



ORDERED, ADJUDGED and DECREED that:

1. The Application, as modified herein, is GRANTED on a final basis.

2. Pursuant to Bankruptcy Code sections 327 and 328 and Fed. R. Bankr. P. 2014 and 2016, the Debtors, as debtors-in-possession, are hereby authorized to retain Blackstone as their financial advisor, effective as of the Petition Date, in accordance with the Application (as modified herein) and this Final Order, and Blackstone is authorized to perform the services described therein.

3. Blackstone shall be compensated in accordance with the Application ( as modified herein), subject to applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules for the Southern District of New York, guidelines established by this Court, the United States Trustee Fee Guidelines, and the orders of this Court, except that Blackstone will not be required to maintain time records in accordance with the United States Trustee Guidelines, provided, however, that in its fee applications filed with this Court, Blackstone shall present descriptions of those services provided on behalf of the Debtors, the approximate time expended in providing those services and the individuals who provided professional services on behalf of the Debtors. Blackstone shall otherwise comply with, and be entitled to the benefits of, the Administrative Order under 11 U.S.C. §§ 105 and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated June 22, 2004 (the "Fee Order").

4. The Monthly Fee shall be \$200,000 for the months from and including June, 2004 through and including November, 2004 (the "Initial Monthly Fee") and shall be \$100,000 for each month thereafter (the "Final Monthly Fee"), provided however, that

Blackstone may seek by application to this Court to increase the amount of the Final Monthly Fee in the event of a significant change in the services to be provided in these cases. There shall be no presumptions created by this order to either grant or deny such application to increase the Final Monthly Fee, and all objections of the United States Trustee and all parties in interest are preserved until such time. The Initial Monthly Fee and the Final Monthly Fee are collectively referred to herein as the "Monthly Fee."

5. Under all circumstances and notwithstanding any claim under the Blackstone engagement letter for a higher fee, the Restructuring Fee and the Transaction Fee (collectively, the "Restructuring Fees") shall be \$7.8 million in the aggregate and be deemed earned (and not subject to review other than under the provisions of paragraph 7 below) upon the earlier of (x) a sale or sales of all or substantially all of the assets of the Debtors as a going concern or (y) upon the substantial consummation of a plan or plans of reorganization, as the case may be, for each of the Debtors; provided that no Restructuring Fees shall be payable (A) prior to (but shall be paid on) the earlier of (I) substantial consummation of a plan or plans of reorganization, as the case may be, for each of the Debtors and (II) the making of the initial distributions with respect to any of the Debtors under Section 726 of the Bankruptcy Code or (B) in the event of the liquidation, other than in a sale or sales as a going concern, of any entity or entities individually or collectively constituting 50% or more of the subscribers of the United States businesses of RCN Corporation and its direct and indirect subsidiaries (including for this purpose, subscribers at its United States joint venture affiliates but only to the extent of its percentage ownership or membership interest in such affiliate) as of the date

hereof. Other than the Monthly Fee and the Restructuring Fee, no other fees shall be paid to Blackstone.

6. Except as provided in the following paragraph and as otherwise modified herein, the terms of the Monthly Fee and the Restructuring Fees shall not hereafter be subject to challenge except under the standard of review set forth in Bankruptcy Code section 328(a), provided however that if Blackstone shall seek an increase in the Final Monthly Fee above \$100,000 or if Blackstone shall request payment of the Restructuring Fee following the termination of the engagement under either clauses (ii) or (iii) of paragraph 8 hereof, such request shall be subject to objection, review and approval under Bankruptcy Code section 330.

7. The United States Trustee retains all rights to object to Blackstone's interim and final fee applications (including expense reimbursement) including the Monthly Fee and Restructuring Fees on all grounds including, but not limited to, the reasonableness standard provided for in Bankruptcy Code section 330. All compensation and reimbursement of expenses to be paid to Blackstone shall be subject to prior approval of this Court in accordance with the requirements of Bankruptcy Code sections 330 and 331.

8. In addition to any termination rights or provisions in the Engagement Letter attached to the Application or in the Application, Blackstone's retention as financial advisor to the debtors in possession shall terminate if (i) the voluntary chapter 11 case or cases of any entity or entities individually or collectively constituting 50% or more of the subscribers of the United States businesses of RCN Corporation and its direct and indirect subsidiaries (including for this purpose, subscribers at its United States joint

venture affiliates but only to the extent of its percentage ownership or membership interest in such affiliate) as of the date hereof shall be dismissed without the consent of the Committee, (ii) a chapter 11 trustee with plenary powers for all or substantially all of the Debtors' estates shall be appointed, provided that any such trustee may elect to retain Blackstone on the same or different terms as his or her financial advisor and provided further that all rights of the Committee to object to such retention and all terms of such retention are reserved, or (iii) the chapter 11 case of any entity or entities individually or collectively constituting 50% or more of the subscribers of the United States businesses of RCN Corporation and its direct and indirect subsidiaries (including for this purpose, subscribers at its United States joint venture affiliates but only to the extent of its percentage ownership or membership interest in such affiliate) as of the date hereof shall be converted to a case or cases under chapter 7 of the Bankruptcy Code.

9. All requests of Blackstone for payment of indemnity pursuant to the Indemnification Agreement 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 Indemnification Agreement 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 Blackstone be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.

10. In no event shall Blackstone 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, Blackstone's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.

11. In the event that Blackstone seeks reimbursement for attorneys' fees from the Debtors pursuant to the Indemnification Agreement, the invoices and supporting time records from such attorneys shall be included in Blackstone's own applications (both interim and final) and such invoices and time records shall be subject to the United States Trustee'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 attorney has been retained under Bankruptcy Code section 327 and without regard to whether such attorneys' services satisfy Bankruptcy Code section 330(a)(3)(C).

12. The requirement of Local Bankr. R. 9013-1(b) that any motion filed shall be accompanied by a separate memorandum of law is satisfied by the Application.

Dated: New York, New York  
August 3, 2004

/s/ ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE