



Attn: Trading and Market Making/Legal and Compliance/Operations/Systems
UNIFORM PRACTICE ADVISORY (UPC # 066-2003) April 14, 2003

Pathnet, Inc. – 12¼% Senior Notes due April 15, 2008

Pursuant to the Plan of Reorganization, the above company announced that they will make an initial payment of principal (\$23.259204) on April 14, 2003 to holders of record on January 31, 2003.

Since the should notes have been dealt in flat, members are advised that effective April 15, 2003 trades executed in the notes should be on a **“reduced principal basis”** of \$976.740796 in lieu of \$1,000 principal amount and “ex” \$23.259204 principal per \$1,000 note. Due-bills representing this distribution should be redeemed on April 17, 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 April 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