



Attn: Trading and Market Making/Legal and Compliance/Operations/Systems
UNIFORM PRACTICE ADVISORY (UPC # 009-2004) January 21, 2004

Rhythms Netconnections, Inc. – 14 % Senior Notes due April 15, 2010

Pursuant to the Plan of Reorganization, the above company made a payment of principal (\$7.449167) on January 19, 2004 to holders of record on March 11, 2002. The distribution will quoted "ex" on January 22, 2004 and due-bills redeemable on January 26, 2004.

Since the notes have been dealt in flat, members are advised that effective January 22, 2004, trades executed in the notes should be on a **"reduced principal basis"** of \$918.376366 in lieu of \$1,000 principal amount and "ex" the pay-down of \$7.449167 per \$1,000 note. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

Members are further advised that any future distributions will be paid to holders of record of March 11, 2002. Deliveries after the record date should be accompanied by due-bills representing any future payments. 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.

Tara Petta
Associate Director