

Attn: Manager P&S Dept./Traders/Cashier/Manager Reorganization/Manager Dividends
UNIFORM PRACTICE ADVISORY (UPC # 058-2001) July 13, 2001

Paracelsus Healthcare Corporation - Common Stock (PLHCQ)

Notice has been received that the above Company's Plan of Reorganization (Plan) filed under Chapter XI of the Federal Bankruptcy Code, became effective on July , 2001. Pursuant to the Plan, holders of the above referenced securities **will not** receive any distributions of property on account of their interests.

Members are reminded of their obligations under NASD Conduct Rule 2310 if they continue to engage in transactions in the above security after the effective date.

Members are further advised that deliveries in settlement of contracts in the **OLD** securities, which were executed prior to the announcement that the securities had been deemed worthless, shall be evidenced by either a) the **OLD** security; or b) a *Letter of Indemnity* which shall grant the purchaser any rights and privileges which might accrue 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 Rule 11530 (formerly Uniform Practice Code Section 27) subsection (b) (1) and (b) (2) adopted November 1, 1991.

Paracelsus Healthcare Corporation - 10% Sub. Notes due 8/15/2006

The above Company's Plan of Reorganization (Plan) filed under Chapter XI of the Federal Bankruptcy Code, became effective on July 12, 2001. Pursuant to the Plan, holders of **record on October 31, 2000** will be entitled to receive a pro rata distribution of new common stock.

Members are advised that, since the surrender of the certificates was not required and are deemed worthless as of the effective date, deliveries on or after October 31, 2000 should be evidenced by due-bills representing the NEW common stock. Upon issuance of the new common stock, a due-bill redemption date will be established.

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

Dorothy L. Kennedy
Director