



Attn: Manager P&S Dept./Traders/Cashier/Manager Reorganization/Manager Dividends
UNIFORM PRACTICE ADVISORY (UPC # 016-2001) March 1, 2001

KCS Energy, Inc. - 11% Senior Notes due 1/15/2003 (KCS.GA)

Pursuant to their indenture, the above company announced that they made a payment of principal and interest on February 21, 2001 to holders of record on February 2, 2001 at the following rates:

Principal - \$400.00
Interest - \$244.124

The interest amount consists of three components: accrued and unpaid interest from July 15, 1999 to January 15, 2001 on the entire principal amount of \$220.00, accrued interest on the principal payment from January 15, 2001 to February 20, 2001 of \$4.2778 (note that this represents \$10.69445 per \$1,000.00 principal redeemed), and default interest of \$19.8462.

Members are advised that, effective March 2, 2001, trades executed in the notes should be on a ***“reduced principal basis”*** of \$600.00 in lieu of \$1,000 principal amount and “ex” the pay-down of \$400.00 per \$1,000 note. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

Members are further advised that broker to broker deliveries in the above notes on or after **February 2, 2001** should have been evidenced by ***due-bills***. Since the distribution has been made all due bills should be **redeemed** on **March 5, 2001**.

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 Data Integrity Department, (203) 385-6243.

Dorothy L. Kennedy
Director