

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**INTERIM ORDER UNDER 11 U.S.C. § 363 AUTHORIZING RETENTION OF
AP SERVICES, LLC AS CRISIS MANAGERS FOR THE DEBTORS**

Upon the application ("the Application")¹ of the Debtors for entry of an order, under 11 U.S.C. § 363 authorizing the retention of AP Services, LLC ("APS") as crisis managers for the Debtors, effective as of the Petition Date, and scheduling a final hearing thereon; and the Court having reviewed the Application, the Horvat Affidavit and the Dubel Declaration, and the Court having determined that the relief requested in the Application is necessary and in the best interests of the Debtors, their estates, creditors, and other parties in interest; and it appearing that notice of the Application was good and sufficient under the particular circumstances and that no other or further notice need be given; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby

¹Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Application.

ORDERED, ADJUDGED and DECREED that:

1. The Application is GRANTED on an interim basis as provided herein.

2. Pursuant to Bankruptcy Code section 363, the Debtors, as debtors-in possession, are hereby authorized to retain APS as their crisis managers, effective as of the Petition Date, in accordance with the Application and this interim order, and APS is authorized to perform the services described therein, provided that:

(a) The definition, parameters, and size of any Contingent Success Fee shall be determined based on a reasonableness standard after application and notice to all the parties in interest and upon hearing before this Court, and all objections of the United States Trustee and all parties in interest are preserved until such time;

(b) APS shall not be entitled to receive a Contingent Success Fee to the extent it is terminated for actions constituting gross negligence or willful misconduct; and

(c) APS shall not be entitled to receive a Contingent Success Fee in the event the Debtors' cases are converted from cases under chapter 11 of the Bankruptcy Code to chapter 7 of the Bankruptcy Code, unless the chapter 7 trustee appointed after such conversion ratifies and/or continues the Engagement Letter.

3. APS shall be compensated in accordance with the Application and this order, 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, and the United States Trustee Fee Guidelines, and the orders of this Court.

4. Notwithstanding any other order, including those concerning the procedures for the payment of professionals, on a quarterly basis APS shall file a notice of compensation earned and expenses incurred for the previous quarter with the Court, and serve such notice on (i) RCN Corporation, Attention: General Counsel, 105 Carnegie Center, Princeton, New Jersey 08540 (ii) counsel to the Debtors, Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036-6522, Attention: Jay M. Goffman, Esq. (iii) counsel to all official committees at their addresses of record, and (iv) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Paul K. Schwartzberg, Esq. Such compensation and expenses shall be subject to Court review only in the event that an objection to the notice is filed within 20 days of service of such notice.

5. The Debtors shall serve a notice of the entry of this interim order substantially in the form attached hereto as Exhibit A (the "Notice") on (a) the Office of the United States Trustee for the Southern District of New York; (b) any committee appointed under Bankruptcy Code section 1102; (c) counsel for the Debtors' secured lenders (or agents in respect thereof, as the case may be); (d) holders of the 17 general unsecured

claims against the Debtors' estates; (e) the indenture trustees or transfer agents for any class or series of RCN common or preferred stock or any bonds or debentures of the Debtors; and (f) counsel to the unofficial committee of noteholders. Notice served pursuant to the preceding sentence shall be via first class mail, postage prepaid. No further notice of entry of this interim order need be served by the Debtors.

6. Objections, if any, to approval of the Application on a final basis must be in writing and timely filed in accordance with the requirements set forth in the Notice. If timely written objections are received there shall be a hearing held on June 22, 2004 at 10:00 a.m. to determine whether to approve, on a final basis, the retention of APS on the terms described in the Application.

7. If no written objections to APS' retention are timely filed, served and received in accordance with the Notice and this interim order, a final order will be submitted which will provide that the Application shall be granted in its entirety.

8. 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
June 3, 2004

/s/ ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE