

Attn: Manager P&S Dept./Traders/Cashier/Manager Reorganization/Manager Dividends
UNIFORM PRACTICE ADVISORY (UPC # 002-98) January 5, 1998

Flagstar Corp., 10% Jr. Cv. Sub. Debs. due November 1, 2014

Flagstar Corp., 10.75% Sr. Notes due September 15, 2001 (FLGS.GC)

Flagstar Corp., 10.875% Sr. Notes due December 1, 2002 (FLGS.GA)

Flagstar Corp., 11.25% Sr. Sub Debs due November 1, 2004 (FLGS.GB)

Flagstar Corp., 11.375% Sr. Sub Debs due September 15, 2003 (FLGS.GD)

Notice has been received that the above Company's Plan of Reorganization (Plan) filed under Chapter XI of the Federal Bankruptcy Code will become effective on January 7, 1997. Pursuant to the Plan, **only holders of record on January 2, 1998** of the above securities will be permitted to surrender their OLD certificates in order to receive the NEW securities to which they are entitled. The transfer books will be permanently closed as of the record date. Holders shall be obligated to surrender their OLD certificates to the Company's exchange agent within two years of the Effective Date of the Plan.

Members are advised that holders of 10.75% and 10.875% Senior Notes will receive past due interest in the form of additional NEW notes which will be paid upon presentation. Interest on the OLD securities will accrue through January 7, 1998. Interest on the NEW bonds will accrue from January 8, 1998.

Holders of 10% Junior, 11.25% Senior and 11.375% Senior Debentures will receive no specific past due interest payment. Past due interest will be forgiven and included in the reorganization compensation of NEW common stock or NEW common stock and NEW warrants.

Members are further advised that, in lieu of certificates, due-bills for the appropriate number of NEW securities, issuable under the Plan, should be delivered after January 2, 1998 in settlement of contracts in the OLD debentures and notes. This procedure will act to close out fail contracts in the above securities and thereby eliminate any requirements to issue a Notice of Intent to Buy-In.

Members are reminded that pursuant to the Plan, holders of existing Common and Series A Exchangeable Preferred Stock **will not** receive any distributions of property on account of their interests.

THE NASDAQ STOCK MARKET, INC.



Questions regarding this notice should be directed to: Market Data Integrity Dept., (203) 375-9609. Attn: O'Neil Blake, Manager.

Dorothy L. Kennedy
Assistant Director