

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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 In re: : Chapter 11
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 WINSTAR COMMUNICATIONS, INC., et al., : Case No.: 01-1430 (JJF)
 :
 Debtors. : Jointly Administered
 :
 : Objection Deadline: December 7, 2001 at 4 p.m. (ET)
 : Hearing Date: December 10, 2001 at 1 p.m. (ET)
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NOTICE OF SALE OF ASSETS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Pursuant to the Order under 11 U.S.C. §§ 363(b) and 105(a) and Fed. R. Bankr. P. 2002, 6004, 6006, and 9014 (i) Approving Bidding Procedures, (ii) Approving the Form and Manner of Notice of (a) Bid Protection Hearing, (b) Sale Hearing, (c) Cure Amount Notices and (d) Assumption Notices, and (iii) Scheduling Sale Hearing (the "Bid Procedures Order") approved by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on November 27, 2001, the above-captioned debtors and debtors in possession (collectively, the "Debtors") are offering for sale substantially all or a portion of the assets related to the Debtors' business (the "Purchased Assets").

2. All interested parties are invited to make offers to purchase **all or some lesser portion of the Debtors' assets** in accordance with terms and conditions approved by the Bankruptcy Court (the "Bidding Procedures"¹). Pursuant to the Bidding Procedures, the Debtors will conduct an auction of their assets (the "Auction") beginning at 2 p.m. (ET) on December 5, 2001 at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York.

3. Participation at the Auction is subject to the Bidding Procedures and the Bidding Procedures Order. The Bidding Procedures include the following²:

A. Qualified Bidders: Unless waived by the Debtors, each bidder must satisfy the following requirements to be a Qualified Bidder: (i) deliver an executed confidentiality

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¹ Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bidding Procedures.

² The description of the Bidding Procedures herein is a summary only. Copies of the Bidding Procedures approved by the Bankruptcy Court may be obtained by contacting: Stefanie Hubloue, Young Conway - Stargatt & Taylor, The Brandywine Building, 17th Floor, P.O. Box 391, Wilmington, DE 19899 (fax #: 302-571-1253, email: shubloue@ycst.com).

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agreement to the Debtors; (ii) deliver a financial statement or other evidence of credit worthiness to the Debtors; and (iii) deliver a proposal to the Debtors identifying the assets to be purchased, purchase price and the other material terms of the offer.

B. Due Diligence: Qualified Bidders shall be afforded an opportunity to conduct further due diligence of the Debtors' business, as set forth in the Bidding Procedures.

C. Bid Deadline: Bids shall be delivered by 4 p.m. (ET) on December 4, 2001 to each of the parties listed in the Bid Procedures. The Debtors may extend the Bid Deadline.

D. Bid Requirements: Bids shall be in the form of a letter stating that the Qualified Bidder offers to purchase all or a portion of the Purchased Assets on the terms and conditions set forth in a copy of an asset purchase agreement (substantially in the form attached as Exhibit A to the Bid Procedures Motion, the "Acquisition Agreement") attached to such letter, marked to show those amendments and modifications thereto, including price, terms, assets to be acquired, that the Qualified Bidder proposes, and that such bid is irrevocable until 48 hours after the closing of the sale of the purchased assets (but in any case no later than December 31, 2001).

E. No Financing Contingencies: Unless otherwise waived by the Debtors in writing, the Debtors will consider a bid only if it is not conditioned on obtaining financing or on the outcome of unperformed due diligence.

F. Purchase of Some or All Assets: A Qualified Bidder may bid for a portion of the Debtors' assets, or for substantially all of the Debtors' assets. The Debtors may accept multiple offers for separate groups of the Debtors' assets if the Debtors conclude that such sales will maximize value for their estates.

G. As Is, Where Is: The sale of the Debtors' assets shall be on an "as is, where is" basis, with no representations or warranties of any kind except to the extent set forth in the Acquisition Agreement.

H. Auction: The Debtors shall conduct an auction (the "Auction") with respect to the Purchased Assets and all of the Debtors other assets and provide to all Qualified Bidders the opportunity to submit bids at the Auction. The Auction shall take place at 2:00 p.m. (New York time) on December 5, 2001, at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, or such later time or other place as the Sellers shall notify the Qualified Bidders. The Sellers may adopt rules for bidding at the Auction, that, in Sellers' business judgment, will better promote the goals of the bidding process and that are not inconsistent with any of the provisions of the Bidding Procedures, the Bankruptcy Code or any order of the Bankruptcy Court entered in connection herewith. Prior to the start of the Auction, the Sellers will inform the Qualified Bidders participating in the Auction of the manner in which the Auction will be conducted. At the conclusion of the Auction, the Debtors shall announce the bid(s) determined to be highest and best, and shall thereafter present such bid(s) to the Court for approval at the Sale Hearing.

I. Sale Hearing: The Sale Hearing is scheduled for December 10, 2001 at 1 p.m. (ET) before the Honorable Joseph J. Farnan, Jr., United States District Judge, 844 King Street, Wilmington, Delaware. At the Sale Hearing, the Sellers will seek entry of an order,

among other things, authorizing and approving the Sale(s) to the Successful Bidder(s) and authorizing the assumption and assignment of certain executory contracts and unexpired leases.

J. Right to Withdraw From Sale: The Debtors may (a) determine, in their business judgment, which Qualified Bid(s), if any, is the highest or otherwise best offer and (b) reject at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any bid that, in the Debtors' sole discretion, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of sale, or (iii) contrary to the best interests of the Debtor, their estate and creditors. **The Debtors shall not be required to accept any bid and may elect in their sole discretion to exclude or withdraw from the Auction any or all property or assets.**

4. The Debtors shall have accepted a bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing. Notwithstanding Bankruptcy Court approval of a sale pursuant to the terms of a bid by a Qualified Bidder, and all bids will remain open for 48 hours after the closing of the Sale of the Purchased Assets or 30 days after the Sale Hearing. Upon failure to consummate the sale of the Purchased Assets because of a breach or failure on the part of the Successful Bidder, the Debtors may select in their business judgment the next highest or otherwise best Qualified Bid to be the Successful Bid without further order of the Court.

5. This notice is qualified in its entirety by the Bidding Procedures Order.

Dated: Wilmington, Delaware
November 27, 2001

SHEARMAN & STERLING

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– and –

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