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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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 In re: : Chapter 11
 :
 GENUITY INC., et al., : Case No. 02-43558 (PCB)
 :
 Debtors. : (Jointly Administered)
 -----X

NOTICE OF MOTION TO APPROVE COMPROMISE

PLEASE TAKE NOTICE THAT:

On December 18, 2002, the Debtors filed their Motion for Order Under 11 U.S.C. § 363 and Fed. R. Bankr. P. 9019 Approving Settlement Agreement with Verizon Communications Inc. (Docket No. 77) (the "Settlement Motion"). Under the Settlement Motion, Genuity Inc. ("Genuity") and certain of its subsidiaries, as debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), seek approval of a Settlement Agreement and Mutual Release (the "Settlement Agreement") dated as of November 27, 2002 between the Debtors and Verizon Communications Inc. ("Verizon"). Capitalized terms defined in the Settlement Agreement and not otherwise defined herein are used herein with the meanings so defined.

The Settlement Agreement. Under the terms of the Settlement Agreement, the Debtors have, subject to Bankruptcy Court approval, granted a release and waiver to Verizon and its affiliates from all Claims relating to (a) the spin-off, capitalization or recapitalization of Genuity, (b) the initial public offering of Genuity, (c) actions by Verizon and its affiliates (the "Verizon Entities") in their capacity as a creditor customer supplier, shareholder or director of Genuity, (d) any inequitable conduct by Verizon Entities, (e) the Verizon Credit Agreement, (f) the termination of the Verizon Credit Agreement, (g) the Bank Credit Agreement, (h) Verizon's decision not to exercise certain stock conversion rights or otherwise reintegrate Genuity, (i) any proposed sale of all or substantially all the assets of Genuity to Level 3 Communications, Inc. ("Level 3") or any other third party or any related transaction between Verizon and Level 3, and (j) all other Claims which Genuity has or may have against the Verizon Entities; provided, however, that certain enumerated Claims are not released. In exchange for this release, the Verizon Entities have, subject to Bankruptcy Court approval of the Settlement Agreement, granted a release and waiver to the Debtors from all Claims relating to: (a) the spin-off, capitalization or recapitalization of Genuity, (b) the initial public offering of Genuity, (c) the management of Genuity, (d) any inequitable conduct by the Debtors, and (e) Genuity's decision to draw on the Bank Credit Agreement; provided, however, that certain enumerated Claims are not released, including without limitation claims as a creditor, customer and supplier of the Debtors. Further, in exchange for the forgoing releases, Verizon has provided, and agreed to provide, other consideration described in the Settlement Agreement and the Settlement Motion, including the extension of certain commercial accommodations to Level 3 to induce Level 3 to purchase substantially all of the assets of the Debtors, effective upon the approval of the Settlement Agreement.

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The Approval Hearing. A hearing (the "Approval Hearing") to approve entry of an order (the "Approval Order") approving the Settlement Agreement 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.

DOCUMENT NUMBER-DATE

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Objections. Any objection to the approval of the Settlement Agreement 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.; (d) Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022, Attention: David Feldman, Esq.; and (e) Debevoise & Plimpton, 919 Third Avenue, New York, New York 10022, Attention Richard F. Hahn, Esq., so as to be actually received by no later than 4:00 p.m. (Eastern Time) on January 15, 2003.

PLEASE TAKE FURTHER NOTICE THAT:

The foregoing summary of the Settlement Agreement is not complete and that the full terms of the proposed settlement are contained in the Settlement Motion and accompanying exhibits thereto.

Copies of the Settlement Agreement and the Settlement Motion 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). To the extent that the summary of settlement terms set forth in this Notice conflict with the terms of the Settlement Agreement, the terms of the Settlement Agreement shall control.

Dated: New York, New York
December 18, 2002

William F. McCarthy (WM 1669)
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