

The Depository Trust Company
IMPORTANT

B#: 3298
DATE: April 19, 2002
TO: All participants
CATEGORY: Dividends
FROM: Lucy DiPaolo, Supervisor, Dividend Department
ATTENTION: Operations, Reorg & Dividend Managers, Partners & Cashiers
SUBJECT: TaxRelief - Country: GERMANY
SOFTWARE HOLDRS CUSIP: 83404B103
Paid on SAP Aktiengesellschaft, a component of the HOLDR
R/D: 05/03/2002 P/D: 05/20/2002 EDS CUT-OFF: 05/08/2002

DTC has been notified by The Bank of New York, the depository bank for the SOFTWARE HOLDRS, that a dividend has been declared for SAP Aktiengesellschaft, a component of the SOFTWARE HOLDRS. SAP Aktiengesellschaft dividends are covered under the Tax Convention between the United States and Germany, that qualifying U.S. beneficial owners are entitled to a reduced tax treaty rate of 6.1% for those beneficial owners entitled to the favorable tax rate of 15% ,or a refund of the entire 21.1% for those qualifying exempt organizations.

Participants can use DTC's Elective Dividend System (EDS) function over the Participant Terminal System (PTS) to certify all or a portion of their position entitled to the applicable withholding tax rate. Participants are urged to consult the PTS function TAXI (TAXINFO) before certifying their elections over EDS.

NOTE: THE DEADLINE FOR CERTIFYING OVER EDS IS MAY 08, 2002.

PLEASE REFER TO DTC'S IMPORTANT NOTICE B# 3205 FOR ADDITIONAL INFORMATION REGARDING THE UNDERLYING ISSUE, SAP AKTIENGESELLSCHAFT CUSIP # 803054204.

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IF PARTICIPANTS DO NOT CERTIFY THROUGH EDS FOR THE FAVORABLE RATE, THEY WILL RECEIVE THE DIVIDEND WITH 21.1% WITHHELD.

Important: Prior to certifying over EDS, participants are reminded to read, understand and comply with the information in the Legal Conditions category of TAXINFO -Germany under the PTS function TAXI .

Participants who fail to meet the EDS deadline or have other beneficial holders that are not eligible for the EDS process for whom they wish to file a reclaim may use DTC's **TaxReclaimsm** form preparation service, available by using the Tax Reclaim System (TAXR) function over PTS. **TaxReclaimsm** is DTC's proprietary withholding tax form preparation service that calculates reclaim entitlements and prepares the standard tax reclamation form for filing with the foreign taxing authorities or other designated agent. To enroll in **TaxReclaimsm**, please contact your Relationship Manager.

Questions regarding this Important Notice should be directed to Mr. Raymond Romain or myself of DTC's Dividend Department at (212) 855-4537 or 4531 respectively.