



Attn: Trading and Market Making / Legal and Compliance / Operations / Systems
UNIFORM PRACTICE ADVISORY (UPC # 011-2003) January 22, 2003

American Tissue, Inc. – 12 ½ % Senior Secured Notes due July 15, 2006

Notice has been received that the above company has made a third payment of principal (\$7.13644107) and interest (\$0.13628620) on December 31, 2002 to holders of record on December 27, 2002. The distribution will quoted “ex” on January 22, 2003 and due-bills redeemable on January 24, 2003.

Since the notes have been dealt in flat, members are advised that effective January 22, 2002, trades executed in the notes should be on a **“reduced principal basis”** of \$882.17851906 in lieu of \$1,000 principal amount and “ex” the pay-down of \$7.27272727 (\$7.13644107 principal and \$0.13628620 interest) 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