



Attn: Trading and Market Making/Legal and Compliance/Operations/Systems
UNIFORM PRACTICE ADVISORY (UPC # 013-2003) January 24, 2003

National Steel Corporation – 8 3/8% First Mortgage Notes due August 1, 2006

Pursuant to an order granted by the U.S. Bankruptcy Court, the above company has made a third payment of principal (\$4.128483) on January 17, 2003 to holders of record on January 15, 2003. The distribution will quoted "ex" on January 27, 2003 and due-bills redeemable on January 29, 2003.

Since the notes have been dealt in flat, members are advised that effective January 27, 2002, trades executed in the notes should be on a **"reduced principal basis"** of \$980.918575 in lieu of \$1,000 principal amount and "ex" the pay-down of \$4.128483 per \$1,000 note. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

Members should take immediate steps to adjust their records and bookkeeping systems to reflect the reduction in principal.

National Steel Corporation – 9 7/8% First Mortgage Notes due May 1, 2009

Pursuant to an order granted by the U.S. Bankruptcy Court, the above company has made a third payment of principal (\$4.100755) on January 17, 2003 to holders of record on January 15, 2003. The distribution will quoted "ex" on January 27, 2003 and due-bills redeemable on January 29, 2003.

Since the notes have been dealt in flat, members are advised that effective January 27, 2002, trades executed in the notes should be on a **"reduced principal basis"** of \$981.046729 in lieu of \$1,000 principal amount and "ex" the pay-down of \$4.100755 per \$1,000 note. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

Members should take immediate steps to adjust their records and bookkeeping systems to reflect the reduction in principal.

Questions regarding this notice should be directed to: Market Integrity Department, (203) 375-9609.

Dorothy L. Kennedy
Director