

UNITED STATES DISTRICT COURT • DISTRICT OF MASSACHUSETTS

IN RE: XCHANGE, INC. SECURITIES LITIGATION

Civil Action No. 01-10322-RWZ

SUMMARY NOTICE OF PENDENCY AND PROPOSED PARTIAL SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF EXCHANGE APPLICATIONS, INC., a/k/a XCHANGE, INC. ("XCHANGE") DURING THE PERIOD DECEMBER 9, 1998 TO SEPTEMBER 29, 2000, INCLUSIVE, SUBJECT TO CERTAIN DEFINED EXCEPTIONS ("THE CLASS").

YOU ARE HEREBY NOTIFIED that the above-captioned action has been certified as a class action for settlement purposes and that a partial settlement for \$8,500,000.00 with the Individual Defendants in the case has been proposed. As part of the proposed settlement, the claims against Defendant Xchange and the Individual Defendants will be dismissed with prejudice. The case, however, has not settled against Xchange's auditor, Arthur Andersen, LLP. A hearing will be held before the Honorable Rya W. Zobel in the United States District Court for the District of Massachusetts, John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Courtroom 12, Boston, MA 02210 at 2:00 p.m., on May 1, 2006 to determine whether the proposed settlement should be approved by the Court as fair, reasonable and adequate, and to consider the Motion of Plaintiffs' counsel for attorneys' fees and reimbursement of expenses.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not received the full printed Notice of Proposed Partial Settlement of Class Action, Motion for Attorneys' Fees and Settlement Fairness Hearing (the "Settlement Notice") and a Proof of Claim form, you may obtain copies of these documents by contacting:

In re Xchange Securities Litigation • c/o Strategic Claims Services, Claims Administrator
P.O. Box 2463, 2710 Concord Road, Suite 5, Aston, PA 19014
(866) 274-4004 • www.strategicclaims.net

Inquiries, other than requests for the forms of Notice and Proof of Claim, may be made to Plaintiffs' Lead Counsel: Dennis J. Johnson, Esq., or James F. Conway, III, Esq., P.O. Box 2305, 1690 Williston Road, S. Burlington, VT 05407, Telephone (802) 862-0030; email@jpclasslaw.com.

To participate in the settlement, you must submit a Proof of Claim no later than May 29, 2006 and your claim must be received by the Claims Administrator by June 3, 2006. As more fully described in the Settlement Notice, all exclusions from the Class or objections to the settlement must be post-marked no later than April 14, 2006.

Further information may be obtained by directing your inquiry in writing to the Claims Administrator, Strategic Claims Service, at the address listed above.

By Order of the Court