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5 [Proposed] Counsel for
6 Debtors and Debtors-in-Possession

7
8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11 In Re:

12 NORTHPOINT COMMUNICATIONS
13 GROUP, INC., *et al.*,

14 Debtors.

Case No. 01-30127
(Jointly Administered)

Chapter 11

NOTICE OF HEARINGS ON MOTION OF DEBTORS WITH RESPECT TO PROPOSED SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES REGARDING (A) THE SALE TO THE SUCCESSFUL BIDDER(S), (B) TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (C) RELATED RELIEF

HEARINGS

Date: March 12, 2001
Time: 10:00 a.m.

and March 21, 2001
9:00 a.m.

Place: 235 Pine St.
23rd Floor
San Francisco, CA 94104

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PLEASE TAKE NOTICE that on January 16, 2001, the above-captioned debtors and debtors in possession (the "Debtors") filed the Motion of Debtors with Respect to Proposed Sale of Substantially All of the Debtors' Assets Free and Clear of Liens, Claims and Encumbrances for (I) an Order: (A) Establishing Bidding Procedures Including, Without Limitation, Break-Up Fee Provisions in Connection with the Sale, (B) Approving Form of Asset

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LATHAM & WATKINS
ATTORNEYS AT LAW

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Notice Of Hearings On Motion Of Debtors With Respect To Proposed Sale

FPSC-RECORDS REPORTING

1 Purchase Agreement, (C) Approving Form and Manner of Notice of Sale and Treatment of
2 Executory Contracts and Unexpired Leases, and (D) Scheduling a Sale Hearing Date To
3 Consider Final Approval of Sale and Treatment of Executory Contracts and Unexpired Leases;
4 (II) an Order Approving (A) the Sale to the Successful Bidder(s) and (B) Treatment of Executory
5 Contracts and Unexpired Leases; and (III) Related Relief (the "Motion") with the United States
6 Bankruptcy Court (the "Bankruptcy Court").¹

7 **PLEASE TAKE FURTHER NOTICE** that, a hearing to consider the Bidding
8 Procedure, Bidding Incentives, form of Asset Purchase Agreement and notice requirements, was
9 conducted on February 8, 2001 (the "Preliminary Hearing") at which time the Bankruptcy Court
10 approved the Motion with respect to those items.

11 **PLEASE TAKE FURTHER NOTICE** that, at the Preliminary Hearing, the
12 Bankruptcy Court scheduled a hearing on the Motion (the "Sale Hearing") before the Honorable
13 Thomas E. Carlson, in the Bankruptcy Court, 235 Pine Street, 23rd Floor, San Francisco, CA
14 94104 on March 21, 2001 at 9:00 a.m., at which time the Court will consider the results of the
15 Auction of the Debtors' assets and, at the conclusion of which, the Debtors will seek entry of an
16 order (the "Sale Order") approving the Motion, the Sale (as defined below) to the Successful
17 Bidder(s) to emerge from the Auction and the treatment of the executory contracts and unexpired
18 leases and related relief as described in the Motion.

19 **PLEASE TAKE FURTHER NOTICE** that pursuant to the Motion, the Debtors
20 intend to (a) sell to the Successful Bidder(s) substantially all of their assets, free and clear of all
21 liens, claims and encumbrances (the "Sale") with such liens, claims and encumbrances attaching
22 to the net proceeds of the sale, and (b) assume and assign to the Successful Bidder(s) such of the
23 Debtors' unexpired leases or executory contracts (collectively, the "Executory Contracts") as the
24 Successful Bidder shall designate to be purchased, all effective on the date of the closing of the
25 Sale (the "Closing Date"), as set forth in the Sale Order and in the Asset Purchase Agreement,
26 which was attached as Exhibit B to the Motion (the "Purchase Agreement"). Copies of the Sale
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28 ¹ Unless otherwise defined in this Notice, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

1 Motion, the form of Purchase Agreement and other related notices or documents are available
2 upon written request made to the Debtors or to counsel for the Debtors. All Executory Contracts
3 designated by the Successful Bidder(s) to be assumed and assigned are referred to herein as
4 "Assumed Contracts." Lists of the Executory Contracts with the cure amounts calculated by the
5 Debtors (the "Cure Amounts") and copies of the Purchase Agreement are being served
6 concurrently with this Notice to the parties who have requested special notice in these chapter 11
7 cases and to the nondebtor parties to the Executory Contracts.

8 **PLEASE TAKE FURTHER NOTICE** that on the Closing Date, or as soon
9 thereafter as practicable, the nondebtor parties to the Assumed Contracts will be paid the Cure
10 Amount due under the Assumed Contracts. The Debtors' records reflect that all postpetition
11 amounts owing under the Assumed Contracts have been paid or such amounts will be paid or
12 will be paid prior to the assumption and assignment of the Assumed Contracts, and that, other
13 than the Cure Amounts, there are no other defaults under the Assumed Contracts.

14 **PLEASE TAKE FURTHER NOTICE** that any nondebtor party to an Executory
15 Contract which objects to the proposed assumption and assignment of its Executory Contract on
16 any ground including the adequacy of the Cure Amount as set forth in the Lists of the Executory
17 Contracts or the assignability of the Executory Contract (the "Cure and Assignability
18 Objections"), but not including any objection relating to the identity or financial responsibility of
19 the proposed assignee of the Executory Contract or the adequacy of the assurance of future
20 performance (the "Assignee Objections"), shall file and serve on the following parties

21 Counsel for Debtors and Debtors-in-Possession:

22 Michael S. Lurey
23 Latham & Watkins
24 633 West Fifth Street, Suite 4000
25 Los Angeles, California 90071-2007
26 Facsimile: (213) 891-8763
27
28

1 Counsel for Creditors Committee:

2 John D. Fiero
3 Pachulski Stang Ziehl Young & Jones, PC
4 Three Embarcadero Center
5 Suite 1020
6 San Francisco 94108
7 Facsimile: (415) 263-7010

8 Richard Pachulski
9 Pachulski Stang Ziehl Young & Jones, PC
10 10100 Santa Monica, Suite 1100
11 Los Angeles, CA 90067
12 Facsimile: (310) 201-0760

13 Counsel for Debtor-in-Possession Lenders:

14 Shalom L. Kohn
15 Sidley & Austin
16 Bank One Plaza
17 10 South Dearborn St.
18 48th Floor
19 Chicago, Illinois 60603
20 Facsimile: (312) 853-7036

21 Office of the United States Trustee:

22 Stephen L. Johnson
23 Senior Attorney-Advisor
24 250 Montgomery Street
25 Suite 1000
26 San Francisco, CA 94104
27 Facsimile: (415) 705-3379

28 by hand or facsimile delivery on or before 4:00 p.m. (Pacific Standard Time) on March 7, 2001,
a written statement of the Cure and Assignability Objections, accompanied by any declarations
or memoranda of law the party objecting wishes to present in support of its position.

PLEASE TAKE FURTHER NOTICE that a status conference shall be held
before the Honorable Thomas E. Carlson, in the Bankruptcy Court, 235 Pine Street, 23rd Floor,
San Francisco, CA 94104 on March 12, 2001 at 10:00 a.m. (Pacific Standard Time), at which
time the Court will consider the Cure and Assignability Objections. The Assignee Objections
shall be considered by the Court separately from the Cure and Assignability Objections.

1 **PLEASE TAKE FURTHER NOTICE** that objections, if any, to the Motion, but
2 not including any Assignee Objections, must be made in writing, filed with the Bankruptcy
3 Court, and served so as to be received by the undersigned counsel for the Debtors on or before
4 4:00 p.m. (Pacific Standard Time) on Monday, March 12, 2001 (the "Sale Objection Deadline").

5 **PLEASE TAKE FURTHER NOTICE** that all timely filed and served
6 objections will be heard at the Sale Hearing or on such other date and time as the Court may
7 schedule. The Sale Hearing may be continued from time to time at the sole discretion of the
8 Debtors upon notice in open court.

9 **PLEASE TAKE FURTHER NOTICE** that if no objections are timely filed in
10 accordance with the above procedure, the Bankruptcy Court may enter the Sale Order without
11 further notice or hearing. Only those objections made in writing, timely filed, and served in
12 accordance with the above procedures will be considered at the Sale Hearing.

13 **PLEASE TAKE FURTHER NOTICE** that if no Cure or Assignability
14 Objections are filed by the applicable deadline for such objections with respect to the proposed
15 assumption and assignment of any Assumed Contract, the Court may enter the Sale Order: (a)
16 finding that the Assumed Contract is an executory contract or unexpired lease subject to the
17 provisions of section 365 of the Bankruptcy Code; (b) approving the assumption and assignment
18 of the Assumed Contract (with a reservation of rights by the Debtors to withdraw the Assumed
19 Contract prior to the Sale Hearing) under section 365 of the Bankruptcy Code, subject to the
20 closing of the Sale, notwithstanding any provision in the Assumed Contract (including those of
21 the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts,
22 or conditions such assignment or transfer; (c) fixing the Cure Amount for the Assumed Contract
23 as set forth in the Lists of the Executory Contracts served concurrently herewith; (d) holding that
24 all defaults or other obligations of the Debtors under the Assumed Contracts arising or occurring
25 prior to the date of the Sale Order are cured by the payment of the Cure Amounts; (e) holding
26 that each nondebtor party to the Assumed Contract who failed to object to its treatment
27 hereunder shall be deemed to consent to the assumption and assignment of the Assumed Contract
28 and is forever barred, estopped, and permanently enjoined from asserting any default existing as

1 of the date of the Sale Hearing, any counterclaim, defense, setoff or any other claim asserted or
2 assertable, any purported written or oral amendment, waiver, supplement, or other modification
3 to the Executory Contract other than as set forth in the Sale Order; and (f) holding that the
4 Debtors are relieved from any further liability with respect to the Assumed Contract after such
5 assumption and assignment to the Successful Bidder(s) and the payment of the Cure Amount
6 with respect to such contract.

7 **PLEASE TAKE FURTHER NOTICE** that if no objections are filed with
8 respect to the proposed assumption and assignment of an Assumed Contract by the applicable
9 deadline therefor, all defaults or other obligations of the Debtors under the Assumed Contract
10 arising or accruing prior to the date of the Sale Order (without giving effect to any acceleration
11 clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy
12 Code) shall be deemed cured by the Successful Bidder(s) upon payment of the Cure Amounts by
13 the Successful Bidder(s) at the Closing of the Sale or as soon thereafter as practicable.

14 **PLEASE TAKE FURTHER NOTICE** that pursuant to the Motion and the
15 Bidding Procedures, the Debtors propose that the Successful Bidder(s) will determine which of
16 the Executory Contracts will be Assumed Contracts and which will be excluded from the
17 purchase and sale (the "Excluded Contracts") within ten (10) days after entry of the Sale Order.
18 This procedure shall not be deemed or construed to alter or limit the rights of nondebtor parties
19 to Executory Contracts who are also parties to stipulated Orders entered by the Court or
20 stipulations approved by Orders entered by the Court ("Stipulated Orders") which provide for
21 adequate assurance of the Debtors' post-petition performance, pursuant to such Stipulated
22 Orders. All nondebtor parties to any Executory Contract would be promptly notified by the
23 Debtors at or before the conclusion of such 10-day period whether such contracts will be an
24 Assumed Contract.

25 **PLEASE TAKE FURTHER NOTICE** that pursuant to the Motion, with respect
26 to each Excluded Contract, the Debtors have requested authority from the Court to (i) reject such
27 Excluded Contracts at any time after entry of the Sale Order upon five (5) days' written notice to
28 the nondebtor party to such Excluded Contract without further Court order or (ii) file a

1 subsequent motion to assume or assume and assign such Excluded Contract if the Debtors deem
2 it in the best interests of their estates.

3 **PLEASE TAKE FURTHER NOTICE** that inquiries regarding this Notice, the
4 Motion, or the procedures set forth therein may be directed to the undersigned counsel at (213)
5 891-7897.

6 Dated: February 14, 2001

Respectfully submitted,

LATHAM & WATKINS

By Michael S. Lurey

Michael S. Lurey
[Proposed] Attorneys for Debtors and
Debtors-in-Possession NorthPoint
Communications Group, Inc., NorthPoint
Communications, Inc., NorthPoint
Communications of Virginia, Inc., and
NorthPoint International, Inc.

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13 Date of service: February 15, 2001
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