

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
: RCN CORPORATION, et al., : Case No. 04-13638
: Debtors. : (Jointly Administered)
: :
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INTERIM ORDER UNDER 11 U.S.C. §§ 327 AND 328 AND FED. R. BANKR. P. 2014 AND 2016 (A) AUTHORIZING RETENTION OF THE BLACKSTONE GROUP L.P. AS FINANCIAL ADVISORS FOR THE DEBTORS AND (B) SCHEDULING FINAL HEARING THEREON

Upon the application (the "Application")¹ of the Debtors for entry of an order under 11 U.S.C. §§ 327 and 328, authorizing the retention of The Blackstone Group L.P. ("Blackstone") as financial advisors for the Debtors, as of the Petition Date, and scheduling a final hearing thereon; and the Court having reviewed the Application and the Coleman Declaration, and the Court being satisfied based on the representations made therein and at the interim hearing that Blackstone represents no interest adverse to the Debtors' estates, that it is a "disinterested person" as that term is defined in Bankruptcy Code section 101(14), as modified by Bankruptcy Code section 1107(b), and that its retention on an interim basis is in the best interests of the Debtors, their estates, creditors, and

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

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 therefor, it is hereby

ORDERED, ADJUDGED and DECREED that:

1. The Application is GRANTED as provided herein on an interim basis.
2. Pursuant to Bankruptcy Code sections 327 and 328, the Debtors, as debtors-in-possession, are hereby authorized to retain Blackstone as their financial advisors, effective as of the Petition Date, in accordance with the Application and this interim order, and Blackstone is authorized to perform the services described therein.
3. Blackstone shall be compensated in accordance with the Application, 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 file time records in accordance with the United States Trustee Guidelines. 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.

4. Prior to entry of an order approving the Application on a final basis, 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.

5. Without limiting the foregoing, the United States Trustee retains all rights to object to Blackstone's interim and final fee applications (including expense reimbursement) on all grounds including, but not limited to, the reasonableness standard provided for in Bankruptcy Code section 330.

6. 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.

7. 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.

8. 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).

9. This interim order shall remain in full force and effect until such time as the Court approves a final order.

10. 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.

11. 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 July 30, 2004 at 10:00 a.m. to determine whether to approve, on a final basis, the retention of Blackstone on the terms described in the Application.

12. If no written objections to Blackstone's 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.

13. 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

EXHIBIT A