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Date 1-24-2000

January 21, 2000

FEDERAL EXPRESS

David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

00-00049

Re: Application of NorthPoint Communications, Inc. for a Certificate of Convenience and Necessity to provide Competing Telecommunications Services in the State of Tennessee

Dear Mr. Secretary:

On behalf of NorthPoint Communications, Inc., enclosed for filing please find an original and thirteen (13) copies of the Application of NorthPoint Communications, Inc. for a Certificate of Convenience and Necessity to Provide Competing Telecommunications Services in the State of Tennessee. Also enclosed is a check in the amount of $50.00 to cover the applicable filing fee.

Please date-stamp the enclosed extra copy of this filing and return it in the enclosed postage-paid envelope. Should you have any questions on this matter, please do not hesitate to contact me. Thank you for your assistance.

Sincerely,

Jeffrey J. Heins

E. Ashton Johnston
Jeffrey J. Heins

Counsel for NorthPoint Communications, Inc.

Enclosure
cc: Glenn Harris

FILE

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In the Matter of the Application of	)	
NorthPoint Communications, Inc.	)	TRA Docket No. 00-00049
for a Certificate of Convenience and Necessity to	)	
Provide Competing Telecommunications Services	)	
	)	

PETITION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETING TELECOMMUNICATIONS SERVICE

I. INTRODUCTION

NorthPoint Communications, Inc. ("NorthPoint" or "Applicant"), by its undersigned counsel and pursuant to applicable Tennessee Statutes and Rules and Regulations of the Tennessee Regulatory Authority, hereby petitions for authority to provide Competing Telecommunications Service, including switched and dedicated, resold and facilities-based, local exchange, exchange access and interexchange telecommunications services, in the State of Tennessee.

In support of its Application, NorthPoint submits the following information:

1. Demonstration of willingness to comply with Commission policies, rules and orders.

NorthPoint is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing telecommunications services. NorthPoint has been operating as a CLEC in other jurisdictions since 1998 and has a history of regulatory

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compliance in every jurisdiction where it is authorized to operate. No state or federal regulatory body has ever taken punitive action against NorthPoint nor penalized NorthPoint in any way.

2. Documentation of managerial, financial and technical ability to provide service.

a) Managerial and Technical Qualifications

NorthPoint's officers are well qualified to execute its business plan, to provide its proposed telecommunications services and to operate and maintain NorthPoint's facilities over which such services will be deployed. A description of the managerial and technical qualifications and experience of NorthPoint's key personnel is attached as Exhibit 1.

b) Financial Qualifications

NorthPoint is financially qualified to provide local exchange, competitive access and interexchange telecommunications services in Tennessee. In particular, NorthPoint has access to the financing and capital necessary to conduct its telecommunications operations as specified in this Petition. As a start-up company, NorthPoint will rely on the financial resources of its parent company, NorthPoint Communications Group, Inc., to provide initial capital investment and to fund operating losses during the start-up phase of operations. In support of this application, attached as Exhibit 2 is the most recent SEC Form 10-Q of NorthPoint Communications Group, Inc.

3. Name, address of corporate headquarters, names and addresses of principle corporate officers.

Applicant's legal name is NorthPoint Communications, Inc. ("NorthPoint"). NorthPoint is a corporation organized on August 12, 1997 under the laws of the State of Delaware. NorthPoint maintains its principal place of business at:

NorthPoint Communications, Inc.
303 2nd Street, South Tower
San Francisco, CA. 94108
Tel: (415) 403-4003
Fax: (415) 403-4004

A list of NorthPoint's principal corporate officers and directors is attached as Exhibit 3. All the officers of NorthPoint may be reached at the address listed above.

Correspondence or communications pertaining to this Petition should be directed to:

E. Ashton Johnston, Esq.
Jeffrey J. Heins, Esq.
Piper Marbury Rudnick & Wolfe LLP
1200 19th Street, NW
Washington, D.C. 20036-2412
Tel: (202) 861-3417
Fax: (202) 223-2085
e-mail: jeffrey.heins@piperrudnick.com

4. Names and addresses of officers responsible for Tennessee operations.

NorthPoint has no immediate plans to locate a business office in the state of Tennessee. The individuals listed in Exhibit 3 are responsible for NorthPoint's Tennessee operations. These officers can be reached at NorthPoint's offices in San Francisco.

5. Business structure, copy of articles of incorporation, copy of license to do business in Tennessee.

NorthPoint is a Delaware corporation formed on May 16, 1997. NorthPoint was originally incorporated under the name of FirstMile Communications, Inc. On August 13, 1997 FirstMile Communications, Inc. changed its name to NorthPoint Communications, Inc. Effective March 22, 1999, NorthPoint Communications, Inc., the applicant in this proceeding, consummated a reorganization pursuant to which it became a wholly owned subsidiary of NorthPoint Communications Group, Inc., a newly created corporation. A copy of NorthPoint's Certificate of Incorporation is attached hereto as Exhibit 4 and a copy of NorthPoint's Authorization to transact business in Tennessee is attached as Exhibit 5.

6. Repair and maintenance information, name and address of contact person knowledgeable about Tennessee operations.

NorthPoint plans on collocating equipment in the central offices of incumbent local telecommunications providers in the state of Tennessee. The repair and maintenance of NorthPoint's equipment will be subject to interconnection and collocation agreements entered into with incumbent providers in Tennessee. All such agreements will be submitted to the Tennessee Regulatory Authority pursuant to the Authority's rules. NorthPoint also intends to lease local loops from incumbent providers for the provision of NorthPoint's services. The maintenance and repair of such leased transmission facilities will primarily be the responsibility of the underlying carrier.

NorthPoint maintains the following toll-free telephone number for customer service inquiries and repair and maintenance requests: 1-800-900-0672.

Questions concerning the ongoing operations of NorthPoint in Tennessee following certification should be directed to:

Glenn Harris, Esq.
Assistant General Counsel - Regulatory
NorthPoint Communications, Inc.
303 2nd Street, South Tower
San Francisco, California 94107
Tel: (415) 365-6095
Fax:(415) 403-4004

7. List of other states where provider is authorized to operate, list of states which have denied authority.

NorthPoint is currently certified to provide telecommunications services in the states of California, Connecticut, Colorado, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Virginia, Washington and Wisconsin.

NorthPoint has not been denied certification in any state, nor is there any pending action against NorthPoint in any state.

8. Description of services and facilities and proposed service area.

NorthPoint seeks authority to provide all forms of telecommunications services in the state of Tennessee, including facilities-based and resold, switched and dedicated, local exchange, exchange access and interexchange services.

NorthPoint is a national, facilities-based provider of high speed, data network services. Our networks use digital subscriber line, or DSL, technology to transport data at guaranteed speeds up to 25 times faster than common dial-up modems. We market our network and data transport services to Internet service providers, broadband data service providers and long-distance and local telephone companies, whom we call network service providers, or NSPs. Our NSP customers can use our fast, secure and reliable data networks to provide economical, "always on" Internet access and other data-intensive applications to end users, who are typically small- and medium-sized businesses, people who work in home offices and telecommuters. Our networks consist principally of digital communications equipment that we own and install in telephone company central offices and existing copper telephone lines that we lease to connect our equipment with end users' premises. We will initially install our equipment in the central offices with the highest density of small- and medium-sized businesses.

Demand for data communications is the fastest growing segment of the telecommunications industry. Businesses and other end users are increasingly using data-intensive applications such as Internet access, intranets, extranets, telecommuting, virtual private networks, IPtelephony, e-commerce, e-mail, video conferencing and multimedia. To take full advantage of these productivity-enhancing applications, small- and medium-sized businesses need fast, secure and dedicated data connectivity. People using computers from their homes to connect to corporate networks or to the Internet for in-home business purposes have similar needs. We believe that local data transport solutions commonly used by these end users, such as dial-up modems, ISDN lines and T1 service, are inadequate because they are either too slow or too expensive, or both. Traditional telephone networks were originally designed to carry voice traffic. Our local networks are designed to carry data and provide end users with:

- fast data transport options, each of which has price-performance characteristics superior to traditional options;
- the ability to upgrade data transmission speed, without adding hardware;
- "always-on", dedicated connections to the Internet or other data services;
- reliable performance over our continuously monitored network; and
- secure transport of sensitive business data.

Our networks and services offer a number of advantages to our NSP partners:

- access to end users in a wide geographic footprint through a single point of interconnection in each market, enabling accelerated, capital- efficient market entry;
- an electronic interface to our national pre-qualification, order entry, customer support, provisioning, accounting and billing systems;
- assured data throughput and service level guarantees; and
- monitoring of our entire network from our control center.

NorthPoint's business plan for the State of Tennessee does not initially include the provision of basic local exchange telephone service. At such time as NorthPoint offers basic local exchange telephone service, NorthPoint will comply with all rules of the Tennessee Regulatory Authority regarding 911 and E911, directory listings, the Tennessee Relay Center, call blocking, Lifeline and Link-up Service and educational discounts.

As NorthPoint will not initially offer basic local exchange telecommunications service in the State of Tennessee, NorthPoint seeks waiver of the requirement of filing an IntraLata Toll Dialing Parity Plan for the State of Tennessee with this Petition. NorthPoint's waiver request is attached at Exhibit 6. If at any time NorthPoint intends to offer basic local exchange telephone service in the State of Tennessee, NorthPoint will file an IntraLATA Toll Dialing Parity Plan with the Tennessee regulatory, authority in compliance with state and federal rules, prior to offering basic local exchange telephone service.

Pursuant to T.C.A. § 65-5-2112, attached as Exhibit 7 is NorthPoint's Small and Minority Owned Business Participation Plan.

NorthPoint seeks authority to provide telecommunications services throughout Tennessee in those areas which are designated open to competition, initially in the service areas of BellSouth and Sprint United. NorthPoint does not seek to terminate any rural carrier exemption under Section 252 of the Federal Act.

Attached as Exhibit 8 is NorthPoint's proposed Interexchange Tariff for the State of Tennessee and Attached as Exhibit 9 is NorthPoint's Local Tariff for the State of Tennessee.

PUBLIC INTEREST CONSIDERATIONS

Granting this Application will promote the public interest by increasing competition in the provision of telecommunications services in Tennessee. NorthPoint will provide business customers high quality, effective local and long distance telecommunications services, with an emphasis on customer service. In addition to driving prices closer to costs, thereby ensuring just and reasonable rates, competition also promotes efficiency in the delivery of services and in the development of new services. These very real benefits work to maximize the public interest by providing continuing incentives for carriers to reduce costs while, simultaneously, promoting the availability of potentially desirable services.

CONCLUSION

The entry of NorthPoint into the telecommunications market will enhance competition in the provision of telecommunications services within the State of Tennessee. NorthPoint will bring significant benefits to telecommunications users in the State of Tennessee. Applicant's expertise in the telecommunications sector will permit it to select the most economic and efficient services, thereby providing customers with a better combination of price, quality, and customer service than other carriers. Accordingly, NorthPoint anticipates its proposed service will provide subscribers with better quality services and will increase consumer choice of innovative, diversified, and reliable service offerings.

WHEREFORE, NorthPoint Communications, Inc. respectfully requests that the Tennessee Regulatory Authority grant it a Certificate of Public Convenience and Necessity to provide switched and dedicated, resold and facilities-based, local exchange and interexchange services as a Competing Telecommunications Service provider in the state of Tennessee.

Respectfully Submitted,

Jeffrey J. Heins

E. Ashton Johnston
Jeffrey J. Heins*

Counsel for NorthPoint Communications, Inc.

*Admitted in New York only.

EXHIBITS

EXHIBIT 1

Managerial and Technical Qualifications

Managerial and Technical Qualifications of NorthPoint Communications, Inc.'s

Management Team

CHAIRMAN & CEO -- MICHAEL MALAGA

Prior to establishing NorthPoint, Mr. Malaga served as Director of Strategic Development for MFS Communications Company, Inc. (now a subsidiary of WorldCom, Inc.), where he spent his last year and a half developing and then leading MFS's DSL rollout. In that capacity, he was responsible for full development activities, including forming the basic product strategy and marketing requirements, aiding in the engineering design of the core network, collaborating on the full financial plan, and guiding and leading project teams in billing, operations, provisioning and product roll out.

Prior to MFS/WorldCom, Mr. Malaga worked for seven years at GenRad, Inc., Structural Test Products Division, in capacities ranging from Programmer, at the start, to International Sales and Marketing Manager. Prior to GenRad, Mr. Malaga designed silicon sensors at Lucas Novasensor, Inc., a Silicon Valley startup. He has a Bachelor of Science Degree in Applied and Engineering Physics from Cornell University, and a Master of Science Degree in Mechanical Engineering from the University of Cincinnati.

PRESIDENT AND CHIEF OPERATING OFFICER – ELIZABETH A. FETTER

Elizabeth Fetter joins NorthPoint from US West where she was vice president and general manager of the company's $4.7 billion Consumer Services Group, representing 8,000 employees across 14 states. At NorthPoint, Elizabeth Fetter oversees sales, marketing, regulatory, engineering and network operations. In her most recent role with US West, Fetter had responsibility for the company's voice, data, Internet, wireless and other communications services provided to nearly 11 million consumers across the US West region. Ms. Fetter also led US West's e-commerce initiative to expand its Web-based sales, customer service and billing capabilities. Prior to joining US West, Ms. Fetter held a number of senior management positions at Pacific Bell. As president of Pacific Bell's Industry Markets Group, Fetter was responsible for the strategy and operations of the company's wholesale, interconnection and resale businesses.

CHIEF TECHNICAL OFFICER -- WILLIAM EUSKE

Mr. Euske has over 20 years of experience in the communications field, going back to the early days of packet switching with TYMNET. Most recently, as MFS/WorldCom's Senior Vice President for Advanced Networks and Technology, Mr. Euske was responsible for identifying technology opportunities and working with vendors to bring technology to market for service provider deployment. Mr. Euske and his team launched MFS/WorldCom's xDSL services. Earlier, as Vice President of Product Engineering for MFS' Data Services unit, he built one of the first commercial ATM networks, which supported wire-speed LAN traffic, frame relay and Variable Bit Rate voice. Before joining MFS in 1992, Mr. Euske directed North American research and development for British Telecom.

VICE PRESIDENT, NETWORK ENGINEERING – ROBERT FLOOD

Prior to joining NorthPoint, Mr. Flood served as Vice President Network Administration at MFS/WorldCom from 1994 to 1997, with responsibility for traffic engineering, switch translators, capacity planning and network infrastructure development, on both the local infrastructure (for MFS local facilities-based services) and long distance portions of the network. Prior to joining MFS/WorldCom, Mr. Flood was with Centex Telemanagement, Inc., as Director of Engineering from 1990 to 1995 and Director of Customer Service from 1986 to 1990. In these roles, he was responsible for cost management, provisioning, traffic engineering and customer service, and directed the expansion of Centex into numerous new market areas. Prior to Centex, Mr. Flood held significant management positions at Dayton Hudson/Mervyn's, Xerox PARC, and Rochester Telephone. Mr. Flood has a BSEE from the University of Rochester and a MBA from Golden Gate University.

VICE PRESIDENT AND GENERAL COUNSEL -- STEVEN GOROSH

Mr. Gorosh has over twelve years of communications law experience in industry, government and private practice. After graduating Cum Laude at the University of Michigan Law School in 1985, Mr. Gorosh spent three years at Crowell and Moring, a large Washington, D.C. law firm, where he practiced communications law and litigation. Mr. Gorosh then spent three years at the Federal Communications Commission's Common Carrier and General Counsel Bureaus, working on a number of key policy initiatives with federal and state regulators throughout the country. Mr. Gorosh left the FCC in 1991 to take a job as Senior Counsel with a San Francisco based start-up company, Centex Telemanagement. As the company's sole in-house attorney, Mr. Gorosh focused on implementing the company's national regulatory initiatives, while also handling the company's customer, employee and vendor contracts and disputes. Mr. Gorosh continued in these roles when Centex was bought by MFS Communications Company. As Senior Counsel for the company's MFS Intelenet subsidiary, the nation's largest alternate local service provider, Mr. Gorosh helped set regulatory strategy and garner necessary local service regulatory authority. In 1995, Mr. Gorosh became responsible for handling all of Intelenet's legal needs including managing litigation, handling disputes, and negotiating contracts for Intelenet's customers, employees and vendors.

VICE PRESIDENT, FINANCE AND PLANNING -- TIM MONAHAN

Prior to joining NorthPoint, Mr. Monahan served as Director of Corporate Development for MFS/WorldCom, where he spent his last year and a half developing the comprehensive financial plan for MFS' xDSL product. In that role, he was responsible for creating and providing the financial business case to the CEO and COO, obtaining corporate funds allocation, and analyzing all internal costing from both the local transport and Internet Service provision sides. He also created the financial plan for MFS' internal Internet Service Provider creation project, forming an evaluation basis for MFS' purchase of UUNET Technologies. Prior to this, Mr. Monahan, as Assistant Treasurer, was involved in raising $2.1 billion to fund the company's fast growth, including leading teams which completed an $85 million Alaskan pipeline fiber network financing, a $60 million SONET transmission equipment lease, and a $120 million central office switching equipment bank financing. He also provided planning and use-of-proceeds forecasts as an integral part of teams which carried out a $293 million IPO, a $230 million follow-on stock offering, two separate $500 million high yield offerings, and a $250 million syndicated bank credit facility.

Prior to joining MFS/WorldCom, Mr. Monahan worked for three years as a consultant for Booz, Allen & Hamilton. Mr. Monahan received his BBA, Summa Cum Laude, from the University of Texas and an MBA from Harvard Business School.

CHIEF NETWORK ARCHITECT – NATHAN GREGORY

Prior to joining NorthPoint, Mr. Gregory was most recently responsible for the data architecture for MFS/WorldCom's xDSL product offering, including all equipment evaluation and testing, central office configuration design, and service offering engineering specification. Prior to this, Mr. Gregory was a principle member of the original (1992) MFS Data Services team responsible for releasing the first commercial ATM service in the United States, as well as MFS' worldwide Frame Relay product. In addition, he was a principal engineer on the development of MFS' Internet Metropolitan Area Exchange (MAE's), MAE East and MAE West, the largest Internet traffic exchanges in the world. Prior to MFS, Mr. Gregory worked in a variety of positions at TYMNET/British Telecom over twelve years, ranging from customer support engineering to Scientist responsible for packet switching platform evaluation. Mr. Gregory also has previous work experience in commercial two-way radio.

EXHIBIT 2

Financial Qualifications

SEC Form 10-Q of NorthPoint Communications Group

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PUBLIC DOCUMENT COUNT:          2
CONFORMED PERIOD OF REPORT:     19990930
FILED AS OF DATE:               19991115

FILER:

        COMPANY DATA:
                COMPANY CONFORMED NAME:                 NORTHPOINT COMMUNICATIONS GROUP INC
                CENTRAL INDEX KEY:                      0001080558
                STANDARD INDUSTRIAL CLASSIFICATION:     TELEPHONE COMMUNICATIONS (NO RADIO TELEPHONE) [4813]
                IRS NUMBER:                             522147716
                STATE OF INCORPORATION:                 DE
                FISCAL YEAR END:                        1231

        FILING VALUES:
                FORM TYPE:              10-Q
                SEC ACT:
                SEC FILE NUMBER:        000-29828
                FILM NUMBER:            99753568

        BUSINESS ADDRESS:
                STREET 1:               303 2ND STREET
                STREET 2:               10TH FLOOR, NORTH TOWER
                CITY:                   SAN FRANCISCO
                STATE:                  CA
                ZIP:                    94107
                BUSINESS PHONE:         415/403-40

        MAIL ADDRESS:
                STREET 1:               222 SUTTER STREET
                CITY:                   SAN FRANCISCO
                STATE:                  CA
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DATE OF NAME CHANGE: 19990224
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-29828

NORTHPOINT COMMUNICATIONS GROUP, INC.
(Exact name of Registrant as Specified in its Charter)

DELAWARE	52-2147716
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

303 2nd Street, 10th Floor

North Tower
San Francisco, California 94107
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (415) 403-4003

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

The number of shares of Common Stock, par value $0.001 per share, of NorthPoint Communications Group, Inc. outstanding as of November 1, 1999 was 123,015,892. The number of shares of Class B Common Stock, par value of $0.001 per share, of NorthPoint Communication Group, Inc. outstanding as of November 1, 1999 was 2,466,724.
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PART 1. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

NORTHPOINT COMMUNICATIONS GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in 000's, except share and per share amounts)

<TABLE>
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	(Unaudited) September 30, 1999	December 3 1998
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 136,251	$ 10,956
Short-term investments	167,125	---
Accounts receivable, net	4,560	523
Inventories	2,845	---
Prepaid expenses and other assets	11,428	2,649
Total current assets	322,209	14,128
Property and equipment:		
Networking equipment	81,517	26,041
Central office collocation space improvements	41,752	15,599
Computers and software	18,733	2,489
Furniture, fixtures and office equipment	3,684	1,927
Leasehold improvements	3,045	1,366
Total property and equipment	148,731	47,422
Less accumulated depreciation and amortization	(10,770)	(1,344)
Property and equipment, net	137,961	46,078
Long-term investment	6,740	---
Deposits	497	296
Total assets	$ 467,407	$ 60,502

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:		
Accounts payable	$ 5,194	$ 9,379
Accrued expenses	27,425	5,481
Deferred revenue	---	189
Capital lease obligations, current portion net of unamortized debt discount of $265 and $265, respectively	1,001	925
Line of credit borrowings, net of unamortized debt discount of $2,303	---	48,422
Total current liabilities	33,620	64,396
Capital lease obligations, long-term portion, net of unamortized debt discount of $399 and $598, respectively	1,806	2,640
Line of credit borrowings, long-term portion	50,479	---
Deferred revenue	1,392	---
Total liabilities	87,297	67,036
Stockholders' equity (deficit):		
Convertible preferred stock, $0.001 par value; 101,250,000 and 49,060,250 shares authorized at September 30, 1999 and December 31, 1998, respectively; 38,499,054 shares issued and outstanding at December 31, 1998	---	38
Common stock, $0.001 par value; 281,250,000 and 112,500,000 shares authorized at September 30, 1999 and December 31, 1998, respectively; 125,241,738 (including 2,466,724 shares of Class B common stock) and 24,592,950 shares issued and outstanding at September 30, 1999 and December 31, 1998, respectively	125	25
Warrants	8,702	5,232
Additional paid-in capital	524,590	31,480
Deferred stock compensation	(15,275)	(13,022)
Accumulated deficit	(138,032)	(30,287)
Total stockholders' equity (deficit)	380,110	(6,534)
Total liabilities and stockholders' equity (deficit)	$ 467,407	$ 60,502

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NORTHPOINT COMMUNICATIONS GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in 000's, except share and per share amounts)

<TABLE>
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	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Revenues	$ 5,734	$ 237	$ 9,521	$
Operating expenses:				
Network expenses	13,547	851	25,280	1,
Selling, marketing, general and administrative	34,203	4,505	72,497	8,
Amortization of deferred stock compensation	1,404	1,038	4,211	1,
Depreciation and amortization	5,226	321	9,426	
Total operating expenses	54,380	6,715	111,414	12,
Loss from operations	(48,646)	(6,478)	(101,893)	(11,
Interest income	4,709	19	7,973	
Interest expense	(2,554)	(1,323)	(13,825)	(1,
Net loss	$(46,491)	$(7,782)	$(107,745)	$(12,
Net loss per common share - basic and diluted	$ (0.37)	$ (0.32)	$ (1.37)	$ (0
Weighted average shares used in computing net loss per common share - basic and diluted	124,486,783	24,434,430	78,867,684	24,375,

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NORTHPOINT COMMUNICATIONS GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in 000's)

<TABLE>
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	(Unaudited) Nine Months Ended September 30,	
	1999	1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$(107,745)	$(12,906)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	9,426	593
Amortization of deferred stock compensation	4,211	1,572
Amortization of debt discount	4,414	1.031
Changes in assets and liabilities:		
Accounts receivable	(4,037)	(214)
Prepaid expenses and other assets	(11,623)	(1,869)
Deposits	(201)	(95)
Accounts payable	(4,185)	1,858
Accrued expenses	22,075	3,097
Deferred revenue	(189)	77
Net cash used in operating activities	(87,854)	(6,856)
Cash flows from investing activities:		
Purchase of short-term investments	(167,125)	---
Purchase of long-term investment	(5,000)	---
Purchase of property and equipment	(101,310)	(16,524)
Net cash used in investing activities	(273,435)	(16,524)
Cash flows from financing activities:		
Proceeds from issuance of common and preferred stock	482,667	4,405
Borrowings on line of credit	55,000	11,724
Payments on line of credit	(55,725)	---
Proceeds from convertible promissory note	5,600	---
Principal payments on capital lease obligations	(957)	(480)
Net cash provided by financing activities	486,585	15,649
Net increase (decrease) in cash and equivalents	125,296	(7,731)
Cash and cash equivalents at beginning of period	10,955	9,448
Cash and cash equivalents at end of period	$ 136,251	$ 1,717

Supplemental cash flow information and noncash activities:		
Fixed assets obtained through capital lease	$ ---	$ 4,085
Warrants issued for bridge loan, capital lease and with issuance of equity (Microsoft investment)	$ 4,530	$ 5,232
Conversion of convertible promissory note to Class B common stock	$ 5,600	$ ---
Income taxes paid	$ 12	$ 1
Interest paid	$ 8,113	$ 499

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NORTHPOINT COMMUNICATIONS GROUP, INC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

The Company

NorthPoint Communications Group, Inc. provides high speed network and data transport services, allowing internet service providers (ISPs), broadband data service providers and long distance and local phone companies (collectively, network service providers or NSPs) to meet the rapidly increasing information needs of small and medium-sized businesses, people who work in home offices and telecommuters.

Basis of Presentation

The consolidated financial statements include the accounts of NorthPoint Communications Group, Inc. and its wholly-owned subsidiary NorthPoint Communications, Inc., together with its wholly-owned subsidiary NorthPoint Communications of Virginia, Inc. Effective March 22, 1999, NorthPoint Communications, Inc. consummated a reorganization pursuant to which it became a wholly-owned subsidiary of NorthPoint Communications Group, Inc., a newly created holding company. The reorganization was effected by a merger of

NorthPoint Communications, Inc., with and into NorthPoint Merger Sub, Inc., a wholly-owned subsidiary of NorthPoint Communications Group, Inc., with NorthPoint Communications, Inc., as the surviving corporation of such merger. As a result of the reorganization, the stockholders of NorthPoint Communications, Inc. immediately before the reorganization became the only stockholders of NorthPoint Communications Group, Inc. immediately after the reorganization. All material intercompany accounts and transactions have been eliminated.

The accompanying unaudited condensed consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results of operations for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period.

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates market.

Short-term and long-term investments are accounted for in accordance with Statement of Financial Accounting Standards No. 115 (SFAS 115) "Accounting for Certain Investments in Debt and Equity Securities." This statement requires that securities be classified as "held to maturity," "available for sale" or "trading," and the securities in each classification be accounted for at either amortized cost or fair market value, depending upon their classification. The Company has the intent and the ability to hold investments until maturity. Therefore, all such investments are classified as held to maturity investments and carried at amortized cost in the accompanying consolidated financial statements.

Inventories consist of communications equipment that will be installed at subscriber locations. Inventories are accounted for using the first-in first-out method at the lower of cost or market.

All share and per-share amounts in the accompanying consolidated financial statements have been restated to give retroactive effect for all periods to a three-for-two stock split effective April 9, 1999, and a three-for-two stock split effective April 16, 1999.

These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Registration Statement on Form S-1, as amended (File No. 333-73065), for the year ended December 31, 1998. Certain prior period balances have been reclassified to conform to current period presentation.

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2. EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED

The Company computes net loss per share pursuant to Statement of Financial Accounting Standards No. 128, Earnings Per Share. Basic net loss per share is computed by dividing income or loss applicable to holders of common stock by the weighted average number of shares of the Company's common stock outstanding during the period after having given consideration to shares subject to repurchase. Diluted net loss per share is determined in the same manner as basic net loss per share except that the number of shares is increased assuming exercise of dilutive stock options and warrants using the treasury stock method and conversion of the Company's convertible preferred stock. See Condensed Consolidated Statements of Operations for computed amounts.

The dilutive effect of options, warrants and convertible preferred stock has not been considered because the Company has a net loss and the impact of their assumed exercise would be antidilutive.

3. COMMON STOCK

From July 1, 1999 to September 30, 1999, the Company granted to employees options to purchase an aggregate of 2,004,500 shares of common stock at an exercise price of $18.63 to $26.75 per share, which was determined to be the fair value of the stock at the time of the grants.

4. CREDIT FACILITY

On July 22, 1999, the Company repaid $5,000,000 outstanding under its credit facility.

5. SUBSEQUENT EVENTS

On October 5, 1999, in accordance with the terms of its credit agreement, the Company borrowed $60,000,000 of its senior first priority secured revolving credit facility.

On October 21, 1999, the Company granted to certain employees options to purchase an aggregate of 295,500 shares of common stock at an exercise price of $21.63 per share, which was the fair value of the stock at the time of the grant.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the condensed consolidated unaudited financial statements and the related notes thereto included elsewhere in this Form 10-Q and the consolidated audited financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 1998 included in the Company's Registration Statement on Form S-1, as amended (File No. 333-73065).

Certain statements set forth below constitute "forward-looking statements." Such forward-looking statements involve certain risks and uncertainties including, but not limited to, those discussed herein under "Risk Factors" that may cause actual results to differ materially from those expressed or implied in any forward-looking statement. Investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements. We disclaim any obligation to update the forward-looking statements contained herein to reflect future events or developments. See "Forward-Looking Statements."

Overview

We are a national provider of high speed, local data network services. Our networks use digital subscriber line, or DSL, technology to enable data transport over telephone company copper lines at guaranteed speeds up to 25 times faster than common dial-up modems. We market our network and data transport services to internet service providers, long-distance and local telephone companies and data service providers, whom we call network service providers. Our customers can use our fast, secure and reliable data networks to provide continuously connected, economical Internet access and other data-intensive applications to end users. These end users are typically small- and medium-sized businesses with up to 500 employees, people who work in home offices, and telecommuters.

We are currently providing services in 31 metropolitan areas, spanning 55 metropolitan statistical areas (MSAs), in the United States and intend to offer service in a total of over 60 metropolitan areas, spanning 110 MSAs by the end of next year. We have been and expect to be the first, or one of the first, to offer DSL services in these markets. Our networks consist principally of digital communications equipment that we own and install in telephone company offices known as "central offices" and existing copper telephone lines that we lease to connect our equipment with end users' premises. We will initially install our equipment in the central offices with the highest density of small- and medium-sized businesses in our targeted markets. We have already secured space in over 1,300 of those central offices and paid for collocation space improvements in these offices. As of September 30, 1999, we had converted 683 of these central offices into operational status. We intend to expand the coverage of our networks in these markets over time by installing equipment in additional central offices.

Upon completion of our planned expansion, our networks will be able to reach approximately 5.5 million businesses and 45 million households, including more than 80% of the small- and medium-sized businesses in over 60 markets. We are currently providing or have entered into agreements to provide our services to more than 200 network service providers. As of September 30, 1999 we had connected over 11,800 of their end users to our networks.

Since inception on May 16, 1997 and through the quarter ended September 30, 1999, our principal activities have included:

- developing our business plans;
- procuring governmental authorizations and space in central offices;
- raising capital, hiring management and other key personnel;
- working on the design and development of our network architecture and operations support systems;
- acquiring equipment and facilities; and
- negotiating interconnection agreements.

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As a result of our development activities, we have experienced operating losses. We expect to experience increasing operating losses as we expand our operations.

We introduced our commercial services in March 1998 in the San Francisco Bay Area. We subsequently launched service in 30 additional markets, including the greater Los Angeles area, Boston, New York, Chicago, San Diego, Washington, D.C., Dallas, Detroit, Denver, Houston, Cleveland, Austin, Atlanta, Baltimore, Philadelphia, Pittsburgh, Miami/Fort Lauderdale, St. Louis, Tampa/St. Petersburg, Raleigh/Durham, Seattle, Portland, Oregon, Denver, Phoenix, Minneapolis, Indianapolis, Milwaukee, Orlando, Sacramento, Providence and Columbus, Ohio. We intend to offer our services in 29 additional metropolitan areas by year-end 2000. Deployment of our networks will require significant upfront capital expenditures. We have targeted for this year an initial 900 central offices necessary to roll out services in our initial 31 targeted markets and, subsequently, an additional 800 central offices that will allow us to achieve blanket coverage in these markets as well as 29 additional targeted markets.

The principal capital expenditures we incur when we enter any market include:

- the establishment of a metropolitan node -- a facility at which we aggregate and disseminate data traffic in each metropolitan area -- and the purchase and installation of electronic switching equipment for that node;
- the procurement, design and construction of the collocation cage in each

central office;
- the purchase and installation of the network management and network test equipment in those cages; and
- the capitalized cost of the installation of such equipment.

In addition, we incur operating, sales and market development expenses in order to enter a new market. Once we have deployed our network in a market, the majority of our additional capital expenditures are dependent upon orders to connect new end users. These success-based capital expenditures include DSL line cards, incremental digital subscriber line access multiplexers and network test equipment, and line cards for our electronic switches in our metropolitan node. In addition to the capital expenditures required to enter a market, we are required to fund each market's cash flow deficit as we build our customer base.

Financial performance will vary from market to market, and the time when we will achieve positive EBITDA, if at all, will depend on factors such as:

- the size of the addressable market;
- the level of upfront sales and marketing expenses;
- the number and sequencing of central offices built out;
- the cost of the necessary infrastructure;
- the timing of market entry;
- the commercial acceptance of our services; and
- the rate at which we can provision lines.

EBITDA is a measure of financial performance commonly used in the telecommunications industry. It is defined as earnings before interest, taxes, amortization of deferred stock compensation, depreciation and amortization. In accordance with the Company's definition, EBITDA was as follows:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
EBITDA	$(41,971)	$(5,113)	$(88,157)	$(9,454)

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Other companies' definition of EBITDA may differ from ours. You should not construe it as an alternative to operating income as an indicator of our operating performance or as an alternative to cash flows from operating activities as a measure of liquidity.

Factors Affecting Future Operations

Revenues

We derive our revenues from monthly recurring and nonrecurring charges to internet service providers, long-distance and local telephone companies and data service providers, whom we call network service providers. Monthly recurring revenues consist of end user line fees, based upon the number of installed lines, for the network service providers' end users connected to our networks and interconnection fees for each connection to our metropolitan node in each market. Nonrecurring revenues include charges for the installation and activation of new end users and in some cases, for end-user modems or other electronic equipment. Prior to the quarter ended September 30, 1999, we had sold only minimal amounts of end-user modems or other electronic equipment. During this most recent quarter, we began to sell an increasing amount of such equipment to support the needs of our growing network service provider partner base.

We seek to price our services competitively in relation to those of the traditional telephone companies and other competitive telecommunications companies in each market. Current standard end user line prices that we charge to our network service providers for our services generally range from $75 per month for 160 kilobits per second service to $250 per month for 1.5 megabits per second service, before volume discounts. Although pricing will be an important part of our strategy, we believe that customer relationships, customer care and consistent quality will be the key to generating customer loyalty. During the past several years, market prices for many telecommunications services have been declining, which is a trend that we believe will likely continue. As prices decline for any given speed of service, we expect that the total number of end users and the proportion of our end users purchasing our higher-speed, higher-priced services will increase. The cost to upgrade an end user's speed is generally minimal.

We accelerated our deployment during the course of this calendar year into additional geographic markets, successfully enabling us to sign more network service provider partners than previously planned. We plan to continue this strategy. We believe this strategy leaves us well-positioned to capitalize on the demand for our products. In view of this rapid deployment, we need to continue to enhance our abilities to develop the markets where we offer service. Specifically, this accelerated deployment plan requires us to introduce provisioning processes and interfaces with all of the eight major local telephone companies simultaneously. We also must increase and enhance training of our employees as well as our existing and new network service provider partners. While we anticipate continuing strong increases in end-user line installations in the next two to three quarters, we anticipate that line installations will accelerate as we gain efficiencies through more advanced provisioning processes and interfaces as well as anticipated growing demand for DSL services from our expanded partner base in existing and new geographic markets. Acceleration of line installation is dependent upon our ability to upgrade our provisioning processes, the timing of which could affect future quarterly results.

Network Expenses

Our network expenses consist of nonrecurring and monthly recurring charges for the commodity transport elements we choose to lease rather than own. Nonrecurring network expenses include transport and loop installation fees. We expect these costs will be largely related to the activation of new central offices and new end users. Monthly recurring network expenses include loop fees, rent, power and other fees charged by traditional telephone companies, competitive telecommunications companies and other providers. As our customer and end user base grows, we expect the largest element of network expenses to be traditional telephone company charges for leased copper lines, which have historically been $3 to $40 per line per month, depending on the identity of the traditional telephone company and the location of the lines.

Selling, Marketing, General and Administrative Expenses

Our selling, marketing, general and administrative expenses primarily consist of costs related to selling, marketing, customer care, provisioning, billing, regulatory, corporate administration, network engineering and maintenance. Additionally, we incur other costs associated with administrative overhead, office leases and bad debt. We expect that our selling, marketing, general and administrative costs will grow significantly as we expand our operations and that administrative overhead will be a large portion of these expenses during the start-up phase of our business. However,

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we expect these expenses to decline as a percentage of our revenues as we build our customer base and the number of end users connected to our networks increases.

We plan to employ a regional sales team in each market we enter. To attract and retain a highly qualified sales force, we plan to offer our sales and customer care personnel a compensation package consisting of commissions and stock options. We expect to incur significant selling and marketing costs as we continue to expand our operations. In addition, we plan to offer sales promotions, especially in the first few years as we establish our market presence.

Amortization of Deferred Stock Compensation

Deferred stock compensation arises as a result of the granting of stock options to employees with exercise prices per share subsequently determined to be below the fair values per share for financial reporting purposes of our common stock at dates of grant. The deferred compensation is being amortized over the vesting period of the associated options.

Depreciation and Amortization

We expect depreciation and amortization expense to increase significantly as more of our network becomes operational and as we increase capital expenditures to expand our network. Depreciation and amortization expense includes:

- depreciation of network infrastructure equipment;
- depreciation of information systems, furniture and fixtures;
- amortization of improvements to central offices, network control center facilities and corporate facilities;
- amortization of central office collocation space improvements; and
- amortization of software.

Taxation

We have not generated any taxable income to date and therefore have not paid any federal income taxes since inception. State taxes were limited to nominal amounts. Use of our net operating loss carryforwards, which begin to expire in 2003, may be subject to limitations under Section 382 of the Internal Revenue Code of 1986, as amended. We have recorded a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carryforwards, because of uncertainty regarding its recoverability.

Results of Operations

As a result of the development and rapid growth of the Company's business during the periods presented, the period-to-period comparisons of the Company's results of operations are not necessarily meaningful and should not be relied upon as an indication of future performance.

Revenues

We commercially introduced our services in March 1998 and recognized $237,000 in revenues for the quarter ended September 30, 1998. Revenues for the quarter ended September 30, 1999 were approximately $5,734,000, 53% of which consisted of recurring revenues. For the nine months ended September 30, 1998 and September 30, 1999, revenues were $400,000 and $9,521,000, respectively, of which 60% consisted of recurring revenues for the nine months ended September 30, 1999. The increase in revenues is due to the expansion of our installed end user base that has occurred over the past year. In addition, nonrecurring revenues as a proportion of total revenues increased from the prior quarter as we sold an increasing amount of end-user modems and other electronic equipment during the quarter to support the needs of our growing network service provider partner base.

Network Expenses

Network expenses were approximately $851,000 for the quarter ended September 30, 1998 and $13,547,000 for the quarter ended September 30, 1999. For the nine months ended September 30, 1998 and September 30, 1999, network

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expenses were $1,259,000 and $25,280,000, respectively. These costs consisted primarily of monthly rental costs for lines between end users and central offices, between central offices and our metropolitan nodes, between our metropolitan nodes and our network service providers, end user line installation and costs, costs of end user modems, and costs charged to us by the traditional telephone companies. The increase in network expenses reflects the growth in our network as we expand into new markets and connect new end users.

Selling, Marketing, General and Administrative Expenses

Selling, marketing, general and administrative expenses were approximately $4,505,000 for the quarter ended September 30, 1998 and $34,203,000 for the quarter ended September 30, 1999. For the nine months ended September 30, 1998 and September 30, 1999, selling, marketing, general and administrative expenses were $8,612,000 and $72,497,000, respectively. These expenses consisted primarily of salaries and related expenses for the development of our business, network architecture and software, the establishment of our management team and the development of corporate identification, promotional and advertising materials. As the staffing levels and operations of the Company have expanded over the past year, so have these operating expenses to support such growth.

Amortization of Deferred Stock Compensation

Amortization of deferred stock compensation was $1,038,000 for the quarter ended September 30, 1998 and $1,404,000 for the quarter ended September 30, 1999. For the nine months ended September 30, 1998 and September 30, 1999, amortization of deferred stock compensation was $1,572,000 and $4,211,000, respectively. This increase in deferred stock compensation expense is due to the recruitment of new employees. The unamortized balance of $15,275,000 at September 30, 1999 will be amortized over the remaining vesting period of each grant.

Depreciation and Amortization

Depreciation and amortization expenses were approximately $321,000 for the quarter ended September 30, 1998 and $5,226,000 for the quarter ended September 30, 1999. For the nine months ended September 30, 1998 and September 30, 1999, depreciation and amortization was $593,000 and $9,426,000, respectively. Such expenses consisted primarily of depreciation of network equipment, information systems, office equipment, furniture and fixtures and amortization of leasehold improvements. The increase in depreciation and amortization is primarily due to the additional property and equipment that has been acquired and placed into service as we continue to build out our networks.

Interest Income and Expense

The interest income for the quarter ended September 30, 1998 was $19,000 and was earned primarily from the proceeds raised in the Series B preferred stock financing in August 1997 and the cash on hand from a line of credit borrowing on a bridge loan closed in July 1998. The interest income for the quarter ended September 30, 1999 was $4,709,000 and was earned primarily from the proceeds raised in the initial public offering in May 1999. Interest income was $175,000 for the nine months ended September 30, 1998 and $7,973,000 for the nine months ended September 30, 1999.

The interest expense for the quarter ended September 30, 1998 was approximately $1,323,000 and was primarily related to interest on borrowings under the aforementioned line of credit. Interest expense for the quarter ended September 30, 1999 of $2,554,000 primarily represents the interest associated with our current credit facility, and replacing the existing bridge loan facility, which we closed in February 1999. Interest expense was $1,445,000 for the nine months ended September 30, 1998 and $13,825,000 for the nine months ended September 30, 1999.

Liquidity and Capital Resources

Our operations have required substantial capital investment for the procurement, design and construction of our central office collocation space improvements and cages, the purchase of telecommunications equipment and the

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design and development of our networks. Capital expenditures were approximately $16,524,000 for the nine months ended September 30, 1998 and $101,310,000 for the nine months ended September 30, 1999.

Although we have no material commitments for capital expenditures during 1999, we plan to make total capital expenditures in 1999 estimated at $140,000,000 to $170,000,000 to develop our networks. In each market, we will initially target the central offices with the highest density of small- and medium-sized businesses. We will expand into other central offices when we obtain adequate demand or volume commitments from our customers. We will also incur capital expenditures for building a metropolitan node in each market and for expanding our network control center in San Francisco.

As of September 30, 1999, we had an accumulated operating deficit of $138,032,000 and cash and cash equivalents of $136,251,000.

Net cash used in operating activities was $6,856,000 for the nine months ended September 30, 1998 and $87,854,000 for the nine months ended September 30, 1999. The net cash used in operations was primarily due to net losses, offset in part by increases in accrued expenses and accounts payable in 1998, and by an increase in accrued expenses in 1999. The net cash used in investing activities was $16,524,000 for the nine months ended September 30, 1998 and $273,435,000 for the nine months ended September 30, 1999, due to a purchase of short-term investments and acquisitions of property and equipment. Net cash provided by financing activities was $15,649,000 for the nine months ended September 30, 1998 and was primarily due to borrowings on a line of credit. Net cash provided by financing activities was approximately $486,585,000 for the nine months ended September 30, 1999, primarily related to the proceeds from issuance of common and preferred stock.

On April 5, 1999, we entered into a secured credit facility with Goldman Sachs Credit Partners L.P. and Newcourt Commercial Finance Corporation consisting of:

- a $10,000,000 senior first priority secured term loan, all of which we drew down on the closing date;
- a $50,000,000 senior first priority secured revolving credit facility that converted into a senior first priority secured term loan on October 5, 1999, $5,000,000 of which we drew down on the closing date; and
- a $40,000,000 second priority secured term loan, all of which we drew down on the closing date.

On April 27, 1999, we entered into an amendment to the secured credit facility under which the senior first priority secured revolving credit facility was increased by $10,000,000. The secured credit facility matures on the fifth anniversary of its closing date. The total amounts outstanding under the senior first priority secured loans bear interest, in the absence of an event of default, at our option at:

- the LIBOR rate plus four and one-half percent per year; or
- the greater of the prime rate or the federal funds rate as announced by

The Wall Street Journal plus four percent per year.

For the first year that the senior first priority secured loans are outstanding, a portion of the interest payable on the loans equal to 2% per annum of the loans outstanding is being added to the outstanding loan balance, rather than being paid.

The total amounts outstanding under the second priority secured term loan bear interest, in the absence of an event of default, at our option at:

. the LIBOR rate plus eight percent per year; or
. the greater of the prime rate or the federal funds rate as announced by The Wall Street Journal plus seven and one-half percent per year.

Borrowings under the secured credit facility are restricted based upon our leverage ratio and the value of our telecommunications assets from time to time.

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We pledged to the lenders under the secured credit facility all of the capital stock of NorthPoint Communications, Inc. held by NorthPoint Communications Group, Inc. We and our subsidiaries also pledged as additional collateral under the secured credit facility all of our personal property.

In March and April 1999, we issued and sold an aggregate of 3,968,174 shares of Series D-1 preferred stock with total proceeds of approximately $38,800,000. Purchasers of our Series D-1 preferred stock included ICG Services, Inc. (an affiliate of ICG Communications, Inc.), At Home Corporation, Verio Inc., Cable & Wireless USA, Inc., Concentric Network Corporation, ALC Communications Corporation (an affiliate of Frontier Corporation), Network Plus Corporation and Netopia, Inc.

In May 1999, we sold 17,250,000 shares of our common stock at $24 per share in our initial public offering. Net of underwriting discounts and commissions, the proceeds to us were $388,500,000. Microsoft Corporation and Tandy Corporation purchased $30,000,000 and $20,000,000, respectively, of our stock in this offering.

We have used and intend to use the proceeds of this offering and from the secured credit facility to:

. to continue building our networks;
. to repay certain indebtedness;
. to fund working capital; and
. for general corporate purposes.

We believe that our existing capital resources will be sufficient to fund our expansion and operating deficits through the middle of 2000. However, we may decide to seek additional capital earlier than the middle of 2000, the timing of which will depend upon market conditions, among other things. The actual amount and timing of our future capital requirements may differ materially from our estimates as a result of, among other things, the demand for our services and regulatory, technological and competitive developments, including additional market developments and new opportunities, in our industry. We may also need additional financing if:

- we alter the schedule, targets or scope of our network rollout plan;
- our plans or projections change or prove to be inaccurate; or
- we acquire other companies or businesses.

We may obtain additional financing through commercial bank borrowings, equipment financing or the private or public sale of equity or debt securities.

We may be unsuccessful in raising sufficient additional capital. In particular, we may be unable to raise additional capital on terms that we consider acceptable, that are within the limitations contained in our financing agreements and that will not impair our ability to develop our business. If we fail to raise sufficient funds, we may need to modify, delay or abandon some of our planned future expansion or expenditures, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Impact of Year 2000 Issue

We believe that our computer systems and software are year 2000 compliant. However, we cannot assess the impact of potential year 2000 problems on operators of traditional telephone systems or other service providers (such as electric and utility) in the markets in which we operate. Because our systems will be interconnected with -- and thus are dependent on -- those of traditional telephone companies who operate these traditional telephone systems and other service providers, any disruption of operations in the computer programs of these service providers would likely have an impact on our systems in our markets. We cannot assure you that this impact will not have a material adverse effect on our business, prospects, financial condition and results of operations.

We have inventoried and tested our enterprise application systems, including internally-developed and vendor-developed applications and off-the-shelf software and hardware relating to our internal information systems, and believe that such systems are year 2000 compliant. We have not reviewed our non-information technology systems,

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such as fire alarms, elevators and badge access systems, for year 2000 issues relating to embedded microprocessors. To the extent that year 2000 issues exist, these systems may need to be replaced or upgraded. Because our systems were implemented within the last two years, we do not anticipate significant year 2000 issues to arise, although we cannot be certain about this.

In the provision of our DSL services, we use third party equipment and software and interact with traditional telephone companies that have equipment and software that may not be year 2000 compliant. We have requested assurances regarding year 2000 compliance from our equipment and software vendors and the traditional telephone companies. We currently have received assurances from most of our vendors and anticipate receiving assurances soon from the remaining vendors. We have learned that the traditional telephone companies have informed the Federal Communications Commission that they are year 2000 compliant. We are in the process of requesting that they provide assurances of their year 2000 compliance directly to us. We plan to test our system interfaces with at least one traditional telephone company if we are able to obtain traditional telephone company cooperation. However, failure of our third-party or traditional telephone company software and equipment to be year 2000 compliant could cause us to incur significant expense in correcting any problems that arise, impacting our business, prospects, operating results and financial condition.

We acknowledge the criticality and importance of year 2000 compliance within our organization. We are currently gathering year 2000 compliance and preparedness statements from all of our business partners. We plan to test and validate our system interfaces with partners and to develop a contingency plan. However, if our partners' systems are not year 2000 compliant, our business, prospects, operating results and financial condition could be adversely affected.

In the normal course of doing business with our partners and suppliers, we establish manual back-up processes (fax, phone, e-mail, etc.) for all critical interconnections and business functions. These manual processes are designed to replace our automated interfaces and processes in the event of a failure. We plan to test these contingency procedures on a frequent basis to ensure that they work properly in support of our business. Our contingency procedures will be available if year 2000 problems occur in any of our partner or supplier environments. In addition, we plan to conduct back-ups of all of our mission-critical systems in advance, with the ability to revert to previous day transactions to ensure minimal loss of corporate data if year 2000 problems occur in our systems.

Our aggregate historical costs for year 2000 analysis, planning and remediation have not been material to date and we do not expect them to be material in the future. However, we cannot assure that these costs will not be greater than we currently expect. If these costs increase significantly, our business, prospects, operating results and financial condition could be adversely affected. We have completed our internal review of and planning for year 2000 issues.

Forward Looking Statements

The statements contained in this report which are not historical facts may be deemed to contain forward-looking statements. Such statements are indicated by words or phrases such as "anticipate," "estimate, "projects," "believes," "intends," "expects" and similar words and phrases. Actual results may differ materially from those expressed or implied in any forward-looking statement as a result of certain risks and uncertainties, including, without limitation, the company's dependence on strategic third parties to market and resell its services, intense competition for the company's service offerings, dependence on growth in demand for DSL-based services, ability to raise additional capital and other risks and uncertainties detailed herein under "Risk Factors" and in our Securities and Exchange Commission filings. Prospective investors are cautioned not to place undue reliance on such forward-looking statements. We disclaim any obligation to update any of the forward-looking statements contained herein to reflect future events or developments.

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Risk Factors

In addition to the other information contained herein, you should carefully consider the following risk factors in evaluating our company.

Because We Have a Limited Operating History, It Is Difficult to Evaluate Our Business

We were formed in May 1997 and began offering commercial services in the San Francisco Bay Area in March 1998. Because of our limited operating history, investors have limited operating and financial data about our company upon which to base an evaluation of our performance and an investment in our common stock.

Investors should consider the risks, expenses and difficulties we may encounter, including those frequently encountered by early stage companies in new and rapidly evolving markets. As a result, we may be unable to:

- develop our operational support systems and other information technology systems;
- obtain central office space and suitable copper wire loops;
- expand our customer base;
- raise additional capital;

- maintain adequate control of our expenses;
- attract and retain qualified personnel;
- enter into and implement interconnection agreements with traditional telephone companies, some of which are our competitors or potential competitors;
- expand the geographic coverage of our network;
- obtain governmental authorizations to operate as a competitive telecommunications company in new markets;
- continue to upgrade our technologies and enhance our product features; and
- respond to technological changes and competitive market conditions.

We Expect Our Losses and Negative Cash Flow to Continue

To date, we have incurred substantial operating losses, net losses and negative cash flow on both an annual and quarterly basis. For the year ended December 31, 1998, we had operating losses of approximately $25,362,000, net losses of $28,847,000, and negative cash flow from operating and purchasing of property and equipment activities of $52,913,000. For the nine months ended September 30, 1999, we had operating losses of approximately $101,893,000, net losses of $107,745,000, and negative cash flow from operating and purchasing of property and equipment activities of $189,164,000. We cannot assure our investors that we will ever achieve profitability or generate positive cash flow.

We expect our operating expenses will increase significantly, especially in the areas of operations, sales and marketing, as we develop and expand our business and, as a result, we will need to increase our revenue to become profitable. If our revenue does not grow as expected or increases in our expenses are not in line with our plans, there could be a material adverse effect on our business, prospects, financial condition and results of operations.

We Cannot Predict Whether We Will be Successful Because Our Business Model is Unproven and Our Market Is Developing

Our business strategy is unproven. To be successful, we must, among other things, develop and market data networks and services that are widely accepted by our customers and their end users at prices that will yield a profit. Because our business and the overall market for high speed data communications services are in the early stages of development, we are unsure whether or when our DSL services will achieve commercial acceptance.

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Our Failure to Achieve or Sustain Market Acceptance at Desired Pricing Levels

Could Impair Our Ability to Achieve Profitability or Positive Cash Flow

Prices for digital communication services have fallen historically, a trend we expect will continue. Accordingly, we cannot predict to what extent we may need to reduce our prices to remain competitive or whether we will be able to sustain future pricing levels as our competitors introduce competing services or similar services at lower prices. Our failure to achieve or sustain market acceptance at desired pricing levels could impair our ability to achieve profitability or positive cash flow, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

Our Quarterly Operating Results Are Likely to Fluctuate Significantly, Causing Our Stock Price to be Volatile or to Decline

We cannot accurately forecast our revenue because of our limited operating history and the emerging nature of the data communications industry in our markets. Our revenue could fall short of our expectations if we experience delays or cancellations by even a small number of our customers. A number of factors are likely to cause fluctuations in our operating results, including:

- the rate at which we are able to attract and retain customers, and whether larger customers fulfill their volume commitments to us;
- the ability of our customers to generate significant end user demand;
- the timing and willingness of traditional telephone companies to provide and construct the required central office facilities;
- the timing and willingness of traditional telephone companies to provide suitable copper wire loops at favorable prices;
- the prices our customers and, in turn, their end users pay for our services; availability of financing to continue to fund our expansion;
- our ability to deploy our services on a timely basis to satisfy end user demand;
- the mix of line orders between lower priced and higher priced lines;
- the amount and timing of capital expenditures and operating costs as we expand our network;
- the announcement or introduction of new or enhanced services by our competitors; and
- technical difficulties or network downtime.

As a result, it is likely that in some future quarters our operating results will be below the expectations of securities analysts and investors. If this happens, the trading price of our common stock would likely be materially adversely affected.

A Limited Number of Customers Account for a High Percentage of Our Revenue and the Loss of a Significant Customer Could Harm Our Business

We currently provide or have agreements to provide data transport solutions to approximately 200 network service providers. For the quarter ended September 30, 1999, our two largest customers accounted for approximately 29% of our revenue. We anticipate that, as we expand our business, we will continue to rely upon a limited number of customers for a high percentage of our revenue and end-user lines. As a result of this concentration of our customer base, a loss of or decrease in business from one or more of our customers could have a material adverse effect on our business, prospects, financial condition and results of operations.

Similarly, if our customers are unsuccessful in competing for end users in their own intensely competitive markets or experience other financial or operating difficulties, our business, prospects, financial condition and results of operations would be materially adversely affected.

Many of our agreements with our customers are non-exclusive, and many of our customers are also customers of, or have invested in, our competitors. To the extent our significant customers strengthen their commercial relationships with our competitors, our business would be materially adversely affected.

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We May Not Be Able to Continue to Grow Our Business If We Do Not Obtain Significant Additional Funds By the Middle of 2000

We believe our current capital resources will be sufficient for our funding and working capital requirements and for the deployment and operation of our networks in targeted markets through the middle of 2000. We will need significant additional funds beyond then. We expect that the actual amount and timing of our future capital requirements will depend upon the demand for our services and regulatory, technological and competitive developments, including additional market developments and new opportunities, in our industry. We may seek additional financing earlier than the middle of 2000 if:

- we alter the schedule, targets or scope of our network rollout plan;
- our plans or projections change or prove to be inaccurate;
- we acquire other companies or businesses; or
- market conditions allow us to raise public or privately financed capital on attractive terms.

We may be unsuccessful in raising sufficient additional capital at all or on terms that we consider acceptable. If we are unable to obtain adequate funds on acceptable terms, our ability to deploy and operate our networks, fund our expansion or respond to competitive pressures would be significantly impaired. Such limitation could have a material adverse effect on our business, prospects, financial condition or results of operations.

Our Business Activities and Our Ability to Raise Additional Funds Are Limited by Covenants Contained in Our Financing Agreements

Our debt agreements and other financing agreements contain and will contain restrictions on our activities and financial covenants with which we will be required to comply. If we fail to comply with these requirements, we would be in default and our obligations could be declared immediately due and payable. We may be unable to make such required payments, or to raise sufficient funds from other sources.

In addition, the terms of proposed new indebtedness or other funding may not be permitted by the terms of our current financing agreements. This may impair our ability to develop our business. If we fail to raise sufficient funds, we may be required to modify, delay or abandon some of our expansion plans, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We Need to Make Capital Expenditures, and the Amounts, Timing and Returns are Uncertain

In 1999, we will have to make significant capital expenditures estimated at $140,000,000 to $170,000,000 to develop our business and deploy our services and systems. The amount and timing of these expenditures are uncertain and will depend upon our ability to execute our plans in a timely and cost-effective manner. We will need to increase our revenue in order to earn a return from our capital expenditures. If our revenue does not grow as expected, or capital expenditures exceed our estimates, there could be a material adverse effect on our business, prospects, financial condition and results of operations.

Our Failure to Manage Our Growth Effectively Could Impair Our Business

If we are successful in implementing our business plan, our operations will expand rapidly. This rapid expansion could place a significant strain on our management, financial and other resources. Our ability to manage future growth, if it occurs, will depend upon our ability to:

- control costs;
- maintain regulatory compliance;
- implement and significantly expand our financial and operating systems;
- maintain our operations support systems; and
- expand, train and manage our employee base.

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We may be unable to do these things successfully. In addition, we may not successfully obtain, integrate and use our employees and management, operating and financial resources. Our business, prospects, financial condition and results of operations will be materially adversely affected if we are unable to manage our growth effectively.

The Data Communications Industry is Undergoing Rapid Technological Changes and New Technologies May Be Superior to the Technology We Use

The data communications industry is subject to rapid and significant technological change, including continuing developments in DSL technology, which does not presently have widely accepted standards, and alternative technologies for providing high speed data communications such as cable modem technology. As a consequence:

- we will rely on third parties, including some of our competitors and potential competitors, to develop and provide us with access to communications and networking technology;
- our success will depend on our ability to anticipate or adapt to new technology on a timely basis; and
- we expect that new products and technologies will emerge that may be superior to, or may not be compatible with, our products and technologies.

If we fail to adapt successfully to technological changes or obsolescence or fail to obtain access to important technologies, our business, prospects, financial condition and results of operations could be materially adversely affected.

Our Success in Attracting and Retaining Customers Significantly Depends on Our Ability to Obtain Central Office Space From Traditional Telephone Companies

We believe the growth and success of our business will depend upon securing physical central office space for our equipment in the central offices of traditional telephone companies in our target markets. We have experienced initial rejections of our applications to obtain space in some central offices. We believe we will continue to receive rejections of requested physical central office space as we expand our existing and planned networks. Although to date a majority of our applications to obtain physical central office space that were initially rejected have subsequently been accepted, we cannot assure you that we will be successful in reversing the pending rejections or any other rejected applications for space in desired central offices. Nor can we predict the extent of these rejections or their impact on our ability to provide service in our target markets. The rejection of our applications for central office space has in the past and could in the future result in delays and increased costs as we expand our services in our target markets. This may materially adversely affect our business, prospects, financial condition and results of operations.

As we grow, we may be unable to secure central office space on a timely basis or at all. In some cases, although physical central office space is available, traditional telephone companies have claimed that they must refurbish space to make it suitable for our equipment--for example, by adding separate entrances, removing asbestos or obsolete machinery, or increasing power supply and air conditioning--which in some cases has made the cost to obtain that physical central office space prohibitively expensive. The FCC recently adopted new rules designed to make it easier and less expensive for competitive telecommunications companies to obtain central office space and to require traditional telephone companies to provide them with alternative arrangements for obtaining central office space. We cannot be certain of how effective these rules will be or whether our competitors will benefit to a greater extent from these rules than we will. We expect physical central office space to become increasingly scarce due to increasing demand from a growing number of competitive telecommunications companies.

Even when space is available, we may face delays ranging from four months to more than a year after we place an order before space for our equipment is made available. If our applications for physical central office space are rejected, or the costs or delays associated with obtaining central office space become too expensive, our expansion plans could be adversely affected, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

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Broad service availability is also important to our customers and potential customers that want to provide Internet access or other data services on a national or regional basis. Our inability to obtain physical central office space in a timely manner could have a material adverse effect on our ability to attract and retain customers.

Any disputes with traditional telephone companies over the types of equipment we seek to install in the central office space could also delay our installation and even impair our ability to provide service in the manner we deem appropriate. These delays or refusals could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our Success Depends on Interconnection Agreements with Traditional Telephone Companies in Each of Our Markets

The success of our strategy depends on our ability to enter into and renew interconnection agreements with traditional telephone companies in each of our target markets on a timely basis. Delays in obtaining additional interconnection agreements would postpone our entry into a market, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Interconnection agreements have limited terms of two to three years and we cannot assure you that existing or new agreements will be extended or negotiated on terms favorable to us. Interconnection agreements are also subject to state commission, FCC and judicial oversight. These government bodies may modify the terms or prices of our interconnection agreements in ways that adversely affect our business, prospects, financial condition and results of operations.

Our Business Could Suffer if High Quality Copper Lines Are Not Available or Cost Us More Than We Expect

We significantly depend on the quality of the copper lines and the traditional telephone companies' maintenance of such lines. We cannot assure you that we will be able to obtain the copper lines and the services we require from the traditional telephone companies at quality levels, prices, terms and conditions satisfactory to us. Our failure to do so would have a material adverse effect on our business, prospects, financial condition and results of operations.

Under federal law, traditional telephone companies have an obligation to negotiate with us in good faith to enter into interconnection agreements, including agreements on the price at which we can obtain suitable lines from these telephone companies. If no agreement can be reached, either side may petition the applicable state commission to arbitrate remaining disagreements. These arbitration proceedings can last up to nine months. Moreover, the state commission must approve any interconnection agreement resulting from negotiation or arbitration, and any party may appeal an adverse decision by the state commission to federal district court. The potential cost in resources and delay from this process could harm our ability to compete in certain markets, and there is no guarantee that a state commission would resolve disputes, including pricing disputes, regarding our access to suitable lines in our favor. Moreover, the FCC rules governing pricing standards for access to the networks of the traditional telephone companies are currently being challenged in federal court. If the courts overturn the FCC's pricing rules, the FCC may adopt a new pricing methodology that would require us to pay a higher price to traditional telephone companies for access to suitable lines. This could have a detrimental effect on our business.

We have not yet established a history of ordering and obtaining the provisioning and repair of very large volumes of lines from any traditional telephone company. We also depend on cooperation from traditional telephone companies for repair of transmission facilities. The traditional telephone companies in turn rely significantly on unionized labor. Labor-related issues and actions on the part of the traditional telephone companies have in the past, and may in the future, adversely affect traditional telephone companies' provision of services and network components that we order.

Our dependence on the traditional telephone companies has caused and could continue to cause us to encounter delays in establishing our networks, provisioning lines and upgrading our services. These delays could adversely affect our relationships with our customers, harm our reputation or could otherwise have a material adverse effect on our business, prospects, financial condition and results of operations.

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We Depend on Market Acceptance for DSL-Based Services

The market for small- and medium-sized business, telecommuter and residential Internet access is in the early stages of development. Because we offer services to a new and evolving market and because current and future competitors are likely to introduce competing services, it is difficult for us to predict the rate at which these markets will grow. Various providers of high-speed digital communications services are testing products from various suppliers for various applications, and it is unclear if DSL will offer the same or more attractive price-performance characteristics. If the markets for our services fail to develop, grow more slowly than anticipated or become saturated with competitors, our business, prospects, financial condition and results of operations could be materially adversely affected.

We Depend on Our Billing, Customer Service and Information Support Systems, Which Need Further Development

Sophisticated information and processing systems are vital to our growth and ability to monitor costs, bill customers, process customer orders and achieve operating efficiencies. Our plans for the development and implementation of our operations support systems rely, for the most part, on acquiring products and services offered by third-party vendors and integrating those products and services in-house to produce efficient operational solutions. However, we may not successfully identify all of our information and processing needs or implement these systems on a timely basis or at all, and these systems may not perform as expected.

In addition, our right to use these systems is dependent upon license agreements with third-party vendors. Some of those agreements may be cancelable by the vendor and the cancellation or nonrenewal of these agreements may have a material adverse effect on our business, prospects, financial condition and results of operations.

Similar issues are applicable to the operations support systems and other systems of our customers, and to the interface between our systems and those of our customers. Therefore, failures at our customers could also have a material adverse effect on our business, prospects, financial condition and results of operations.

If We Do Not Adequately Address Year 2000 Issues, We May Incur Significant Costs and Our Business Could Suffer

The year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. As a result, our computer programs that have date-sensitive software and software of companies into which our network is interconnected may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities. If the systems of other companies on whose services we depend or with whom our systems interconnect are not year 2000 compliant, it could have a material adverse effect on our business, prospects, financial condition and results of operations. See "Impact of Year 2000 Issue."

We May Be Unable to Expand Our Network Services Effectively and Provide High Performance to a Substantial Number of End Users

Due to the limited deployment of our services, the ability of our DSL network to connect and manage a substantial number of end users at high transmission speeds is still unknown. While peak digital data transmission speeds across our DSL network to and from the central office and the end user can exceed 1.5 megabits per second, the actual data transmission speeds over our network could be significantly slower due to:

- the type of DSL technology deployed;
- the distance an end user is located from a central office;
- the configuration of the telecommunications line being used;
- the existence of and number of data transmission impediments on the telephone company copper lines;
- the gauge of the copper lines; and
- the presence and severity of interfering transmissions on nearby lines.

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For example, we are not certain whether we can successfully deploy higher DSL speeds through digital loop carrier systems which, because they connect copper lines to a fiber link, currently limit DSL service to a maximum speed of 144 kilobits per second.

Because we rely on traditional telephone companies to overcome technical limitations associated with loop carrier systems, we cannot assure investors that we will be able to successfully deploy high speed DSL service to all areas in our markets. As a result, our network may not be able to achieve and maintain the highest possible digital transmission speed. Our failure to achieve or maintain high speed digital transmissions would have a material adverse effect on our business, prospects, financial condition and results of operations.

Our Success Depends on Our Retention of Executive Officers and Other Key Personnel and Our Ability to Hire Additional Key Personnel

We are managed by a small number of executive officers. Competition for qualified executives in the data communications services industry is intense, and there are a limited number of persons with comparable experience. We depend upon our executive officers because we believe there are few managerial personnel with qualifications to swiftly implement a business plan integrating DSL technology with the existing telephone infrastructure. We do not have employment agreements with any of our executive officers, so any of these individuals may terminate his or her employment with us at any time. We do not have "key person" life insurance policies on any of our executive officers. The loss of these key individuals could have a material adverse effect on our business, prospects, financial condition and results of operations.

We believe that our success will depend in large part on our ability to retain and attract qualified technical, marketing, managerial and other personnel. Additionally, we believe an effective sales force is critical to our success. The industry in which we compete is characterized by a high level of employee mobility and aggressive recruiting of skilled personnel. We may be unable to hire or retain necessary personnel in the future. Our inability to attract and retain key personnel would have a material adverse effect on our business, prospects, financial condition and results of operations.

The Market in Which We Operate is Highly Competitive, and We May Not Be Able to Compete Effectively, Especially Against Established Industry Competitors with Significantly Greater Financial Resources

We face competition from many competitors with significantly greater financial resources, well-established brand names and larger customer bases. We also expect competition to intensify in the future. We expect significant competition from traditional and new telephone and telecommunications companies, including national long distance carriers, cable modem service providers, Internet service providers, on-line service providers, and wireless and satellite data service providers.

Other Competitive Telecommunications Companies, Some with Greater Financial Resources, Compete in the Same Markets for the Same Customers. Other competitive telecommunications companies have entered and may continue to enter the market and offer high speed data services using a business strategy similar to ours. Some competitors, including those focusing on data transport such as Rhythms NetConnections Inc., Covad Communications Group, Inc., HarvardNet Inc., Dakota Services Limited, Prism Solutions, Inc. and Network Access Solutions

Corporation, have begun to offer DSL-based access services, and others are likely to do so in the future. Certain of our customers have made investments in our competitors, which may enhance their relationships with these competitors at our expense. The Telecommunications Act of 1996 specifically grants any competitive local exchange carrier, or competitive telecommunications company, the right to negotiate interconnection agreements with traditional telephone companies, or incumbent local exchange carriers. The Telecommunications Act also allows competitive telecommunications companies to enter into interconnection agreements which are identical in all respects to ours. In addition, some competitive telecommunications companies have extensive fiber networks in many metropolitan areas primarily providing high speed digital and voice circuits to large corporations, and have interconnection agreements with traditional telephone companies pursuant to which they have acquired space in traditional telephone companies' central offices in many of our markets. As a result, our customers may contract with other competitive telecommunications companies, which may decrease our customers' demand for our services.

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Traditional Telephone Companies With Greater Resources Than Ours May Directly Compete in Our Markets. The traditional telephone companies have an established brand name and reputation for high quality in their service areas, possess significant capital to deploy DSL equipment rapidly, have their own copper lines and can bundle digital data services with their existing analog voice services to achieve economies of scale in serving customers. In addition, most traditional telephone companies have established or are establishing their own Internet service provider businesses, and all of the largest traditional telephone companies that are present in our target markets are conducting market trials of or have commenced offering DSL-based access services. For example, Pacific Bell and Southwestern Bell are offering commercial services in some territories in which we offer services, US WEST is offering commercial DSL services and Ameritech has announced commercial DSL services in some areas of Michigan and Illinois. We recognize that the traditional telephone companies have the potential to quickly deploy DSL services and are in a position to offer service from central offices where we may be unable to secure space in traditional telephone companies' central offices. In addition, the FCC is considering establishing requirements for separate subsidiaries through which the traditional telephone companies could provide DSL service on a largely deregulated basis. As a result, we expect traditional telephone companies to be strong competitors in each of our target markets.

National Long Distance Carriers May Begin to Compete for Our Small- and Medium-Sized Business Customers. Many of the leading traditional national long distance carriers, including MCI WorldCom, Inc., AT&T Corp. and Sprint Corporation, are expanding their capabilities to support high speed, end-to-end data networking services. They also have interconnection agreements with many of the traditional telephone companies and a number of spaces in traditional telephone companies' central offices from which they could begin to offer competitive DSL services. The newer national long distance carriers, such as Level 3 Communications, Inc., The Williams Companies, Inc., IXC Communications, Inc. and Qwest Communications International, Inc. are building and managing high speed fiber-based national data networks and partnering with Internet service providers to offer services directly to the public. These companies could modify their current business focus to include small- and medium-sized business customers using DSL or other technologies in combination with their current fiber networks.

Cable Modem Service Providers May Offer High Speed Internet Access at More Competitive Rates Than Ours, Forcing Us to Lower Our Prices. Cable modem service providers, such as At Home Corporation and Road Runner, Inc. (with their cable partners), are deploying high speed internet access services over hybrid fiber coaxial cable networks. Where deployed, these networks provide similar and in some cases higher speed Internet access than we provide. They also offer these services at lower price points than our services. Actual or prospective cable modem service provider competition may have a significant negative effect on our ability to secure customers and may create downward pressure on the prices we can charge for our services.

Internet Service Providers, Our Targeted Customers, May Begin to Provide DSL Services Directly. Internet service providers, such as GTE Internetworking, UUNET (a subsidiary of MCI WorldCom, Inc.), Sprint, Concentric Network Corporation, MindSpring Enterprises, Inc. and PSINet, Inc., provide Internet access to residential and business customers, generally using the existing telephone system. Some regional Internet service providers, such as HarvardNet Inc., InterAccess Co., Vitts Networks Inc. and Prism Solutions, Inc., have begun offering DSL-based services. Internet service providers could become competing DSL service providers if they attain certification as competitive telecommunications companies in the states in which they planned to operate.

On-line Service Providers, Our Targeted Customers, May Begin to Provide DSL Services Directly. On-line service providers, such as America Online, Inc., Compuserve (a subsidiary of America Online), Microsoft Network, Prodigy, Inc., and WebTV Networks, Inc. (a subsidiary of Microsoft), provide, over the Internet and on proprietary on-line services, content and applications ranging from news and sports to consumer video conferencing. These services are designed for broad consumer access over telecommunications-based transmission media, which enable digital services to be provided to the significant number of consumers who have personal computers with modems. In addition, on-line service providers provide Internet connectivity, ease-of-use and consistency of environment. Many of these on-line service providers have developed their own access networks for modem connections. AOL has announced that it will purchase DSL services from Bell Atlantic and SBC Communications. If these on-line service providers were to extend their owned access networks to DSL, they would be our competitors.

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Wireless and Satellite Data Service Providers May Begin to Offer Wireless and Satellite-Based Internet Connectivity, Also Competing Against Us. Wireless and satellite data service providers are developing wireless and satellite-based Internet connectivity. We may face competition from terrestrial wireless services, including multi-channel multipoint distribution system, local multipoint distribution system, wireless communication service and point-to-point microwave systems. The FCC recently adopted new rules to permit multi-channel multipoint distribution system licensees to use their systems to offer two-way services, including high speed data, rather than solely to provide one-way video services. The FCC also has auctioned local multipoint distribution system licenses in all markets for wireless systems, which can be used for high speed data services. In addition, companies such as Teligent, Inc., Advanced Radio Telecom Corp., WNP (which recently agreed to be acquired by NEXTLINK) and WinStar Communications, Inc. hold point-to-point and/or point-to-multipoint microwave licenses to provide fixed wireless services such as voice, data and video conferencing.

We also may face competition from satellite-based systems. Motorola Satellite Systems, Inc., Hughes Communications, Inc. (a subsidiary of General Motors Corporation), Teledesic LLC and others have filed applications with the FCC for global satellite networks which can be used to provide broadband voice and data services.

In January 1997, the FCC allocated 300 MHz of spectrum in the 5 GHz band for unlicensed devices to provide short-range, high speed wireless digital communications. These frequencies must be shared with incumbent users without causing interference. Although the allocation is designed to facilitate the creation of new wireless local area networks, it is too early to predict what kind of equipment might ultimately be manufactured and for what purposes it might be used.

The telecommunications industry is subject to rapid and significant changes in technology, and we cannot predict the effect of technological changes on our business, such as continuing developments in DSL technology and alternative technologies for providing high speed data communications. These technological developments in the telecommunications industry could have a material adverse effect on our competitive position and therefore on our business, prospects, financial condition and results of operations.

Industry Consolidation Could Make Competing More Difficult

Consolidation of companies offering high speed local data transport is occurring through acquisitions, joint ventures and licensing arrangements involving our competitors and our customers' competitors. As a company with limited operating history, we cannot assure that we will be able to compete successfully in an increasingly consolidated industry. Any heightened competitive pressures that we may face may have a material adverse effect on our business, prospects, financial condition and results of operations. Additionally, because we rely on our customers' marketing channels to provide our services to business and residential end users, if our customers are adversely affected by consolidation and integration in the market, our business, prospects, financial condition and results of operations could be materially adversely affected.

Our Services are Subject to Uncertain Government Regulation, and Changes in Current or Future Laws or Regulations Could Restrict the Way We Operate Our Business

We are subject to federal, state and local regulation of our telecommunications business. With the passage of the Telecommunications Act in 1996, Congress sought to foster competition in the telecommunications industry and to promote the deployment of advanced telecommunications technology. Implementation of the Telecommunications Act is the subject of ongoing administrative proceedings at the federal and state levels, litigation in federal and state courts, and legislation in federal and state legislatures. We cannot predict the outcome of the various proceedings, litigation and legislation or whether or to what extent these proceedings, litigation and legislation may adversely affect our business and operations.

As a competitive telecommunications company, we are subject to FCC regulation for our contractual, or interconnection, arrangements with the traditional telephone companies, or incumbent local exchange carriers, in our markets, but the scope of this regulation is uncertain because it is the subject of ongoing court and administrative proceedings. Several parties have brought court challenges to the FCC's interconnection rules, including the rules that

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establish the terms under which a competitive telecommunications company may use portions of a traditional telephone company's network. Although the Supreme Court recently held that the FCC has the authority to adopt interconnection rules and specifically upheld several of these rules, other rules are still being considered by the courts. If a rule that is beneficial to our business is struck down, it could harm our ability to compete. In particular, the courts have not yet resolved the lawfulness of the methodology that the FCC established to determine the price that competitive telecommunications companies would have to pay traditional telephone companies for use of the traditional telephone companies' networks. The courts may determine that the FCC's pricing rules are unlawful, which would require the FCC to establish a new pricing methodology. If this occurs, the new pricing methodology that the FCC adopts may result in our having to pay a higher price to traditional telephone companies if we were to use a portion of their networks in providing our services, and this could have a detrimental effect on our business.

Although the Supreme Court upheld most of the FCC's rules that the Court reviewed, it struck down the rule specifying the various portions of the traditional telephone companies' networks that the traditional telephone companies were required to make available to competitive telecommunications companies. As a result, the FCC will have to develop a new standard for determining which portions of the traditional telephone companies' networks must be made available to competitive telecommunications companies. This new standard may reduce the number of network components to which competitive telecommunications companies will have access. If this occurs, this may harm our ability to compete.

Recently, various traditional telephone companies have requested the FCC grant them regulatory relief in the provision of data transmission services, including DSL services, which would allow the traditional telephone companies to compete more directly with DSL providers such as NorthPoint. In response, the FCC issued a decision that data services generally are telecommunications services that, when provided by traditional telephone companies, are subject to the FCC's interconnection rules, including the rule requiring that a traditional telephone company's data services be subject to unbundling and resale requirements. This issue is still pending before the FCC, and we cannot be certain that the FCC will not reconsider its decision. Moreover, although the FCC recently adopted new rules designed to provide greater access to central office space at less cost, these new rules may benefit our competitors to a greater extent than they benefit us, which could harm our competitiveness. Additionally, since the FCC issued its decision, various traditional telephone companies have again asked the FCC for regulatory relief with respect to their provision of data transmission services. The FCC has not yet resolved these later requests. We would expect that an FCC decision in favor of the traditional telephone companies could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our Debt Creates Financial and Operating Risk That Could Limit the Growth of Our Business

As of September 30, 1999, we had approximately $53,950,000 of indebtedness and $380,110,000 of stockholders' equity.

The degree to which we are leveraged could have important consequences to holders of our common stock, including, but not limited to, the following:

- our ability to obtain additional financing or refinancing in the future for capital expenditures, repayment of outstanding indebtedness, working capital, acquisitions, general corporate or other purposes may be materially limited or impaired;

- our cash flow, if any, may be unavailable for building our business, as a substantial portion of our cash flow may be dedicated to the payment of principal and interest on our indebtedness or other indebtedness that we may incur in the future, and our failure to generate sufficient cash flow to service such indebtedness could result in a default;
- our debt agreements will contain restrictions and financial covenants which, if we fail to meet them, could result in our indebtedness being declared due prematurely, at a time when we could not make the required payments;
- our leverage may make us more vulnerable to economic downturns, may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business and economic conditions; and

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- we may from time to time be more highly leveraged than many of our competitors, which may place us at a competitive disadvantage.

We Rely on Our Intellectual Property Which We May Be Unable to Protect, or We May Be Found to Infringe the Rights of Others

Our success depends in part on our ability to protect our proprietary intellectual property. In addition, we may be sued over intellectual property rights. These lawsuits, or our inability to protect our intellectual property rights, could have a material adverse effect on our business, prospects, financial condition and results of operations.

In April 1999 we received a letter from one of our competitors, Covad Communications Group, Inc., indicating that it has been informed of allowance of a United States patent application. This means that Covad can expect a United States patent will issue in the near future. According to Covad's letter, their patent application relates to digital subscriber loop implementations supporting (a) a bandwidth of 128 kbps or 144 kbps combined with (b) a bandwidth greater than 128 or 144 kbps. Although the Covad letter quoted an allegedly allowed patent claim, the allowed patent application remains secret until issuance of the patent, and we have no other pertinent information about this patent application. To our knowledge, the patent has not been issued. As a result, we are unable to evaluate fully the validity or relevance of this patent application. If the patent application results in an issued patent that is valid, and if we infringe this patent, we could be required to obtain a license under the patent. While Covad has indicated that we may be interested in obtaining a license from them at the appropriate time, we cannot be certain that such a license, if needed, would be available on commercially acceptable terms if at all. If our services or portions of our services infringe a valid patent, and if we are unwilling or unable to obtain a license, then we will be unable to offer the infringing services. This could have a material adverse effect on our business, prospects, financial condition and results of operations.

A System Failure or Breach of Network Security Could Delay or Interrupt Service to Our Customers

The reliability of our transmission services in our markets would be impaired by a natural disaster or other unanticipated interruption of service or damage at any of our facilities. Additionally, failure of a traditional telephone company or other service provider to provide communications capacity required by us, as a result of a natural disaster, operational disruption or for any other reason, could cause interruptions in our services. Damage or failure that causes interruptions in our services could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our network may be vulnerable to unauthorized access, computer viruses and other disruptive problems. Unauthorized access could also potentially jeopardize the security of confidential information stored in the computer systems of our customers, which might result in liability to our customers, and also might deter potential customers. Although we intend to implement security measures that are standard within the telecommunications industry, we may be unable to implement such measures in a timely manner or, if and when implemented, our security measures may be circumvented. Eliminating computer viruses and alleviating other security problems may require interruptions, delays or cessation of service to our customers and these customers' end users. Any of the foregoing factors relating to network security could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our Business Could Suffer From a Reduction or Interruption From Our Equipment Suppliers or Other Third Parties On Whom We Rely for Installation and Provision of Field Service

We plan to purchase all of our equipment from various vendors and outsource the installation and field service of our networks to third parties. We also depend on the availability of fiber optic transmission facilities from third parties to connect our equipment within and between metropolitan areas. Any reduction of or interruption from our equipment suppliers, such as Copper Mountain Network, Inc., from which we purchase most of our digital subscriber line access equipment, or interruption in service from any significant installer or field service provider, such as Lucent Technologies, Inc., which has installed and maintained our equipment in all of our markets, could have a disruptive effect on our business, prospects, financial condition and results of operations.

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In addition, the pricing of the equipment we purchase may substantially increase over time, increasing the costs we pay in the future, or decrease over time, providing later market entrants with a cost advantage over us. The availability and pricing of the equipment we purchase would be adversely affected if our suppliers were to compete with us, or if our competitors enter into exclusive or restrictive arrangements with our suppliers. It could take a significant period of time to establish relationships with alternative suppliers for each of our technologies and substitute their technologies into our network.

Uncertain Federal and State Tax and Other Surcharges on Our Services May Increase Our Payment Obligations

Telecommunications providers are subject to a variety of complex federal and state surcharges and fees on their gross revenues from interstate and intrastate services, including regulatory fees, and surcharges related to the support of universal service. A finding that we misjudged the applicability of the surcharges and fees could increase our payment obligations and have a material adverse effect on our business, prospects, financial condition and results of operations.

Claims of Interference Could Harm Our Ability to Deploy Our Services

Certain technical laboratory tests and field experience indicate that some types of DSL, in particular, asymmetrical DSL--in which data transport to the end user is faster than transport from the end user--may cause interference with and be interfered with by other signals present in a traditional telephone company copper plant. Citing this potential interference, some traditional telephone companies have imposed restrictions on the use of asymmetrical DSL technology over their copper lines. However, we do not believe that our symmetrical DSL technology equipment, which permits the same speed of data transport to and from the end user, poses interference risks. If traditional telephone companies were to restrict our use of our technology or equipment in the future, our business, prospects, financial condition and results of operations could be materially adversely affected.

Our Stock Price May Be Volatile

The trading price of our common stock has been and is likely to continue to be highly volatile. Our stock price is likely to be volatile and may fluctuate substantially due to factors such as:

- our historical and anticipated quarterly and annual operating results;
- variations between our actual results and analyst and investor expectations;

- announcements by us or others and developments affecting our business;
- investor perceptions of our company and comparable public companies; and
- conditions and trends in the data communications and Internet-related industries.

In particular, the stock market has from time to time experienced significant price and volume fluctuations affecting the common stocks of technology companies, which may include data communications and Internet-related companies. These fluctuations may result in a material decline in the market price of our common stock.

The Sale of Shares or the Perception of Future Sales Could Depress Our Stock Price

Sales of a large number of shares of common stock in the market or the perception that sales may occur could cause the market price of our common stock to drop. As of November 1, 1999, we have 123,015,892 shares of common stock and 2,466,724 shares of Class B common stock outstanding. Of these common shares, approximately 83,056,917 shares are freely tradeable, except for any such shares held at any time by an "affiliate" of NorthPoint, as defined under Rule 144 under the Securities Act. Of the remaining shares, approximately 51% are "restricted securities" as defined in Rule 144 under the Securities Act. These shares may be sold in the future without registration under the Securities Act to the extent permitted by Rule 144 or an exemption under the Securities Act.

<PAGE>

Our Principal Stockholders and Management Own a Significant Percentage of NorthPoint, and Will Be Able to Exercise Significant Influence

Our executive officers and directors and principal stockholders together beneficially own approximately 81% of our common stock. These stockholders, if they vote together, will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also delay or prevent a change in control of NorthPoint.

Our Certificate of Incorporation and Bylaws Contain Provisions That Could Delay or Prevent a Change In Control of NorthPoint

Certain provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of NorthPoint, even if a change in control would be beneficial to stockholders. Our certificate of incorporation allows our board of directors to issue, without stockholder approval, preferred stock with terms set by the board of directors. The preferred stock could be issued quickly with terms that delay or prevent a change in control of NorthPoint or make removal of management more difficult. Also, the issuance of preferred stock may cause the market price of the common stock to decrease.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are currently exposed to the impact of interest rate changes and changes in market values of investments through our investment portfolio. Our principal exposure to financial market fluctuations relates to our secured credit facility, which is floating rate debt. We have capped our interest rate exposure as required by the terms of our secured credit facility. We do not believe a hypothetical 10% adverse rate change in our variable rate debt obligations would be material to our results of operations.

We believe our market risk exposure with regard to marketable debt securities in our investment portfolio is limited to changes in quoted market prices for such securities. Based upon the composition of our marketable debt securities at September 30, 1999, we do not believe a hypothetical 10% adverse change in quoted market prices would be material to our results of operations.

<PAGE>

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not currently involved in any pending legal proceedings that individually, or in the aggregate, are material to us.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

(d) Report of Offering of Securities and Use of Proceeds Therefrom:

In May 1999, we commenced and completed a firm commitment underwritten initial public offering of 17,250,000 shares of our common stock, including 2,250,000 shares related to the underwriters' overallotment option, at a price of $24.00 per share. The shares were registered with the Securities and Exchange Commission pursuant to a Registration Statement on Form S-1 (File No. 333-73065), which was declared effective on May 5, 1999. The public offering was underwritten by a syndicate of underwriters led by Goldman, Sachs & Co., Morgan Stanley Dean Witter and Credit Suisse First Boston as their representatives. After deducting underwriting discounts and commissions of $25,500,000 and expenses of $2,000,000, we received net proceeds of $386,500,000.

As of September 30, 1999, we had invested the net proceeds from our initial public offering in short-term investments in order to meet anticipated cash needs for future working capital. We invested our available cash principally in high- quality corporate issuers and in debt instruments of the U.S. government and its agencies. The use of proceeds from the offering does not represent a material change in the use of proceeds described in our Registration Statement on Form S- 1, as amended (File No. 333-73065). None of the net proceeds of the offering were paid directly or indirectly to any director or officer of NorthPoint Communications Group, Inc., persons owning 10% or more of any class of our equity securities or any of our affiliates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

<PAGE>

The following exhibits are included as part of this Report:

Exhibit No.	Description of Exhibit
27.1	Financial Data Schedule for the three months ended September 30, 1999.

(b) Reports on Form 8-K:

None.

<PAGE>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHPOINT COMMUNICATIONS GROUP, INC.
Registrant

Dated: November 15, 1999 By: /s/ Michael W. Malaga

Michael W. Malaga
Chairman of the Board and
Chief Executive Officer

Dated: November 15, 1999 By: /s/ Henry P. Huff

Henry P. Huff
Chief Financial Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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EXHIBIT 3

Principal Corporate Officers

NorthPoint's Management Team

Michael Malaga	Chief Executive Officer and Chairman of the Board of Directors
Elizabeth A. Fetter	President and Chief Operating Officer
William Euske	Chief Technical Officer
Robert Flood	Vice President, Operations
Steven Gorosh	Vice President, General Counsel and Secretary
Timothy Monahan	Vice President, Finance and Planning
Richard Morris	Vice President, Engineering and Program Management
Ann Zeichner	Vice President, Sales
Nathan Gregory	Chief Network Architect
Henry P. Huff	Chief Financial Officer and Vice President, Finance
Samuel L. Lamonica	Vice President, Information Technology and Application Development
Herman W. Bluestein	Chief Development Officer
John H. Stormer	Vice President, Marketing

NorthPoint's Board of Directors

Michael Malaga
Elizabeth A. Fetter
Robert Flood
Henry P. Huff

EXHIBIT 4

Certificate of Incorporation

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "NORTHPOINT COMMUNICATIONS, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF APRIL, A.D. 1999.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2751110 8300

991148881

SECRETARY'S OFFICE 1793 DELAWARE 1847

Edward J. Freel

9689586

04-15-99

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE:

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "FIRSTMILE COMMUNICATIONS, INC.", CHANGING ITS NAME FROM "FIRSTMILE COMMUNICATIONS, INC." TO "NORTHPOINT COMMUNICATIONS, INC.", FILED IN THIS OFFICE ON THE THIRTY-FIRST DAY OF JULY, A.D. 1997, AT 4:30 O'CLOCK P.M.

Edward J. Freel, Secretary of State

2751110 8100

991530232

AUTHENTICATION: 0132275

DATE: 12-10-99

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

OF

FIRSTMILE COMMUNICATIONS, INC.

The undersigned hereby certifies that:

1. He is the duly elected and acting President of FirstMile Communications, Inc., a Delaware corporation.

2. The Certificate of Incorporation of this corporation was originally filed with the Secretary of State of Delaware on May 16, 1997.

3. Pursuant to Section 242 of the General Corporation Law of the State of Delaware, this Certificate of Amendment of Certificate of Incorporation amends Article I of this corporation's Certificate of Incorporation to read in its entirety as follows:

"The name of this corporation is NorthPoint Communications, Inc."

4. The foregoing Certificate of Amendment has been duly adopted by this corporation's Board of Directors and stockholders in accordance with the applicable provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

Executed at San Francisco, California, July 31, 1997.

Michael Malaga, President

Steven Gorosh, Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:30 PM 07/31/1997
971256518 - 2751110

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "FIRSTMILE COMMUNICATIONS, INC.", FILED IN THIS OFFICE ON THE SIXTEENTH DAY OF MAY, A.D. 1997, AT 9 O'CLOCK A.M.

2751110 8100

991541342

0144449

12-16-99

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE:

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 05/16/1997
971160032 - 2751110

CERTIFICATE OF INCORPORATION

OF

FIRSTMILE COMMUNICATIONS, INC.

ARTICLE I

The name of the corporation is FirstMile Communications, Inc. (the "Corporation").

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

The aggregate number of shares which the Corporation shall have authority to issue is 50,000,000 shares of capital stock all of which shall be designated "Common Stock" and have a par value of $0.001 per share.

ARTICLE V

The Board of Directors of the Corporation is expressly authorized to make, alter or repeal Bylaws of the Corporation.

ARTICLE VI

Elections of directors need not be by written ballot unless otherwise provided in the Bylaws of the Corporation.

ARTICLE VII

(A) To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

(B) The Corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation.

(C) Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VIII

The name and mailing address of the incorporator are as follows:

Cathryn S. Chinn
Venture Law Group
2800 Sand Hill Road
Menlo Park, California 94025

Executed this 15th day of May, 1997.

Cathryn S. Chinn

Cathryn S. Chinn, Incorporator

EXHIBIT 5

Authorization to Transact Business

Secretary of State
Corporations Section
James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 04/21/99
REQUEST NUMBER: 3672-2107
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 04/21/99 0941
EFFECTIVE DATE/TIME: 04/21/99 0941
CONTROL NUMBER: 0369595

TO:
NORTHPOINT COMMUNICATIONS, INC.
222 SUTTER STREET
7TH FLOOR
SAN FRANCISCO, CA 94108

RE:
NORTHPOINT COMMUNICATIONS, INC.
APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY - FOR PROFIT

ON DATE: 04/21/99

FROM:
NORTHPOINT COMMUNICATIONS, INC.
222 SUTTER STREET
SUITE 700
SAN FRANCISCO, CA 94108-0000

	FEES	
RECEIVED:	$600.00	$0.00
TOTAL PAYMENT RECEIVED:		$600.00

RECEIPT NUMBER: 00002487506
ACCOUNT NUMBER: 00310828

Riley C Darnell

RILEY C. DARNELL
SECRETARY OF STATE

SS-4458

APPLICATION FOR CERTIFICATE OF AUTHORITY FOR

FILED

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the corporation is NorthPoint Communications, Inc.

If different, the name under which the certificate of authority is to be obtained is N/A

[**NOTE:** The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. If obtaining a certificate of authority under an assumed corporate name, an application must be filed pursuant to Section 48-14-101(d).]

2. The state or country under whose law it is incorporated is Delaware.

3. The date of its incorporation is 5-16-97 (must be month, day, and year), and the period of duration, if other than perpetual, is perpetual.

4. The complete street address (including zip code) of its principal office is

Street	City	State/Country	Zip Code
222 Sutter Street, 7th Floor	San Francisco	CA	94108

5. The complete street address (including the county and the zip code) of its registered office in this state is

Street	City/State	County	Zip Code
500 Tallan Building, Two Union Square,	Chattanooga, Tennessee	Hamilton	37402-2571

The name of its registered agent at that office is

Corporation Service Company

6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.)

See attached officers/directors rider

7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.)

See attached officers/directors rider

8. The corporation is a corporation for profit.

9. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is

________, 19____ (date), ______ (time).

[**NOTE:** A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.]

NorthPoint Communications, Inc.

Below is the name & address of all corporate officers.

Name	Address	City	State	Zip
Michael Malaga, Chief Executive Officer and Director	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Elizabeth A. Fetter, President and COO	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Timothy Monahan, Vice President, Corporate Development	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Steven Gorosh, Vice President, General Counsel and Secretary	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Ann Zeichner, Vice President, Sales and Marketing	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Robert Flood, Vice President Operations	222 Sutter Street, 7th Floor	San Francisco	CA	94108
William Euske, Chief Technical Officer	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Richard Morris, Vice President, Product Development	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Nathan Gregory, Chief Network Architect	222 Sutter Street, 7th Floor	San Francisco	CA	94108

NorthPoint Communications, Inc.

Below is the name & address of all corporate officers.

Henry P. Huff, III, Vice President, Finance and Chief Financial Officer	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Sam Lamonica, Vice President, Information Technology	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Whitey Bluestein, Chief Development Officer	222 Sutter Street, 7th Floor	San Francisco	CA	94108
John Stormer, Vice President, Marketing	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Michael W. Hall, Assistant Secretary	134 Constitution Drive	Menlo Park	CA	94025

Below is the name & address of all corporate directors.

Michael Malaga, President, Chief Executive Officer and Director	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Robert Flood, Vice President Operations	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Liz Fetter, President and COO	222 Sutter Street, 7th Floor	San Francisco	CA	94108
Henry P. Huff, III, Vice President, Finance and Chief Financial Officer	222 Sutter Street, 7th Floor	San Francisco	CA	94108

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "NORTHPOINT COMMUNICATIONS, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF APRIL, A.D. 1999.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2751110 8300

991148881

9689586

04-15-99

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE:

EXHIBIT 6

WAIVER REQUEST

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In the Matter of the Application of)
NorthPoint Communications, Inc.) TRA Docket No. ________
for a Certificate of Convenience and Necessity to)
Provide Competing Telecommunications Services)
)

Petition for Waiver

Pursuant to section 251(f)(2) of the federal Communications Act ("federal Act"), NorthPoint Communications, Inc. ("NorthPoint"), Petitioner in the above referenced proceeding, hereby petitions the Tennessee Regulatory Authority to suspend or waive the IntraLATA Toll Dialing Parity requirements of Section 251(b) of the federal Act as they pertain to NorthPoint's provision of Competing Telecommunications Services in the State of Tennessee. NorthPoint submits that suspension or modification of the IntraLATA Toll Dialing Parity requirements of 251(b) are necessary to avoid imposing a requirement which is technically infeasible with regard to NorthPoint's provision of telecommunications services in Tennessee and that such suspension or modification is consistent with the public interest, convenience and necessity.

On April 29, 1999 the Chief of the Telecommunications Division of the Tennessee Regulatory Authority ("TRA"), issued a letter regarding IntraLATA Toll Dialing Parity, stating that such dialing parity "means that consumers will be able to choose which long distance carrier should carry all their in regional (IntraLATA) toll calls, without having to dial extra digits." The TRA letter also states that an applicant for a certificate of convenience and necessity must file its IntraLATA Toll Dialing Parity Plan or Petition for Waiver with its petition for authority to provide telecommunications service in Tennessee. Pursuant to section 251(f)(2) the TRA may waive the dialing parity requirements if necessary to avoid imposing a requirement that is technically infeasible and the waiver is consistent with the public interest, convenience, and necessity. In compliance with the requirements of the TRA's letter and 251(f)(2), NorthPoint hereby submits its Petition for Waiver.

NorthPoint has filed a petition for a certificate of convenience and necessity to provide Competing Telecommunications Services in Tennessee, including local telecommunications services. NorthPoint's initial service offerings will consist of high speed data connections from end-users to Internet Service Providers using Digital Subscriber Line ("DSL") technology. NorthPoint's initial targeted customers are Internet Service Providers, broadband data service providers and IXC and local telephone companies, which use NorthPoint's services to provide Internet access and other data intensive applications to their end-user customers. NorthPoint's network consists of digital communications equipment which it installs in telephone company central offices, and existing copper lines or local loops which NorthPoint leases to connect its equipment to end-user premises. Since NorthPoint's initial network will not be connected to the public switched telephone network in the state of Tennessee and NorthPoint will not provide dialtone to its customers, it is technically infeasible for NorthPoint to provide intraLATA toll dialing parity at this time.

NorthPoint does not currently plan to offer basic local exchange telephone service as part of its initial service offering in the Tennessee. At no time is there any expectation on the part of NorthPoint's customers, or the end-users of service provided by NorthPoint, that service will include basic local exchange telephone service, dialtone or telephone toll service so as to require any end-user to choose a long distance carrier for intraLATA toll calls.

Since NorthPoint's initial network deployment and service offering for the State of Tennessee will not include the provision of dialtone, a requirement that NorthPoint provide intraLATA toll dialing parity would require that NorthPoint redesign its network in order to support services which it does not intend to offer at this time. Such a redesign of NorthPoint's network would involve costs which would delay or prohibit NorthPoint from entering the Tennessee marketplace. NorthPoint submits that such a delay or cost prohibition would be contrary to the public interest, convenience and necessity. This Authority, as well as the Federal Communications Commission, have a general policy of promoting competition in the local telecommunications marketplace. Requiring NorthPoint to provide services which are duplicative of services provided by end-users' basic local telephone service providers and which would necessitate a change in NorthPoint's network deployment plans would in fact delay competition in the Tennessee marketplace, contrary to the goals of this Authority.

For the foregoing reasons NorthPoint submits that the provision of IntraLATA Toll Dialing Parity with regards to its initial service offering in the State of Tennessee is technically infeasible and that grant of the requested waiver is in the public interest, convenience and necessity. Therefore NorthPoint respectfully requests that the Tennessee Regulatory Authority waive the IntraLATA toll dialing parity requirements of 251(b) of the federal Act with regards to NorthPoint's initial service offering in Tennessee.

Respectfully submitted,

Jeffrey J. Heins

E. Ashton Johnston
Jeffrey J. Heins*

Counsel for NorthPoint Communications, Inc.

*Admitted in New York only.

EXHIBIT 7

Minority Participation Plan

As required by T.C.A. §65-5-2112, NorthPoint Communications, Inc. submits this Small and Minority-Owned Telecommunications Business Participation Plan along with its Petition for a Certificate of Convenience and Necessity to Provide Competing Telecommunications Service in the State of Tennessee

NORTHPOINT COMMUNICATIONS, INC.

SMALL AND MINORITY OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN FOR THE STATE OF TENNESSEE.

DEFINITIONS

NorthPoint – NorthPoint Communications, Inc.

Small Business – telecommunications business with gross annual receipts of less than four million dollars, pursuant to T.C.A. §65-5-212.

Minority-Owned Telecommunications Business – a telecommunications business which is solely owned, or at least fifty-one percent of the assets or outstanding stock of which is owned, by an individual who personally manages and controls the daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex, national origin and such business has annual gross receipts of less than four million dollars, pursuant to T.C.A. § 654-5-212.

OBJECTIVE

It is the policy of NorthPoint Communications, Inc. not to discriminate on the basis of race, religion, sex or national origin in awarding contracts for the purchase of goods and services in the State of Tennessee. NorthPoint presents this participation plan so that small and minority-owned telecommunications businesses in Tennessee will be made aware of and encouraged to pursue opportunities to contract with NorthPoint Communications, Inc.

PARTICIPATION PLAN

NorthPoint will advise all relevant personnel of the existence of the plan and of the Company's goals established in the plan.

NorthPoint will exercise diligence and sensitivity to ensure that opportunities for small and minority-owned telecommunications businesses to transact business with NorthPoint are equivalent to those provided to businesses which are not small and/or minority-owned.

NorthPoint will undertake efforts, as described below, to identify eligible small and minority-owned telecommunications business providers of goods and services of the type it expects to use in Tennessee operations. Selection of contractors will be based on price and quality considerations, with full and equal consideration given to proposals submitted by small and minority-owned telecommunications businesses.

PLAN ADMINISTRATION

The Administration of this plan will be under the direction of:

Tim Shanahan
NorthPoint Communications, Inc.
303 2nd Street, South Tower
San Francisco, CA. 94107
Tel: (415) 403-4003

ADMINISTRATOR'S RESPONSIBILITIES

The Administrator will develop policies and procedures to assure the success of the plan. Specifically, the Administrator's responsibilities pursuant to this plan include the following:

To maintain a list of eligible Small and Minority-Owned Telecommunications Businesses in the State of Tennessee.

To ensure that Small and Minority-Owned Telecommunications Businesses are included in the solicitation for goods and services that they are capable of providing

To maintain NorthPoint's records of solicitations and contract awards for the State of Tennessee, and any related correspondence.

To provide required records and reports, and to cooperate in any authorized review or reasonable and appropriate surveys or studies by the Tennessee Regulatory Authority

To ensure that NorthPoint submits reports, as may by required for use in connection with subcontracting plans, by the Tennessee Regulatory Authority

To prepare and submit annual updates to this plan as required by T.C.A. §65-5-212

SOURCES FOR IDENTIFYING AND CONTACTING QUALIFIED BUSINESSES

The plan administrator may use any of the following resources to identify qualified businesses: Chambers of Commerce, Tennessee Department of Economic and Community Development, U.S. Small Business Administration, Office of Minority Business of the U.S. Department of Commerce, National Minority Supplier Development Council, National Association of Women Business Owners, National Association of Minority Contractors.

RECORD MAINTENANCE

If and when NorthPoint outsourcers any goods and services in Tennessee in connection with its Tennessee operations, NorthPoint will maintain records relating to its plan for the purpose of evidencing the implementation of this policy, for use by NorthPoint in evaluating the effectiveness of the plan and in obtaining the goals of the plan, and for use in updating the plan on an ongoing basis. Such records shall be maintained in confidentiality and only provided to the Tennessee Regulatory Authority under seal.

EXHIBIT 8

Proposed Interexchange Tariff

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF INTEREXCHANGE COMMUNICATIONS SERVICES

FURNISHED BY

NORTHPOINT COMMUNICATIONS, INC.

WITHIN

THE STATE OF TENNESSEE

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CHECK SHEET

Sheet No.	Revision	Sheet No.	Revision
1	Original	29	Original
2	Original	30	Original
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EXPLANATION OF SYMBOLS

(C) To signify a changed listing, rule or condition which may affect rates or charges.

(D) To signify discontinued material, including but not limited to a listing, rate, rule or condition.

(I) To signify an increase.

(M) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule, or condition.

(N) To signify new material including a listing, rate, rule, or condition.

(R) To signify a reduction.

(T) To signify a change in wording of text but no change in rate, rule, or condition.

(Z) To signify a Correction

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CONCURRING CARRIERS

None.

CONNECTING CARRIERS

None.

OTHER PARTICIPATING CARRIERS

None.

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DEFINITIONS

Advance Payment: Part or all of a payment required before the start of Service.

Company: NorthPoint Communications, Inc., the issuer of this tariff.

Commission: Tennessee Regulatory Authority

Customer: The person, firm or corporation which orders Service and is responsible for the payment of charges and compliance with the terms and conditions of this tariff.

Dedicated: A facility or equipment system or subsystem set aside for the sole use of a specific Customer or End User.

DSL: Digital Subscriber Line.

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DEFINITIONS (Continued)

End Office: The switching system office or serving wire center where loops are terminated for purposes of interconnection to each other and/or to trunks.

End User: A person, firm or corporation who is designated by the Customer as a user of Company's Service furnished to the Customer. The End User must be specifically identified in the Application for Service.

End User Premises Equipment: Equipment provided by the Customer, the End User, or any party other than the Company that is located on the End User's premises and is connected to the Company's network.

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DEFINITIONS (Continued)

Individual Case Basis: A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer and at the Company's sole discretion.

Kbps: Kilobits per second, denotes thousands of bits per second.

Mbps: Megabits per second, denotes millions of bits per second.

Origination Point: The point of demarcation between the Company's facilities and those of the End User.

Premises: The space occupied by a Customer or End User in a building or buildings or contiguous property.

Recurring Charges: The monthly charges to the Customer for Services, facilities and equipment, which continues for the agreed-upon duration of the Service.

DEFINITIONS (Continued)

Services: The services, or combination thereof, offered by the Company and contained in this Tariff.

Service Order: The request for Company Services submitted by the Customer in the format devised by the Company. The submission of a Service Order by the Customer and confirmation thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff.

Special Facilities: Any facilities, goods, supplies, products, equipment, fixtures or other installation specifically installed or constructed for Customer by Company pursuant to a negotiated agreement between Company and Customer.

Term Agreement: An agreement between the Company and a Customer for the delivery of Services for a stated minimum duration.

Termination Point: The demarcation point between Company's facilities and the Customer's facilities.

Transmission Speed: Transmission speed or rate, in bits per second (bps), as agreed to by Company and Customer.

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SECTION I. APPLICATION OF TARIFF

This tariff sets forth rules applicable to the provision of high speed digital Interexchange Services using a variety of digital transmission technologies.

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SECTION 2. RULES AND REGULATIONS

2.1 Undertaking of the Company

The Company undertakes to furnish Services in accordance with the terms and conditions set forth in this tariff.

2.2 Terms and Conditions

The Company shall have no responsibility with respect to billings, charges, or disputes related to Services used by the Customer which are not included in the Services herein including, without limitation, any local, regional or long distance services not offered by the Company. The Customer shall be fully responsible for the payment of any bills for such services and for the resolution of any disputed or discrepancies with the appropriate service provider.

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SECTION 2. RULES AND REGULATIONS

2.3 Application for Service

Customers desiring to obtain Service must submit Service Orders in the form and format specified by Company.

2.3.1 Cancellation of Application for Service

If a Customer cancels a Service Order after Company has commenced installation of Service, a cancellation charge may apply.

2.3.2 Cancellation of Service

Subject to cancellation charges referenced herein, the Customer may have Service discontinued upon thirty (30) days' written notice to the Company. The Company shall hold the Customer responsible for payment of all bills for Service furnished until the effective cancellation of Service. As specified in 2.10.2 below, a termination charge may apply to early cancellation of a Term Agreement.

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SECTION 2. RULES AND REGULATIONS

2.4 Assignment or Transfer

All Service provided under this tariff is directly or indirectly controlled by the Company and the Customer may not transfer or assign the use of Service (except in the case of a merger or sale of substantially all the assets of Customer) without the express prior written consent of the Company, and then only when such transfer or assignment can be accomplished without interruption of the use or change in the location of Service. All terms and conditions contained in this tariff shall apply to any and all such transferees or assignees. The Customer shall, unless otherwise expressly agreed by the Company in writing, remain liable for the payment of all charges due under this tariff or any applicable agreements.

2.5 Contracts

Company may also offer interstate exchange access services on a non-tariffed, contractual basis. The terms and conditions of this tariff do not apply to such contractual services, except to the extent expressly incorporated into a contract.

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SECTION 2. RULES AND REGULATIONS

2.6 Deposits

A. The Company may, in order to safeguard its interests, require any Customer to make a deposit prior to or at any time after Service is provided to the Customer, to be held by the Company as a guarantee of the payment of rates and charges.

B. A deposit may not exceed: (i) the actual or estimated rates and charges, including non-recurring charges, for the Service for a two month period; or (ii) the charges that would apply for the minimum period for a Service which has a minimum term of more than one month, plus any applicable termination charge. The fact that a deposit has been made in no way relieves the customer from complying with the Company's requirement as to the prompt payment of bills.

C. At such time as the provision of the Service to the Customer is terminated, the amount of the deposit will be credited to the Customer's account and any credit balance which may remain will be refunded.

D. In case of a cash deposit, for the period the deposit is held by the Company, simple annual interest will be applied to the deposit for the number of days from the date the Customer deposit is received by the Company to and including the date such deposit is credited to the Customer's account or the date the deposit is refunded by the Company.

E. If at any time the amount of a deposit is less than required to meet the requirements specified above, the Customer shall be required to pay an additional deposit upon request.

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SECTION 2. RULES AND REGULATIONS

2.7 Notices

Any notice Company may give to a Customer shall be deemed properly given when delivered, if delivered in person, or when sent via facsimile, electronic mail or when deposited with the U.S. Postal Service or other express delivery service.

2.8 Payment and Rendering of Bills

A. The Company shall bill all charges incurred by and credits due to the Customer. The Customer may choose to receive bills in either paper or electronic format. Such bills are due within thirty (30) days after the date of issuance thereof, regardless of the media utilized. The Company shall bill in advance charges for all Services to be provided during the ensuing billing period except for charges associated with Service usage. Adjustments for the quantities of Service established or discontinued in any billing period beyond the minimum period will be prorated to the number of days based on a 30 day month. The Company will, upon request and if available, furnish such detailed information as may reasonably be required for verification of the bill.

B. The Company shall bill for all Services rendered within 90 days of when those Services are provided.

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SECTION 2. RULES AND REGULATIONS

2.8 Payment and Rendering of Bills (Continued)

C. All bills for Service provided to the customer by the Company are due thirty (30) days from the date of issuance of the bill. If any portion of the payment is received by the Company after the payment due date as set forth above, or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due the Company. The late payment penalty shall be a portion of the payment not received by the payment due date times a late factor. The late factor shall be 1.5% per month (0.049315% per day) or 18% annually, or the highest rate allowed by law, whichever is the lesser. The late factor will be applied for the number of days from the payment due date to and including the date that the Customer makes the late payment funds immediately available to the Company.

D. Customer shall be responsible for payment of all sales, use, gross receipts, excise, access, bypass, franchise or other local, state and Federal taxes, fees, charges, or surcharges, however designated, imposed on or based upon the provision, sale or use of the Services rendered by Company, (excepting Company's income taxes). Such taxes shall be separately stated on the Customer's invoice.

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SECTION 2. RULES AND REGULATIONS

2.9 Disputed Bills

In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must pay the undisputed portion of the invoice in full and submit a documented claim for the disputed amount. The Customer shall submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 60 days of receipt of billing for those Services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter. Unless disputed, the invoice shall be deemed to be correct and payable in full by Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may file a complaint with this Commission.

If the dispute is resolved in favor of the Customer and the Customer has withheld the disputed amount, no interest or penalties will apply.

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SECTION 2. RULES AND REGULATIONS

2.10 Discontinuance and Restoration of Service

2.10.1 Cancellation by the Company

A. For Nonpayment: The Company may, upon ten (10) days written notice to the Customer, discontinue Service or cancel an application for Service without incurring any liability when there is an unpaid balance for Service that is overdue.

B. For Returned Checks: A Customer whose check or draft is returned unpaid for any reason shall be subject to discontinuance of Service in the same manner as provided for nonpayment of overdue charges.

C. For any violation of law or rules: A Customer shall be subject to discontinuance of Service, without notice, for any violation of any law, rule, regulation or policy of any government authority having jurisdiction over Service, or by reason of any order or decision of a court or other government authority having jurisdiction which prohibits the Company from furnishing such Service.

D. For the Company to comply with any order or request of any governmental authority having jurisdiction: The Customer shall be subject to discontinuance of Service, without notice, for the Company to comply with any order or request of any governmental authority having jurisdiction.

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SECTION 2. RULES AND REGULATIONS

2.10 Discontinuance and Restoration of Service (cont'd)

2.10.1 Cancellation by the Company (cont'd)

E. For Other Causes: A Customer shall be subject to discontinuance of Service, without notice, in the event of suspected fraud or other unlawful use of the Service, or fraud or misrepresentation in any submission of information required in a Service Order or any other information submitted to Company.

F. For any Customer filing of bankruptcy or reorganization or failing to discharge an involuntary petition therefor within the time permitted by law: The Company may immediately discontinue or suspend Service under this tariff without incurring any liability.

2.10.2 Cancellation of Term Agreement

Upon the cancellation of Service provided under a Term Agreement, an early termination charge may apply.

2.10.3 Resumption of Service

If Service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes it continued, Service shall, at the Company's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected to the satisfaction of Company in Company's sole and absolute discretion and Customer pays a deposit at Company's discretion. All applicable nonrecurring charges shall apply when Services are restored.

SECTION 2. RULES AND REGULATIONS

2.11 Information to be Provided to the Public

The Company will use reasonable efforts to advise Customers who may be affected of new, revised or optional rates applicable to their Service.

2.12 [Intentionally left blank]

2.13 Credit Allowance for Interruptions

A credit allowance will be given on a per line basis for service interruptions, defined as any period during which any line subscribed to by the Customer hereunder and/or, if applicable, Company-provided equipment attached thereto is out of service, except as specified below. Out of service conditions are defined as complete loss of data transmission capability. Credit allowances, if any, shall be deducted from the charges payable by the Customer hereunder and shall be expressly indicated on the next bill to the Customer. An interruption period begins the earlier of when the Customer reports a malfunction in Service to the Company or Company becomes independently aware of such malfunction. A malfunction period ends when the affected line and/or associated equipment is fully operative.

A. Credit allowances do not apply to interruptions:

1) caused by the Customer, any End User or any third party;

2) due to failure of power or equipment provided by the Customer or others;

3) during any period in which the Company is not given access to the Premises;

SECTION 2. RULES AND REGULATIONS

2.13 Credit Allowance for Interruptions (Continued)

4) due to scheduled maintenance and repair; or

5) due to Acts of God or other events listed in section 2.19(C) below.

B. Interruption of Twenty-Four (24) Hour or Less - Portion of Daily Per-Line Charge

Length of Service Interruption	Credit
-Less than 4 hours	None
-4 hours up to but not including 8 hours	1/3 of day
-8 hours up to but not including 12 hours	1/2 of day
-12 hours up to but not including 16 hours	2/3 of day
-16 hours up to 24 hours	one day

Two or more Service interruptions of the same type to the same line/equipment of two (2) hours or more during any one twenty-four (24) hour period shall be considered as one interruption. In no event shall such interruption credits for any one line/equipment exceed one (1) day's fixed recurring charges for such line/equipment in any twenty-four (24) hour period.

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SECTION 2. RULES AND REGULATIONS

2.13 Credit Allowance for Interruptions (Continued)

C. Interruptions over Twenty-Four (24) Hours

Service interruptions over twenty-four (24) hours will be credited four (4) hours for each four (4) hour period or fraction thereof. No more than one (1) full day's credit will be allowed for any period of twenty-four hours.

SECTION 2. RULES AND REGULATIONS

2.14 Service Connections

A. All Service along the facilities between the point identified as the Company's origination point and the point identified as the Company's termination point will be furnished by the Company, its agents or contractors.

B. Customer shall allow Company continuous access and right-of-way to both Customer and End User Premises to the extent reasonably determined by the Company to be appropriate to the provision and maintenance of Services, equipment, facilities and systems relating to this tariff.

C. The Company may undertake to use reasonable efforts to make available Services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing Service to any Customer.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (cont'd)

D. The Company undertakes to use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer or End User. Neither the Customer or the End User may, nor permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise tamper with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.

E. Title to all facilities (except such equipment and/or facilities as are sold to or independently provided by a Customer or End User), including terminal equipment, shall remain with the Company. The operating personnel and the electric power consumed by such equipment on the Premises of Customer or End User shall be provided by and maintained at the expense of the Customer.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (Continued)

F. Equipment the Company provides or installs at the Customer's or End User's Premises for use in connection with the Services shall not be used for any purpose other than that for which the Company provided it.

G. The Company shall not be responsible for the operation or maintenance of any Customer or End User provided communications equipment. The Company may install certain Customer or End User provided communications equipment upon installation of Service; unless otherwise agreed by the Company in writing, Company shall not thereafter be responsible for the operation or maintenance of such equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities; subject to this responsibility the Company shall not be responsible for:

1) The proper origination of signals by Customer provided equipment or for the quality, or defects in, such signals; or

2) The reception of signals by Customer provided equipment.

H. The Customer shall be responsible for the payment of service charges for visits by the Company's agents or employees to the Premises when the Service difficulty or trouble report results from the improper or inappropriate use of equipment or facilities by the Customer or End User.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (Continued)

I. In the event Company places Company equipment on Customers' premises for the purpose of furnishing service under this agreement, unless otherwise stipulated, Company is solely responsible for operating and maintaining such equipment. In the event that Customer attempts to operate or maintain any such equipment without first obtaining Company's written approval, in addition to any other remedies of Company for a breach by Customer of Customer's obligations hereunder, Customer shall pay Company for any damage to Company's equipment caused or related to such unauthorized operation or maintenance of Company's equipment upon receipt by Customer of a Company invoice therefor. In no event shall Company be liable to Customer, End User or any other person for interruption of the Service or for any other loss, cost or damage caused or related to Customer's improper or inappropriate use of Company-provided equipment.

J. Customer agrees to allow Company to remove all Company-provided equipment from Customer or End User's premises:

1) upon termination, interruption or suspension of the Service in connection with which the equipment was used; and

2) for repair, replacement or otherwise as Company may determine is necessary or desirable.

K. At the time of such removal, such equipment shall be in the same condition as when delivered to Customer or installed in Customer or End User's premises, normal wear and tear only excepted. Customer shall reimburse Company for the unamortized cost of any such equipment in the event the foregoing conditions are not met.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (Continued)

L. The Customer or End User is responsible for ensuring that Customer- or End User-provided equipment connected to Company equipment and facilities is compatible with such Company equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company provided equipment and wiring or injury to the Company's employees or to other persons. Customer will submit to Company a complete manufacturer's specification sheet for each item of equipment that is not provided by the Company and which shall be attached to the Company's facilities. The Company shall approve the use of such item(s) of equipment unless such item is technically incompatible with Company's facilities. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

M. Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Service, and the channels, facilities, or equipment of others shall be provided at the Customer's expense.

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SECTION 2. RULES AND REGULATIONS

2.15 Limitation of Service Equipment or Facilities

A. Service is offered subject to the provisions of this tariff and the availability of the necessary facilities and/or equipment, and is limited to the ongoing availability and capacity of the Customer's facilities as well as the facilities the Company may require from other carriers to furnish Service. The Company may decline Service Orders to or from a location where, in the Company's sole discretion, the necessary facilities or equipment are not available. The Company may discontinue furnishing Service in accordance with the terms of this tariff.

B. The Company reserves the right to discontinue or limit Service when necessitated by conditions beyond its control, or when Service is used in violation of provisions of this tariff or the law.

C. The Company does not undertake to transmit messages, but offers the use of its Service when available, and, as more fully set forth elsewhere in this tariff, shall not be liable for errors in transmission or for failure to establish connections.

D. The Company reserves the right to discontinue Service, limit Service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing Service, as determined by the Company in its reasonable judgment.

E. The furnishing of Service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities, as well as facilities the Company may obtain from other carriers to furnish Service from time to time as required at the sole discretion of the Company.

SECTION 2. RULES AND REGULATIONS

2.16 Prohibited Uses

A. The Services of the Company shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all governmental approvals, authorizations, licenses, consents and permits, required to be obtained by the Customer with respect thereto.

B. The Company may require applicants for Service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company offerings complies with relevant laws and the Commission's regulations, policies, orders, and decisions.

C. The Company may, without obtaining any further consent from the Customer, assign any rights, privileges, or obligations under this tariff. The Customer or End User may not assign, transfer in any manner the Service or any rights associated with the Service without the written consent of the Company.

D. The Company may require a Customer to immediately shut down its transmission of signals if Company concludes, in its sole discretion, that such transmission is causing interference to others.

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SECTION 2. RULES AND REGULATIONS

2.16 Prohibited Uses (cont'd)

E. The Customer may not use the Services so as to interfere with or impair Service over any facilities and associated equipment, or so as to impair the privacy of any communications over such facilities and associated equipment.

F. A Customer or End User shall not represent that its services are provided by the Company, or otherwise indicate to its Customers that its provision of Services is jointly with the Company, without the prior written consent of the Company. The relationship between the Company and Customer shall not be that of partners or agents for one or the other, and shall not be deemed to constitute a partnership or agency agreement.

SECTION 2. RULES AND REGULATIONS

2.17 Non-Routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

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SECTION 2. RULES AND REGULATIONS

2.18 Obligations of the Customer

The Customer (or the End User, as the case may be) shall be responsible for:

A. The payment of all charges applicable to the Services.

B. Damage or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer or End User or the non-compliance by the Customer or End User with the provisions of this tariff; or by fire or theft or other casualty on the premises of the Customer or End User unless caused by the negligence or willful misconduct of the employees or agents of the Company;

C. Providing as specified from time to time by the Company any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the Premises, and providing the level of power, heating and air conditioning necessary to maintain the proper environment on such Premises;

SECTION 2. RULES AND REGULATIONS

2.18 Obligations of the Customer (Continued)

D. Obtaining, maintaining, and otherwise having full responsibility for rights of way necessary to install equipment to provide Service to the Customer or End User from the minimum point of entry or the property line of the land on which the structure wherein any termination point or origination point used by the Customer or End User is placed or located, whichever is applicable, through the point of entry into the structure, throughout the structure, to the location of the equipment space. Any and all costs associated with the obtaining and maintaining of the rights of way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting a Service Order.

E. Providing a safe place to work and complying with all laws and regulations regarding the working conditions on the Premises. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury to Company employees or property might result from installation or maintenance by the Company.

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SECTION 2. RULES AND REGULATIONS

2.18 Obligations of the Customer (Continued)

F. Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Premises or the rights-of-way for which the Customer is responsible, and obtaining permission for Company agents or employees to enter the Premises at any reasonable hour for the purpose of installing, inspecting, repairing, or, upon termination of Service as stated herein, removing the facilities or equipment of the Company;

G. Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which Service is interrupted for such purposes.

H. Keeping the Company's equipment and facilities located on the Customer's premises or rights-of-way obtained by the Customer free and clear of any liens or encumbrances relating to the Customer's use of the Company's Services or from the locations of such equipment and facilities.

I. Providing, operating and maintaining Customer provided or End User equipment on the Premises. Conformance of Customer provided or End User premises equipment with part 68 of the FCC Rules is the responsibility of the Customer.

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SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company

A. Because the Customer has exclusive control of its communications over the services furnished by the Company, and because interruptions and errors incident to these services are unavoidable, the Services the Company furnishes are subject to the terms, conditions, and limitations specified in this tariff and to such particular terms, conditions, and limitations as set forth in the special regulations applicable to the particular Services and facilities furnished under this tariff.

B. The liability of the Company for damages arising out of the furnishing of these Services, including but not limited to mistakes, omissions, interruptions, delays, tortious conduct or errors, or other defects, representations, or use of these Services or arising out of the failure to furnish the Service, whether caused by acts of commission or omission, shall be limited to the extension of allowances for interruption. The extension of such allowances for interruption shall be the sole remedy of the Customer or End User and the sole liability of the Company. The Company will not be liable for any special, consequential, exemplary or punitive damages a Customer may suffer, whether or not caused by the intentional acts or omissions or negligence of the Company's employees or agents.

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SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company (Continued)

C. The Company shall not be liable for, nor shall any Service Credits be extended for, any failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or any civil or military authority, national emergencies, insurrections, riots, wars, unavailability of rights-of-way or materials, or strikes, lock-outs, work stoppages, or other labor difficulties.

D. The Company shall not be liable for any act or omission by any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the Services the Company offers.

E. The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

F. Company shall not be liable for the claims of vendors supplying equipment to Customers of the Company which may be installed at premises of the Company, nor shall the Company be liable for the performance of any such vendor or vendor's equipment.

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SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company (Continued)

G. The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.

H. The Company is not liable for any defacement of or damage to the Premises resulting from the furnishing of Services, equipment, or associated wiring on such Premises or the installation or removal thereof, except where such defacement or damage is the result of negligence or willful misconduct on the part of the agents or employees of the Company.

I. The Company shall not be liable for any damages resulting from delays in meeting any Service dates.

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SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company (Continued)

K. The Company shall not be liable for any damages whatsoever associated with service, facilities, or equipment which the Company does not furnish or for any act or omission of Customer or any other entity furnishing services, facilities or equipment used for or in conjunction with Service.

L. THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OF IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OF OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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SECTION 2. RULES AND REGULATIONS

2.20 Indemnification

The Customer and any End User, jointly and severally, shall indemnify, defend and hold the Company harmless from claims, loss, damage, expense (including attorney's fees and court costs), or liability (including liability for patent infringement) arising from: (1) any claims made against Company by any End User in connection with the delivery or consumption of Services; (2) combining with, or using in connection with facilities the Company furnished, facilities the Customer or End User furnished; or (3) use of facilities the Company furnished in a manner the Company did not contemplate and over which the Company exercises no control. In the event that any infringing use is enjoined, the Customer, at its option and expense, may obtain immediately a dismissal or stay of such injunction, obtain a license or other agreement so as to extinguish the claim of infringement, terminate the claimed infringing use, or modify such combination so as to avoid any such infringement. In addition and without limitation, the Customer and any End Users shall defend, on behalf of the Company and upon request by the Company, any suit brought or claim asserted against the Company for any such claims.

SECTION 2. RULES AND REGULATIONS

2.21 Maintenance and Testing

A. Upon suitable notice, the Company may make such tests, adjustments, and inspections as may be necessary to maintain the Company's facilities in satisfactory operating condition. No interruption allowance will be credited to the Customer for the period during which the Company makes such tests, adjustments, or inspections.

B. Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer or End User is complying with the requirements set forth above for the installation, operation, and maintenance of Customer provided facilities, equipment, and wiring in the connection of Customer provided facilities and equipment to Company-owned facilities and equipment. If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten (10) days of receiving this notice, the Customer must take such action. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of Service, to protect its facilities, equipment, and personnel from harm.

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SECTION 2. RULES AND REGULATIONS

2.22 Determination of Jurisdiction of Mixed Interstate and Intrastate Service

When mixed interstate and intrastate Service is provided over a dedicated facility, the jurisdiction will be determined as follows:

1. If the Customer's estimate of the interstate traffic on the Service equals 10% or more of the total traffic on that Service, the Service will be provided according to the applicable rules and regulations of the Company's interstate tariff, FCC No. 1, Access Services.

2. If the Customer's estimate of the interstate traffic on the Service is less than 10% of the total traffic on that Service, the Service will be provided according to the applicable rules and regulations of the appropriate intrastate tariff.

3. If the jurisdiction of interstate traffic on the Service changes to the extent that it alters the jurisdiction of the Service, the Customer must notify the Company of any required change in status. The affected Service will revert to the appropriate jurisdictional tariff within the next full billing cycle. No retroactive rate adjustments will apply to the period prior to the change in the Company's records. Any applicable Term Agreement will be transferred with the jurisdictional change.

SECTION 3. DESCRIPTION OF SERVICES

The Company provides data transport between End Users and its Customers using a variety of digital transmission technologies, over the Company's own facilities and/or facilities of other carriers.

Depending on distance from the Company's facilities, Services may not be available to all customers. Special construction charges may apply in each case. Company's Services are data services only and will not be accompanied by 411, 911, or other voice services. In addition to the charges specified for each Service, additional charges may apply for transfers of data per month, at certain times in excess of certain thresholds, or for certain billing, monitoring or other services. Other services may be provided by the Company on an Individual Case Basis, depending on such factors as length of loops involved, quality of loops and other factors.

SECTION 4. RATES AND CHARGES

4.1 Interconnection – Per DS-3 Port, Per Month

Time from interconnection	**With NorthPoint-provided DS-3 Link (up to 25 miles)**
First Month	$1,000
Second Month	$2,000
Third Month	$3,000
Fourth month and after	$4,000
	Note: DS-3 links of more than 25 miles will be priced on an ICB basis

4.2 Standard Installation

Number of Installs	**Per Install**
First 50 (within first three months)2	Free
Additional Installs	$269*

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4.3 Non-Recurring Charges

Non-Standard installation (materials extra)	$269.00 + 80*/hour after 2nd
Reschedule visit due to lack of access	$90.00*
Standard Inside Move	$185.00*
Non-standard Inside Move (materials extra)	$185.00* +$80*/hour after 2nd
Outside Move	Same charges as for installation
Cancellation of Order	$50.00
Cancellation of Order	$150.00
Site Survey (on request)	$90.00*
Speed Change	$100.00
Inside Wire Repair (materials extra)	$90.00* + $80*/hour after 1st
Facilities Management riser connection	$199.00

1 If this speed cannot be delivered due to reach or other factors, we will attempt to establish a connection at 320 kbps. The pricing for this speed is $115.
2 After 3 months, all installs will be billed at the "Additional Installs" rate.
3 With the exception of the first month, charge is not prorated and applies to the entire billing period.
* Price is for jobs started and completed between 8AM and 6PM on weekdays. A 25% surcharge applies for evenings and Saturdays, and a 50% surcharge for Sundays and Holidays. Does not include any applicable loop conditioning charges imposed by the incumbent local exchange carrier.

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<u>EXHIBIT 9</u>

Proposed Local Tariff

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF LOCAL COMMUNICATIONS SERVICES

FURNISHED BY

NORTHPOINT COMMUNICATIONS, INC.

WITHIN

THE STATE OF TENNESSEE

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CHECK SHEET

Sheet No.	Revision	Sheet No.	Revision
1	Original	29	Original
2	Original	30	Original
3	Original	31	Original
4	Original	32	Original
5	Original	33	Original
6	Original	34	Original
7	Original	35	Original
8	Original	36	Original
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EXPLANATION OF SYMBOLS

(C) To signify a changed listing, rule or condition which may affect rates or charges.

(D) To signify discontinued material, including but not limited to a listing, rate, rule or condition.

(I) To signify an increase.

(M) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule, or condition.

(N) To signify new material including a listing, rate, rule, or condition.

(R) To signify a reduction.

(T) To signify a change in wording of text but no change in rate, rule, or condition.

(Z) To signify a Correction

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CONCURRING CARRIERS

None.

CONNECTING CARRIERS

None.

OTHER PARTICIPATING CARRIERS

None.

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DEFINITIONS

Advance Payment: Part or all of a payment required before the start of Service.

Company: NorthPoint Communications, Inc., the issuer of this tariff.

Commission: Tennessee Regulatory Authority

Customer: The person, firm or corporation which orders Service and is responsible for the payment of charges and compliance with the terms and conditions of this tariff.

Dedicated: A facility or equipment system or subsystem set aside for the sole use of a specific Customer or End User.

DSL: Digital Subscriber Line.

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DEFINITIONS (Continued)

End Office: The switching system office or serving wire center where loops are terminated for purposes of interconnection to each other and/or to trunks.

End User: A person, firm or corporation who is designated by the Customer as a user of Company's Service furnished to the Customer. The End User must be specifically identified in the Application for Service.

End User Premises Equipment: Equipment provided by the Customer, the End User, or any party other than the Company that is located on the End User's premises and is connected to the Company's network.

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DEFINITIONS (Continued)

Individual Case Basis: A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer and at the Company's sole discretion.

Kbps: Kilobits per second, denotes thousands of bits per second.

Mbps: Megabits per second, denotes millions of bits per second.

Origination Point: The point of demarcation between the Company's facilities and those of the End User.

Premises: The space occupied by a Customer or End User in a building or buildings or contiguous property.

Recurring Charges: The monthly charges to the Customer for Services, facilities and equipment, which continues for the agreed-upon duration of the Service.

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DEFINITIONS (Continued)

Services: The services, or combination thereof, offered by the Company and contained in this Tariff.

Service Order: The request for Company Services submitted by the Customer in the format devised by the Company. The submission of a Service Order by the Customer and confirmation thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff.

Special Facilities: Any facilities, goods, supplies, products, equipment, fixtures or other installation specifically installed or constructed for Customer by Company pursuant to a negotiated agreement between Company and Customer.

Term Agreement: An agreement between the Company and a Customer for the delivery of Services for a stated minimum duration.

Termination Point: The demarcation point between Company's facilities and the Customer's facilities.

Transmission Speed: Transmission speed or rate, in bits per second (bps), as agreed to by Company and Customer.

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SECTION I. APPLICATION OF TARIFF

This tariff sets forth rules applicable to the provision of high speed digital local access and high capacity local private line Services using a variety of digital transmission technologies.

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SECTION 2. RULES AND REGULATIONS

2.1 Undertaking of the Company

The Company undertakes to furnish Services in accordance with the terms and conditions set forth in this tariff.

2.2 Terms and Conditions

The Company shall have no responsibility with respect to billings, charges, or disputes related to Services used by the Customer which are not included in the Services herein including, without limitation, any local, regional or long distance services not offered by the Company. The Customer shall be fully responsible for the payment of any bills for such services and for the resolution of any disputed or discrepancies with the appropriate service provider.

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SECTION 2. RULES AND REGULATIONS

2.3 Application for Service

Customers desiring to obtain Service must submit Service Orders in the form and format specified by Company.

2.3.1 Cancellation of Application for Service

If a Customer cancels a Service Order after Company has commenced installation of Service, a cancellation charge may apply.

2.3.2 Cancellation of Service

Subject to cancellation charges referenced herein, the Customer may have Service discontinued upon thirty (30) days' written notice to the Company. The Company shall hold the Customer responsible for payment of all bills for Service furnished until the effective cancellation of Service. As specified in 2.10.2 below, a termination charge may apply to early cancellation of a Term Agreement.

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SECTION 2. RULES AND REGULATIONS

2.4 Assignment or Transfer

All Service provided under this tariff is directly or indirectly controlled by the Company and the Customer may not transfer or assign the use of Service (except in the case of a merger or sale of substantially all the assets of Customer) without the express prior written consent of the Company, and then only when such transfer or assignment can be accomplished without interruption of the use or change in the location of Service. All terms and conditions contained in this tariff shall apply to any and all such transferees or assignees. The Customer shall, unless otherwise expressly agreed by the Company in writing, remain liable for the payment of all charges due under this tariff or any applicable agreements.

2.5 Contracts

Company may also offer interstate exchange access services on a non-tariffed, contractual basis. The terms and conditions of this tariff do not apply to such contractual services, except to the extent expressly incorporated into a contract.

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SECTION 2. RULES AND REGULATIONS

2.6 Deposits

A. The Company may, in order to safeguard its interests, require any Customer to make a deposit prior to or at any time after Service is provided to the Customer, to be held by the Company as a guarantee of the payment of rates and charges.

B. A deposit may not exceed: (i) the actual or estimated rates and charges, including non-recurring charges, for the Service for a two month period; or (ii) the charges that would apply for the minimum period for a Service which has a minimum term of more than one month, plus any applicable termination charge. The fact that a deposit has been made in no way relieves the customer from complying with the Company's requirement as to the prompt payment of bills.

C. At such time as the provision of the Service to the Customer is terminated, the amount of the deposit will be credited to the Customer's account and any credit balance which may remain will be refunded.

D. In case of a cash deposit, for the period the deposit is held by the Company, simple annual interest will be applied to the deposit for the number of days from the date the Customer deposit is received by the Company to and including the date such deposit is credited to the Customer's account or the date the deposit is refunded by the Company.

E. If at any time the amount of a deposit is less than required to meet the requirements specified above, the Customer shall be required to pay an additional deposit upon request.

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SECTION 2. RULES AND REGULATIONS

2.7 Notices

Any notice Company may give to a Customer shall be deemed properly given when delivered, if delivered in person, or when sent via facsimile, electronic mail or when deposited with the U.S. Postal Service or other express delivery service.

2.8 Payment and Rendering of Bills

A. The Company shall bill all charges incurred by and credits due to the Customer. The Customer may choose to receive bills in either paper or electronic format. Such bills are due within thirty (30) days after the date of issuance thereof, regardless of the media utilized. The Company shall bill in advance charges for all Services to be provided during the ensuing billing period except for charges associated with Service usage. Adjustments for the quantities of Service established or discontinued in any billing period beyond the minimum period will be prorated to the number of days based on a 30 day month. The Company will, upon request and if available, furnish such detailed information as may reasonably be required for verification of the bill.

B. The Company shall bill for all Services rendered within 90 days of when those Services are provided.

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SECTION 2. RULES AND REGULATIONS

2.8 Payment and Rendering of Bills (Continued)

C. All bills for Service provided to the customer by the Company are due thirty (30) days from the date of issuance of the bill. If any portion of the payment is received by the Company after the payment due date as set forth above, or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due the Company. The late payment penalty shall be a portion of the payment not received by the payment due date times a late factor. The late factor shall be 1.5% per month (0.049315% per day) or 18% annually, or the highest rate allowed by law, whichever is the lesser. The late factor will be applied for the number of days from the payment due date to and including the date that the Customer makes the late payment funds immediately available to the Company.

D. Customer shall be responsible for payment of all sales, use, gross receipts, excise, access, bypass, franchise or other local, state and Federal taxes, fees, charges, or surcharges, however designated, imposed on or based upon the provision, sale or use of the Services rendered by Company, (excepting Company's income taxes). Such taxes shall be separately stated on the Customer's invoice.

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SECTION 2. RULES AND REGULATIONS

2.9 Disputed Bills

In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must pay the undisputed portion of the invoice in full and submit a documented claim for the disputed amount. The Customer shall submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 60 days of receipt of billing for those Services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter. Unless disputed, the invoice shall be deemed to be correct and payable in full by Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may file a complaint with this Commission.

If the dispute is resolved in favor of the Customer and the Customer has withheld the disputed amount, no interest or penalties will apply.

SECTION 2. RULES AND REGULATIONS

2.10 Discontinuance and Restoration of Service

2.10.1 Cancellation by the Company

A. For Nonpayment: The Company may, upon ten (10) days written notice to the Customer, discontinue Service or cancel an application for Service without incurring any liability when there is an unpaid balance for Service that is overdue.

B. For Returned Checks: A Customer whose check or draft is returned unpaid for any reason shall be subject to discontinuance of Service in the same manner as provided for nonpayment of overdue charges.

C. For any violation of law or rules: A Customer shall be subject to discontinuance of Service, without notice, for any violation of any law, rule, regulation or policy of any government authority having jurisdiction over Service, or by reason of any order or decision of a court or other government authority having jurisdiction which prohibits the Company from furnishing such Service.

D. For the Company to comply with any order or request of any governmental authority having jurisdiction: The Customer shall be subject to discontinuance of Service, without notice, for the Company to comply with any order or request of any governmental authority having jurisdiction.

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SECTION 2. RULES AND REGULATIONS

2.10 Discontinuance and Restoration of Service (cont'd)

2.10.1 Cancellation by the Company (cont'd)

E. For Other Causes: A Customer shall be subject to discontinuance of Service, without notice, in the event of suspected fraud or other unlawful use of the Service, or fraud or misrepresentation in any submission of information required in a Service Order or any other information submitted to Company.

F. For any Customer filing of bankruptcy or reorganization or failing to discharge an involuntary petition therefor within the time permitted by law: The Company may immediately discontinue or suspend Service under this tariff without incurring any liability.

2.10.2 Cancellation of Term Agreement

Upon the cancellation of Service provided under a Term Agreement, an early termination charge may apply.

2.10.3 Resumption of Service

If Service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes it continued, Service shall, at the Company's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected to the satisfaction of Company in Company's sole and absolute discretion and Customer pays a deposit at Company's discretion. All applicable nonrecurring charges shall apply when Services are restored.

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SECTION 2. RULES AND REGULATIONS

2.11 Information to be Provided to the Public

The Company will use reasonable efforts to advise Customers who may be affected of new, revised or optional rates applicable to their Service.

2.12 [Intentionally left blank]

2.13 Credit Allowance for Interruptions

A credit allowance will be given on a per line basis for service interruptions, defined as any period during which any line subscribed to by the Customer hereunder and/or, if applicable, Company-provided equipment attached thereto is out of service, except as specified below. Out of service conditions are defined as complete loss of data transmission capability. Credit allowances, if any, shall be deducted from the charges payable by the Customer hereunder and shall be expressly indicated on the next bill to the Customer. An interruption period begins the earlier of when the Customer reports a malfunction in Service to the Company or Company becomes independently aware of such malfunction. A malfunction period ends when the affected line and/or associated equipment is fully operative.

A. Credit allowances do not apply to interruptions:

1) caused by the Customer, any End User or any third party;

2) due to failure of power or equipment provided by the Customer or others;

3) during any period in which the Company is not given access to the Premises;

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SECTION 2. RULES AND REGULATIONS

2.13 Credit Allowance for Interruptions (Continued)

4) due to scheduled maintenance and repair; or

5) due to Acts of God or other events listed in section 2.19(C) below.

B. Interruption of Twenty-Four (24) Hour or Less - Portion of Daily Per-Line Charge

Length of Service Interruption	Credit
-Less than 4 hours	None
-4 hours up to but not including 8 hours	1/3 of day
-8 hours up to but not including 12 hours	1/2 of day
-12 hours up to but not including 16 hours	2/3 of day
-16 hours up to 24 hours	one day

Two or more Service interruptions of the same type to the same line/equipment of two (2) hours or more during any one twenty-four (24) hour period shall be considered as one interruption. In no event shall such interruption credits for any one line/equipment exceed one (1) day's fixed recurring charges for such line/equipment in any twenty-four (24) hour period.

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SECTION 2. RULES AND REGULATIONS

2.13 Credit Allowance for Interruptions (Continued)

C. Interruptions over Twenty-Four (24) Hours

Service interruptions over twenty-four (24) hours will be credited four (4) hours for each four (4) hour period or fraction thereof. No more than one (1) full day's credit will be allowed for any period of twenty-four hours.

SECTION 2. RULES AND REGULATIONS

2.14 Service Connections

A. All Service along the facilities between the point identified as the Company's origination point and the point identified as the Company's termination point will be furnished by the Company, its agents or contractors.

B. Customer shall allow Company continuous access and right-of-way to both Customer and End User Premises to the extent reasonably determined by the Company to be appropriate to the provision and maintenance of Services, equipment, facilities and systems relating to this tariff.

C. The Company may undertake to use reasonable efforts to make available Services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing Service to any Customer.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (cont'd)

D. The Company undertakes to use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer or End User. Neither the Customer or the End User may, nor permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise tamper with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.

E. Title to all facilities (except such equipment and/or facilities as are sold to or independently provided by a Customer or End User), including terminal equipment, shall remain with the Company. The operating personnel and the electric power consumed by such equipment on the Premises of Customer or End User shall be provided by and maintained at the expense of the Customer.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (Continued)

F. Equipment the Company provides or installs at the Customer's or End User's Premises for use in connection with the Services shall not be used for any purpose other than that for which the Company provided it.

G. The Company shall not be responsible for the operation or maintenance of any Customer or End User provided communications equipment. The Company may install certain Customer or End User provided communications equipment upon installation of Service; unless otherwise agreed by the Company in writing, Company shall not thereafter be responsible for the operation or maintenance of such equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities; subject to this responsibility the Company shall not be responsible for:

1) The proper origination of signals by Customer provided equipment or for the quality, or defects in, such signals; or

2) The reception of signals by Customer provided equipment.

H. The Customer shall be responsible for the payment of service charges for visits by the Company's agents or employees to the Premises when the Service difficulty or trouble report results from the improper or inappropriate use of equipment or facilities by the Customer or End User.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (Continued)

I. In the event Company places Company equipment on Customers' premises for the purpose of furnishing service under this agreement, unless otherwise stipulated, Company is solely responsible for operating and maintaining such equipment. In the event that Customer attempts to operate or maintain any such equipment without first obtaining Company's written approval, in addition to any other remedies of Company for a breach by Customer of Customer's obligations hereunder, Customer shall pay Company for any damage to Company's equipment caused or related to such unauthorized operation or maintenance of Company's equipment upon receipt by Customer of a Company invoice therefor. In no event shall Company be liable to Customer, End User or any other person for interruption of the Service or for any other loss, cost or damage caused or related to Customer's improper or inappropriate use of Company-provided equipment.

J. Customer agrees to allow Company to remove all Company-provided equipment from Customer or End User's premises:

1) upon termination, interruption or suspension of the Service in connection with which the equipment was used; and

2) for repair, replacement or otherwise as Company may determine is necessary or desirable.

K. At the time of such removal, such equipment shall be in the same condition as when delivered to Customer or installed in Customer or End User's premises, normal wear and tear only excepted. Customer shall reimburse Company for the unamortized cost of any such equipment in the event the foregoing conditions are not met.

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SECTION 2. RULES AND REGULATIONS

2.14 Service Connections (Continued)

L. The Customer or End User is responsible for ensuring that Customer- or End User-provided equipment connected to Company equipment and facilities is compatible with such Company equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company provided equipment and wiring or injury to the Company's employees or to other persons. Customer will submit to Company a complete manufacturer's specification sheet for each item of equipment that is not provided by the Company and which shall be attached to the Company's facilities. The Company shall approve the use of such item(s) of equipment unless such item is technically incompatible with Company's facilities. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

M. Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Service, and the channels, facilities, or equipment of others shall be provided at the Customer's expense.

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SECTION 2. RULES AND REGULATIONS

2.15 Limitation of Service Equipment or Facilities

A. Service is offered subject to the provisions of this tariff and the availability of the necessary facilities and/or equipment, and is limited to the ongoing availability and capacity of the Customer's facilities as well as the facilities the Company may require from other carriers to furnish Service. The Company may decline Service Orders to or from a location where, in the Company's sole discretion, the necessary facilities or equipment are not available. The Company may discontinue furnishing Service in accordance with the terms of this tariff.

B. The Company reserves the right to discontinue or limit Service when necessitated by conditions beyond its control, or when Service is used in violation of provisions of this tariff or the law.

C. The Company does not undertake to transmit messages, but offers the use of its Service when available, and, as more fully set forth elsewhere in this tariff, shall not be liable for errors in transmission or for failure to establish connections.

D. The Company reserves the right to discontinue Service, limit Service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing Service, as determined by the Company in its reasonable judgment.

E. The furnishing of Service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities, as well as facilities the Company may obtain from other carriers to furnish Service from time to time as required at the sole discretion of the Company.

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SECTION 2. RULES AND REGULATIONS

2.16 Prohibited Uses

A. The Services of the Company shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all governmental approvals, authorizations, licenses, consents and permits, required to be obtained by the Customer with respect thereto.

B. The Company may require applicants for Service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company offerings complies with relevant laws and the Commission's regulations, policies, orders, and decisions.

C. The Company may, without obtaining any further consent from the Customer, assign any rights, privileges, or obligations under this tariff. The Customer or End User may not assign, transfer in any manner the Service or any rights associated with the Service without the written consent of the Company.

D. The Company may require a Customer to immediately shut down its transmission of signals if Company concludes, in its sole discretion, that such transmission is causing interference to others.

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SECTION 2. RULES AND REGULATIONS

2.16 Prohibited Uses (cont'd)

E. The Customer may not use the Services so as to interfere with or impair Service over any facilities and associated equipment, or so as to impair the privacy of any communications over such facilities and associated equipment.

F. A Customer or End User shall not represent that its services are provided by the Company, or otherwise indicate to its Customers that its provision of Services is jointly with the Company, without the prior written consent of the Company. The relationship between the Company and Customer shall not be that of partners or agents for one or the other, and shall not be deemed to constitute a partnership or agency agreement.

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SECTION 2. RULES AND REGULATIONS

2.17 Non-Routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

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SECTION 2. RULES AND REGULATIONS

2.18 Obligations of the Customer

The Customer (or the End User, as the case may be) shall be responsible for:

A. The payment of all charges applicable to the Services.

B. Damage or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer or End User or the non-compliance by the Customer or End User with the provisions of this tariff; or by fire or theft or other casualty on the premises of the Customer or End User unless caused by the negligence or willful misconduct of the employees or agents of the Company;

C. Providing as specified from time to time by the Company any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the Premises, and providing the level of power, heating and air conditioning necessary to maintain the proper environment on such Premises;

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SECTION 2. RULES AND REGULATIONS

2.18 Obligations of the Customer (Continued)

D. Obtaining, maintaining, and otherwise having full responsibility for rights of way necessary to install equipment to provide Service to the Customer or End User from the minimum point of entry or the property line of the land on which the structure wherein any termination point or origination point used by the Customer or End User is placed or located, whichever is applicable, through the point of entry into the structure, throughout the structure, to the location of the equipment space. Any and all costs associated with the obtaining and maintaining of the rights of way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting a Service Order.

E. Providing a safe place to work and complying with all laws and regulations regarding the working conditions on the Premises. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury to Company employees or property might result from installation or maintenance by the Company.

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SECTION 2. RULES AND REGULATIONS

2.18 Obligations of the Customer (Continued)

F. Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Premises or the rights-of-way for which the Customer is responsible, and obtaining permission for Company agents or employees to enter the Premises at any reasonable hour for the purpose of installing, inspecting, repairing, or, upon termination of Service as stated herein, removing the facilities or equipment of the Company;

G. Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which Service is interrupted for such purposes.

H. Keeping the Company's equipment and facilities located on the Customer's premises or rights-of-way obtained by the Customer free and clear of any liens or encumbrances relating to the Customer's use of the Company's Services or from the locations of such equipment and facilities.

I. Providing, operating and maintaining Customer provided or End User equipment on the Premises. Conformance of Customer provided or End User premises equipment with part 68 of the FCC Rules is the responsibility of the Customer.

SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company

A. Because the Customer has exclusive control of its communications over the services furnished by the Company, and because interruptions and errors incident to these services are unavoidable, the Services the Company furnishes are subject to the terms, conditions, and limitations specified in this tariff and to such particular terms, conditions, and limitations as set forth in the special regulations applicable to the particular Services and facilities furnished under this tariff.

B. The liability of the Company for damages arising out of the furnishing of these Services, including but not limited to mistakes, omissions, interruptions, delays, tortious conduct or errors, or other defects, representations, or use of these Services or arising out of the failure to furnish the Service, whether caused by acts of commission or omission, shall be limited to the extension of allowances for interruption. The extension of such allowances for interruption shall be the sole remedy of the Customer or End User and the sole liability of the Company. The Company will not be liable for any special, consequential, exemplary or punitive damages a Customer may suffer, whether or not caused by the intentional acts or omissions or negligence of the Company's employees or agents.

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SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company (Continued)

C. The Company shall not be liable for, nor shall any Service Credits be extended for, any failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or any civil or military authority, national emergencies, insurrections, riots, wars, unavailability of rights-of-way or materials, or strikes, lock-outs, work stoppages, or other labor difficulties.

D. The Company shall not be liable for any act or omission by any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the Services the Company offers.

E. The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

F. Company shall not be liable for the claims of vendors supplying equipment to Customers of the Company which may be installed at premises of the Company, nor shall the Company be liable for the performance of any such vendor or vendor's equipment.

SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company (Continued)

G. The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.

H. The Company is not liable for any defacement of or damage to the Premises resulting from the furnishing of Services, equipment, or associated wiring on such Premises or the installation or removal thereof, except where such defacement or damage is the result of negligence or willful misconduct on the part of the agents or employees of the Company.

I. The Company shall not be liable for any damages resulting from delays in meeting any Service dates.

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SECTION 2. RULES AND REGULATIONS

2.19 Liability of the Company (Continued)

K. The Company shall not be liable for any damages whatsoever associated with service, facilities, or equipment which the Company does not furnish or for any act or omission of Customer or any other entity furnishing services, facilities or equipment used for or in conjunction with Service.

L. THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OF IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OF OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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SECTION 2. RULES AND REGULATIONS

2.20 Indemnification

The Customer and any End User, jointly and severally, shall indemnify, defend and hold the Company harmless from claims, loss, damage, expense (including attorney's fees and court costs), or liability (including liability for patent infringement) arising from: (1) any claims made against Company by any End User in connection with the delivery or consumption of Services; (2) combining with, or using in connection with facilities the Company furnished, facilities the Customer or End User furnished; or (3) use of facilities the Company furnished in a manner the Company did not contemplate and over which the Company exercises no control. In the event that any infringing use is enjoined, the Customer, at its option and expense, may obtain immediately a dismissal or stay of such injunction, obtain a license or other agreement so as to extinguish the claim of infringement, terminate the claimed infringing use, or modify such combination so as to avoid any such infringement. In addition and without limitation, the Customer and any End Users shall defend, on behalf of the Company and upon request by the Company, any suit brought or claim asserted against the Company for any such claims.

SECTION 2. RULES AND REGULATIONS

2.21 Maintenance and Testing

A. Upon suitable notice, the Company may make such tests, adjustments, and inspections as may be necessary to maintain the Company's facilities in satisfactory operating condition. No interruption allowance will be credited to the Customer for the period during which the Company makes such tests, adjustments, or inspections.

B. Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer or End User is complying with the requirements set forth above for the installation, operation, and maintenance of Customer provided facilities, equipment, and wiring in the connection of Customer provided facilities and equipment to Company-owned facilities and equipment. If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten (10) days of receiving this notice, the Customer must take such action. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of Service, to protect its facilities, equipment, and personnel from harm.

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SECTION 2. RULES AND REGULATIONS

2.22 Determination of Jurisdiction of Mixed Interstate and Intrastate Service

When mixed interstate and intrastate Service is provided over a dedicated facility, the jurisdiction will be determined as follows:

1. If the Customer's estimate of the interstate traffic on the Service equals 10% or more of the total traffic on that Service, the Service will be provided according to the applicable rules and regulations of the Company's interstate tariff, FCC No. 1, Access Services.

2. If the Customer's estimate of the interstate traffic on the Service is less than 10% of the total traffic on that Service, the Service will be provided according to the applicable rules and regulations of the appropriate intrastate tariff.

3. If the jurisdiction of interstate traffic on the Service changes to the extent that it alters the jurisdiction of the Service, the Customer must notify the Company of any required change in status. The affected Service will revert to the appropriate jurisdictional tariff within the next full billing cycle. No retroactive rate adjustments will apply to the period prior to the change in the Company's records. Any applicable Term Agreement will be transferred with the jurisdictional change.

SECTION 3. DESCRIPTION OF SERVICES

The Company provides data transport between End Users and its Customers using a variety of digital transmission technologies, over the Company's own facilities and/or facilities of other carriers.

Depending on distance from the Company's facilities, Services may not be available to all customers. Special construction charges may apply in each case. Company's Services are data services only and will not be accompanied by 411, 911, or other voice services. In addition to the charges specified for each Service, additional charges may apply for transfers of data per month, at certain times in excess of certain thresholds, or for certain billing, monitoring or other services. Other services may be provided by the Company on an Individual Case Basis, depending on such factors as length of loops involved, quality of loops and other factors.

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SECTION 4. RATES AND CHARGES

4.1 Local Loop (per month)

144 IDSL	$75
160 kbps	$75
200 kbps	$90
416 kbps	$125
784 kbps	$165
1040 kbps	$199
1.54Mbps	$250

4.2 Interconnection – Per DS-3 Port, Per Month

Time from interconnection	**With NorthPoint-provided DS-3 Link (up to 25 miles)**
First Month	$1,000
Second Month	$2,000
Third Month	$3,000
Fourth month and after	$4,000
	Note: DS-3 links of more than 25 miles will be priced on an ICB basis

4.3 Standard Installation

Number of Installs	**Per Install**
First 50 (within first three months)2	Free
Additional Installs	$269*

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4.4 Non-Recurring Charges

Non-Standard installation (materials extra)	$269.00 + 80*/hour after 2nd
Reschedule visit due to lack of access	$90.00*
Standard Inside Move	$185.00*
Non-standard Inside Move (materials extra)	$185.00* +$80*/hour after 2nd
Outside Move	Same charges as for installation
Cancellation of Order	$50.00
Cancellation of Order	$150.00
Site Survey (on request)	$90.00*
Speed Change	$100.00
Inside Wire Repair (materials extra)	$90.00* + $80*/hour after 1st
Facilities Management riser connection	$199.00

1 If this speed cannot be delivered due to reach or other factors, we will attempt to establish a connection at 320 kbps. The pricing for this speed is $115.

2 After 3 months, all installs will be billed at the "Additional Installs" rate.

3 With the exception of the first month, charge is not prorated and applies to the entire billing period.

* Price is for jobs started and completed between 8AM and 6PM on weekdays. A 25% surcharge applies for evenings and Saturdays, and a 50% surcharge for Sundays and Holidays. Does not include any applicable loop conditioning charges imposed by the incumbent local exchange carrier.

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VERIFICATION

VERIFICATION

On behalf of NorthPoint Communications, Inc., Applicant for a Certificate of Convenience and Necessity for Authority to Provide Competing Telecommunications Service in the State of Tennessee, I Glenn A. Harris, depose and state that I am Assistant General Counsel for NorthPoint Communications, Inc.; that I have read the foregoing application and exhibits and know the contents thereof; that I am authorized by NorthPoint Communications, Inc. to verify the aforementioned application; and do hereby verify that the information contained therein is true to the best of my knowledge, information and belief.

Subscribed and sworn to before me, this 18th day of January, 2000.

Notary Public

BRITTANY W[illegible]
Commission # 119[illegible]54
Notary Public - California
San Francisco County
My Comm. Expires Jul 26, 2002

My Commission expires on July 26, 2002

SERVICE LIST

NOTICE

TO: All Carriers on the List of Incumbent Telecommunications Carriers in the State of Tennessee

RE: Notice of the Application of NorthPoint Communications, Inc. for a Certificate of Convenience and Necessity to Provide Competing Telecommunications Services.

You are hereby notified that on the 21st day of January, 2000, NorthPoint Communications, Inc. filed an Application for a Certificate of Convenience and Necessity to Provide Competing Telecommunications Services within the State of Tennessee with the Tennessee Regulatory Authority.

Copies of the Application may be obtained by contacting the Tennessee Regulatory Authority, or by contacting NorthPoint Communications, Inc.'s counsel at the address listed below.

Jeffrey J. Heins, Esq.
Piper Marbury Rudnick & Wolfe LLP
1200 19th Street, NW
Washington, D.C. 20036-2412
(202) 861-3417

Certificate of Service

I, Jeffrey J. Heins, do hereby affirm that the attached Notice of the Application of NorthPoint Communications, Inc. for a Certificate of Convenience and Necessity to Provide Competing Telecommunications Services was served on the attached list of incumbent telecommunications carriers in the State of Tennessee.

Jeffrey J. Heins

Jeffrey J. Heins

Dated: January 21st, 2000.

WASH1:251348:1:1/21/00
1-40

Incumbent Local Exchange Service Providers
Certificated In Tennessee
(Facilities-based)

1) **Ardmore Telephone Company, Inc.**
P.O. Box 549
517 Ardmore Avenue
Ardmore, TN 38449
(205) 423-2131
(205) 423-2208 (Fax)

2) **BellSouth**
333 Commerce Street
Nashville, TN 37201-3300
(615) 214-3800
(615) 214-8820 (Fax)

3) **Century Telephone of Adamsville**
P.O. Box 405
116 N. Oak Street
Adamsville, TN 38310
(901) 632-3311
(901) 632-0232 (Fax)

4) **Century Telephone of Claiborne**
P.O. Box 100
507 Main Street
New Tazewell, TN 37825
(423) 626-4242
(423) 626-5224 (Fax)

5) **Century Telephone of Ooltewah-Collegedale, Inc.**
P.O. Box 782
5616 Main Street
Ooltewah, TN 37363
(423) 238-4102
(423) 238-5699 (Fax)

6) **Citizens Communications Company OF TENNESSEE**
P.O. Box 770
300 Bland Street
Bluefield, WV 24701

7) **CITIZENS COMMUNICATIONS COMPANY OF THE VOLUNTEER STATE**
P.O. Box 770
300 Bland Street
Bluefield, WV 24701

8) **LORETTO TELEPHONE COMPANY, INC.**
P.O. Box 130
Loretto, TN 38469
(931) 853-4351
(931) 853-4329 (Fax)

9) **MILLINGTON TELEPHONE COMPANY, INC.**
4880 Navy Road
Millington, TN 38053
(901) 872-3311
(901) 873-0022 (Fax)

*10) **SPRINT-UNITED**
112 Sixth Street
Bristol, TN 37620
(423) 968-8161
(423) 968-3148 (Fax)

11) **TDS TELECOM-CONCORD TELEPHONE EXCHANGE, INC.**
P.O. Box 22610
701 Concord Road
Knoxville, TN 37933-0610
(423) 966-5828
(423) 966-9000 (Fax)

12) **TDS TELECOM-HUMPHREYS COUNTY TELEPHONE COMPANY**
P.O. Box 552
203 Long Street
New Johnsonville, TN 37134-0552
(931) 535-2200
(931) 535-3309 (Fax)

13) **TDS TELECOM-TELLICO TELEPHONE COMPANY, INC.**
P.O. Box 9
102 Spence Street
Tellico Plains, TN 37385-0009
(423) 671-4600
(423) 253-7080 (Fax)

14) **TDS TELECOM-TENNESSEE TELEPHONE COMPANY**
P.O. Box 18139
Knoxville, TN 37928-2139
(423) 922-3535
(423) 922-9515 (Fax)

15) **TEC-CROCKETT TELEPHONE COMPANY, INC.**
P.O. Box 7
Friendship, TN 38034
(901) 677-8181

16) **TEC-PEOPLE'S TELEPHONE COMPANY, INC.**
P.O. Box 310
Erin, TN 37061
(931) 289-4221
(931) 289-4220 (Fax)

17) **TEC-WEST TENNESSEE TELEPHONE COMPANY, INC.**
P.O. Box 10
244 E. Main Street
Bradford, TN 38316
(901) 742-2211
(901) 742-2212 (Fax)

18) **UNITED TELEPHONE COMPANY**
P.O. Box 38
120 Taylor Street
Chapel Hill, TN 37034
(931) 364-2289
(931) 364-7202 (Fax)