



Attn: Trading and Market Making / Legal and Compliance / Operations / Systems
UNIFORM PRACTICE ADVISORY (UPC # 050-2003) March 24, 2003

Converse, Inc. – 7 % Convertible Subordinated Notes due June 1, 2004

Pursuant to the Plan, the above company has made an initial payment of principal (\$7.048) on March 24, 2003 to holders of record on July 31, 2002. The distribution will quoted “ex” on March 25, 2003 and due-bills redeemable on March 27, 2003.

Since the notes have been dealt in flat, members are advised that effective March 25, 2003, trades executed in the notes should be on a **“reduced principal basis”** of \$992.952 in lieu of \$1,000 principal amount and “ex” the pay-down of \$7.048 per \$1,000 note. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

Members are further advised that any future distributions will be paid to holders of record of July 31, 2002. Deliveries after the record date should be accompanied by due-bills representing any future payments. Please note that any future distributions will be calculated on a reduced principal basis.

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