



Attn: Trading and Market Making/Legal and Compliance/Operations/Systems
UNIFORM PRACTICE ADVISORY (UPC # 017-2003) January 27, 2003

EXDS, Inc. (f/k/a Exodus Comm., Inc.) – 11.25% Sr. Notes due July 1, 2008

Pursuant to the Plan of Reorganization, the above company made a third payment of principal (\$16.524936) on January 27, 2003 to holders of record on June 5, 2002. The distribution will be quoted "ex" on January 28, 2003 and due-bills redeemable on January 30, 2003.

Since the notes have been dealt in flat, members are advised that effective January 28, 2003, trades executed in the notes should be on a **"reduced principal basis"** of \$858.07055 in lieu of \$1,000 principal amount and "ex" the pay-down of \$16.524936 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 June 5, 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.

Dorothy L. Kennedy
Director