



Attn: Trading and Market Making/Legal and Compliance/Operations/Systems
UNIFORM PRACTICE ADVISORY (UPC # 142-2004) December 27, 2004

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 payment of principal (\$14.2823206) on December 27, 2004 to holders of record on October 23, 2003. The distribution will quoted "ex" on December 28, 2004 and due-bills redeemable on December 30, 2004.

Since the notes have been dealt in flat, members are advised that effective December 28, 2004, trades executed in the notes should be on a **"further reduced principal basis"** principal amount and "ex" the pay-down of \$14.2823206 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 payment of principal (\$14.1863986) on December 27, 2004 to holders of record on October 23, 2003. The distribution will quoted "ex" on December 28, 2003 and due-bills redeemable on December 30, 2004.

Since the notes have been dealt in flat, members are advised that effective December 28, 2008, trades executed in the notes should be on a **"further reduced principal basis"** principal amount and "ex" the pay-down of \$14.1863986 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.

Tara Petta
Associate Director