

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re: : Chapter 11
 :
RCN CORPORATION, et al., : Case No. 04-13638 (RDD)
 :
 :
Debtors. : (Jointly Administered)
-----X

**ORDER AUTHORIZING AND APPROVING THE RETENTION OF CAPITAL &
TECHNOLOGY ADVISORS LLC AS INDUSTRY AND TECHNOLOGY
ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
EFFECTIVE AS OF JUNE 14, 2004 PURSUANT TO SECTIONS 328 AND 1103 OF
THE BANKRUPTCY CODE AND FED.R. BANKR. P. 2014 AND 5002**

This matter having come before the Court on the application pursuant to Sections 328(a) and 1103(a) of the Bankruptcy Code (the "Application") of the Official Committee of Unsecured Creditors (the "Committee") of RCN Corporation and its affiliated debtors and debtors-in-possession in the above-captioned cases (collectively, "RCN" or "Debtors") for an Order Authorizing the Retention of Capital & Technology Advisors LLC ("C&TA") to provide industry and technology consulting services to it in these cases effective as of June 14, 2004, and upon the affidavit on of Wayne Barr, Jr. (the "Barr Affidavit"), the Managing Member of C&TA, dated June 29, 2004; and no objections having been filed with the Court or received by Counsel for the Committee; and the Court finding that (a) the Court had jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. §157(b)(2) and (c) notice of the Application and this Order was sufficient under the circumstances; and the Court having determined that the legal and factual bases set forth in the Application and the Barr Affidavit establish just cause for the relief granted herein;

THE COURT HEREBY FINDS THAT:

A. The Application and the Barr Affidavit are in full compliance with all applicable provisions of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code");

the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); the Local Rules of this Court (the "Local Rules"); and the United States Trustee Guidelines (the "Guidelines").

B. C&TA does not hold or represent any interest adverse to the Committee as required by section 1103 of the Bankruptcy Code.

C. The Committee's retention of C&TA in accordance with the Application is in the best interests of the Debtors and their estates and creditors and it appearing that notice of the Application has been given to the Office of the United States Trustee, counsel to the Debtors, the Debtors' pre-petition senior secured lender, the Debtors' pre-petition junior secured lender, the indenture trustee of the RCN Senior Notes, other parties-in-interest and those entities filing notices of appearance pursuant to Bankruptcy Rule 2002 and that no further notice need be given; and the Court being satisfied based upon the representations made in the Application and Barr Affidavit that (a) the employment of C&TA is necessary and in the best interest of the Debtors' estate and creditors; (b) C&TA serves no interest adverse to the Debtors and their estate or the Committee and (c) C&TA is a "disinterested person" as that term is defined in Section 101(14) of the Bankruptcy Code as modified by Bankruptcy Code § 1107(b).

D. No objections to the Application were filed with the Court or received by counsel for the Committee.

After due deliberation, and sufficient cause appearing therefore IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED in its entirety.
2. That the Committee be, and it hereby is, authorized to retain C&TA under general retainer, effective as of June 14, 2004 to provide industry and technology advisory services to it in these chapter 11 cases.
3. That the Office of the United States Trustee (the "UST") retains the right to

object to any interim or final fee application filed by C&TA (including any request for reimbursement of expenses) on any ground provided for under the Bankruptcy Code (including, without limitation, sections 327, 328, 330, and 331 thereof), the Bankruptcy Rules, or any Local Rules or Orders of this Court.

4. That the Debtors' indemnification of C&TA as set forth on Schedule II of the Barr Affidavit is approved (the 'C&TA Indemnification'), subject to the following conditions:

(a) all requests of C&TA for payment of indemnity, contribution or otherwise pursuant to the C&TA Indemnification shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the C&TA Indemnification and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; provided, however, that in no event shall C&TA be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct, and

(b) in no event shall C&TA be indemnified if the Debtors or a representative of the Debtors' estates, asserts a claim for, and a court determines by final order that such claim arose out of, C&TA's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct, and

(c) in the event that C&TA seeks reimbursement for attorneys' fees from the Debtors pursuant to the indemnification as set forth in the C&TA Indemnification, the invoices and supporting time records from such attorneys shall be included in C&TA's own applications (both interim and final) and such invoices and time records shall be subject to the UST's guidelines for compensation and reimbursement of expenses and the approval of this Court under the standards of Bankruptcy Code sections 330 and 331 without regard to whether such attorneys' services satisfy Bankruptcy Code section 330(a)(3)(C).

5. That C&TA shall be compensated in accordance with the procedures set forth in the Application, Section 331 of the Bankruptcy Code, such Bankruptcy Rules as may then be applicable and any procedures established by orders of this Court.

6. That the compensation described in the Application is reasonable pursuant to Section 328(a) of the Bankruptcy Code, and is approved pursuant to Section 328(a).

7. That the requirement that detailed time records be kept on a “project category” basis, is hereby waived in connection with any applications for compensation and reimbursement of expenses that may be filed by C&TA in connection with these chapter 11 cases.

Dated: New York, New York
July 26, 2004

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE