Wednesday, February 26, 2003 and thereafter.  
**ISE Underlying Symbol(s):** SWH becomes BAH  
**OPRA Option Symbol(s):** SWH becomes BAH  
**No. of Contracts:** Unchanged  
**Multiplier:** 100 (e.g., Premium of 1.00 = \$100)  
**New Deliverable/Contract:** 1).100 Shares of Software HOLDRs  
 Plus \$51.78 Cash

#### GTC Order Cancellation:

On Tuesday, February 25, 2003, immediately after the ISE close, all resting orders in the SWH order book will be cancelled.

#### Unadjusted New Shares:

New SWH series with a contract unit of 100 shares will be introduced on Thursday, February 27, 2003. Strike prices and expiration months will be announced on a separate release.

#### Adjusted Exercise Prices:

On Wednesday, February 26, 2003, the ex-distribution date, trading in SWH series will be on an adjusted basis. The strike price adjustments listed below are expected based on the current outstanding series. Any additional SWH series added prior to the ex-date will also be adjusted in the manner outlined below.

ISE Series	Software HOLDRs (SWH) (Before 2/26/2003) (100 shrs SWH)				ISE Series	Software HOLDRs (BAH) (Beginning 2/26/2003) (See New Deliverable Above)			
	OPRA	Month	Strike	Calls/Puts		OPRA	Month	Strike	Calls/Puts
SWH3MAR25.0C/P	SWH	MAR	25	CE/OE	BAH3MAR25.0CX/PX	BAH	MAR	25	CE/OE
SWH3MAR27.5C/P	SWH	MAR	27 1/2	CY/OY	BAH3MAR27.5CX/PX	BAH	MAR	27 1/2	CY/OY
SWH3MAR30.0C/P	SWH	MAR	30	CF/OF	BAH3MAR30.0CX/PX	BAH	MAR	30	CF/OF
SWH3MAR32.5C/P	SWH	MAR	32 1/2	CZ/OZ	BAH3MAR32.5CX/PX	BAH	MAR	32 1/2	CZ/OZ
SWH3APR25.0C/P	SWH	APR	25	DE/PE	BAH3APR25.0CX/PX	BAH	APR	25	DE/PE
SWH3APR27.5C/P	SWH	APR	27 1/2	DY/PY	BAH3APR27.5CX/PX	BAH	APR	27 1/2	DY/PY
SWH3APR30.0C/P	SWH	APR	30	DF/PF	BAH3APR30.0CX/PX	BAH	APR	30	DF/PF

SWH3MAY20.0C/P	SWH	MAY	20	ED/QD	BAH3MAY20.0CX/PX	BAH	MAY	20	ED/QD
SWH3MAY22.5C/P	SWH	MAY	22 1/2	EX/QX	BAH3MAY22.5CX/PX	BAH	MAY	22 1/2	EX/QX
SWH3MAY25.0C/P	SWH	MAY	25	EE/QE	BAH3MAY25.0CX/PX	BAH	MAY	25	EE/QE
SWH3MAY27.5C/P	SWH	MAY	27 1/2	EY/QY	BAH3MAY27.5CX/PX	BAH	MAY	27 1/2	EY/QY
SWH3MAY30.0C/P	SWH	MAY	30	EF/QF	BAH3MAY30.0CX/PX	BAH	MAY	30	EF/QF
SWH3MAY32.5C/P	SWH	MAY	32 1/2	EZ/QZ	BAH3MAY32.5CX/PX	BAH	MAY	32 1/2	EZ/QZ
SWH3MAY35.0C/P	SWH	MAY	35	EG/QG	BAH3MAY35.0CX/PX	BAH	MAY	35	EG/QG
SWH3AUG25.0C/P	SWH	AUG	25	HE/TE	BAH3AUG25.0CX/PX	BAH	AUG	25	HE/TE
SWH3AUG27.5C/P	SWH	AUG	27 1/2	HY/TY	BAH3AUG27.5CX/PX	BAH	AUG	27 1/2	HY/TY
SWH3AUG30.0C/P	SWH	AUG	30	HF/TF	BAH3AUG30.0CX/PX	BAH	AUG	30	HF/TF
SWH3AUG32.5C/P	SWH	AUG	32 1/2	HZ/TZ	BAH3AUG32.5CX/PX	BAH	AUG	32 1/2	HZ/TZ

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