



**Attn: Trading and Market Making/Legal and Compliance/Operations/Systems**  
**UNIFORM PRACTICE ADVISORY (UPC # 075-2003) April 29, 2003**

**Kmart Financing I – 7.75% Trust Convertible Preferred Stock (OTC:KMTPQ)**

Notice has been received that the above Company's First Amended Joint Plan of Reorganization (Plan) filed under Chapter XI of the Federal Bankruptcy Code was confirmed on April 22, 2003 and is expected to become effective on or about May 6, 2003.

Shares of the existing preferred stock (KMTPQ) will be canceled on the effective date of the Plan. However, holders may be entitled to receive a pro-rata share (trust interests) of the recoveries of the "Kmart Creditor Trust" (the trust). These trust interests will be non-transferable, with certain exceptions, and will represent proceeds received by the trust from various claims, as defined in the Plan.

Members are advised that trades submitted to the National Securities Clearing Corporation (NSCC) through April 28, 2003, will be eligible for processing in the Continuous Net Settlement System (CNS). **All trades submitted on April 29, 2003 and thereafter will only be processed on a trade-for-trade basis through NSCC.**

Members are further advised that at such time as the shares of KMTPQ are no longer eligible for delivery through the book entry facilities at the Depository Trust Corporation (DTC), deliveries in KMRTQ in settlement of contracts executed **through the effective date of the Plan**, may be settled by either a) the **existing KMTPQ** security; or b) a *Letter of Indemnity* which shall grant the purchaser any rights and privileges possibly accruing to the holders of the physical securities. Such deliveries shall operate to close-out the contract and shall be settled at the existing contract price pursuant to Uniform Practice Code Rule 11530.

Further information regarding the exiting of open positions at NSCC on April 29, 2003 and the on-going status of KMTPQ at DTC may be obtained from the NSCC Important Notice dated April 29, 2003 or from DTC's Participant Services.

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

Dorothy L. Kennedy  
Director