



Attn: Trading and Market Making / Legal and Compliance / Operations / Systems
UNIFORM PRACTICE ADVISORY (UPC # 086-2003) May 14, 2003

Phar-Mor, Inc. – 11.72 % Senior Notes due September 11, 2002

Pursuant to the Plan of Liquidation, the above company announced that they made an initial payment of principal (\$69.844746) on May 7, 2003 to holders of record on March 11, 2003.

Since the notes should have been dealt in flat, members are advised that effective May 15, 2003 trades executed in the notes should be on a **“reduced principal basis”** of \$930.155254 in lieu of \$1,000 principal amount and “ex” \$69.844746 principal per \$1,000 note. Due-bills representing this distribution should be redeemed on May 19, 2003. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

Members are advised that future distributions are expected. Since the record date is undetermined for future distributions, trades executed on or after May 15, 2003 represent the right to receive future distributions. 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