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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

ORIGINAL

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In re: : Chapter 11
: :
GENUITY INC., et al., : Case No. 02-43558 (PCB)
: :
Debtors. : (Jointly Administered)
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NOTICE OF AUCTION AND SALE HEARING

PLEASE TAKE NOTICE THAT:

Pursuant to the Order Under 11 U.S.C. §§ 105(a) and 363 and Fed. R. Bankr. P. 2002 and 6004 (I) Approving (A) Notice and Bidding Procedures and (B) Bid Protections, Including Breakup Fee, Overbid Protections and Expense Reimbursement, in Connection with Proposed Sale of Substantially All of Debtors' Assets; and (II) Scheduling Hearing and Setting Bidding and Objection Deadlines in Connection with Such Sale (Docket No. 142) (the "Procedures Order"),¹ approved by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") on December 17, 2002, Genuity Inc. ("Genuity") and certain of its subsidiaries, as debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), will conduct an auction of substantially all of the Debtors' assets (the "Purchased Assets"), including certain unexpired leases and executory contracts (the "Assumed Agreements").

The Sale. Under the terms of the Asset Purchase Agreement, by and among Level 3 Communications, Inc., Level 3 Communications, LLC (the "Proposed Purchaser"), and Genuity, Genuity International Inc., Genuity International Networks Inc., Genuity Solutions Inc., Genuity Telecom Inc. and Genuity Employee Holdings LLC (collectively, the "Sellers"), dated as of November 27, 2002 (as amended from time to time, the "Purchase Agreement"), the Debtors propose to sell the Purchased Assets, and to assume and assign the Assumed Agreements to the Purchaser, free and clear of liens, claims, encumbrances and interests (except for certain express assumed liabilities and permitted liens), all as more fully set forth in the Purchase Agreement, subject to higher and better offers and Bankruptcy Court approval.

The Auction. If a Qualified Bid (other than the Purchase Agreement) is received, the Debtors will conduct an auction (the "Auction") for the Purchased Assets beginning on January 17, 2003 at 9:00 a.m. (Eastern Time) at the offices of Ropes & Gray, 885 Third Avenue, New York, New York 10022. Attendance and participation at the Auction is subject to certain terms, conditions and procedures (collectively, the "Bidding Procedures") described in and annexed to the Procedures Order. All interested parties are invited to prequalify for the Auction and to present competing offers to purchase the Purchased Assets and the Assumed Agreements in accordance with the Bidding Procedures. In order to bid at the Auction, a Qualified Bidder must submit a Qualified Bid, in accordance with the terms of the Procedures Order and Bidding Procedures, not later than 12:00 p.m. (Eastern Time) on January 15, 2003.

Bidding at the Auction will commence at the purchase price stated in the highest or otherwise best Qualified Bid (taking into account the Breakup Fee and Expense Reimbursement), and will subsequently continue in minimum increments of not less than \$1 million until all parties have made their final offers. At the conclusion of the

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¹ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures (as defined herein) or the Procedures Order (as applicable). This Notice is qualified in its entirety by the Procedures Order. All persons and entities are urged to read the Procedures Order and the provisions thereof carefully. To the extent this Notice is inconsistent with the Procedures Order, the terms of the Procedures Order shall govern.

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bidding, the Debtors will announce their determination as to the person or entity (the "Successful Bidder") submitting the highest or otherwise best bid for the Purchased Assets (the "Successful Bid").

If the Debtors do not receive any Qualified Bids (other than that of the Proposed Purchaser), the Debtors will report the same to the Bankruptcy Court, the Proposed Purchaser's bid will be deemed the Successful Bid and the Debtors will proceed with the transactions contemplated by the Purchase Agreement. If, however, the Debtors receive one or more Qualified Bids and the Auction is conducted, the Debtors will notify the Bankruptcy Court of the results of the Auction and proceed with a sale to the Successful Bidder. The Debtors will be deemed to have accepted any other bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing.

The Sale Hearing. A hearing (the "Sale Hearing") to approve entry of an order (the "Sale Order") approving the Sale of the Purchased Assets and the assumption and assignment of the Assumed Agreements to the highest and best bidder will be held on January 21, 2003 at 2:30 p.m. in the **United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408, Room 701, before the Honorable Prudence C. Beatty, United States Bankruptcy Judge.**

Objections to the Sale of the Purchased Assets. Any objection to the entry of the Sale Order must (i) be in writing, (ii) conform to the requirements of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of the United States Bankruptcy Court for the Southern District of New York, (iii) set forth the name of the objector, (iv) set forth the nature and amount of the objector's claims against or interests in the Debtors' estates or property, (v) state the legal and factual basis for the objection and the specific grounds therefore, (vi) be filed with the **United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408**, and (vii) be served upon (a) Ropes & Gray, 885 Third Avenue, New York, New York 10022, Attention: William F. McCarthy, Esq. and Ropes & Gray, One International Place, Boston, Massachusetts 02110, Attention: Don S. DeAmicis, Esq. and D. Ross Martin, Esq.; (b) Willkie Farr & Gallagher, 787 Seventh Avenue, New York, New York 10019, Attention: John Longmire, Esq.; (c) the Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004, Attention: Brian Masumoto, Esq.; and (d) Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022, Attention: David Feldman, Esq., so as to be actually received by no later than 4:00 p.m. (Eastern Time) on January 15, 2003.

Copies of the Procedures Order, the Purchase Agreement and the motion seeking approval of the same are available from **Donlin, Recano & Company, Inc., 419 Park Avenue South, Suite 1206, New York, NY 10016, Attention: Ron Howard, telephone number (212) 481-1411 (Extension 130).**

Dated: New York, New York
December 18, 2002

William F. McCarthy (WM 1669)
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-and-

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Attorneys for Debtors and Debtors-in-Possession