



Attn: Trading and Market Making/Legal and Compliance/Operations/Systems
UNIFORM PRACTICE ADVISORY (UPC # 012-2006) February 24, 2006

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

Pursuant to the Plan of Reorganization, the above company announced that they will make a second payment of principal (\$3.669642) on February 23, 2006 to holders of record on January 31, 2003.

Since the should notes have been dealt in flat, members are advised that effective February 24, 2006 trades executed in the notes should be on a "**further reduced principal basis**" and "ex" the additional \$3.669642 principal per \$1,000 note. Due-bills representing this distribution should be redeemed on February 28, 2006. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

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
Director