

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
 : Case No. 04-13638 (RDD)
 RCN CORPORTION, et al., :
 : (Jointly Administered)
 Debtors. :
-----X
In re : Chapter 11
 : Case No. 04-15120 (RDD)
 RCN CABLE TV OF CHICAGO, INC. :
 :
 Debtor. :
----- X

**STIPULATION AND ORDER MODIFYING
THE AUTOMATIC STAY TO ALLOW
CONTINUATION OF APPEAL IN APPEAL NO. 03-3815**

WHEREAS, the City of Chicago (the "City") and RCN Cable TV of Chicago, Inc. ("RCN Chicago"), among others, are engaged in an appeal, Appeal No. 03-3815 (the "Appeal"), before the United States Court of Appeals for the Seventh Circuit;

WHEREAS, on August 5, 2004 (the "Petition Date"), RCN Chicago filed a voluntary petition for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York;

WHEREAS, the bankruptcy case of RCN Chicago has been consolidated, for administrative purposes only, with the bankruptcy cases of the debtors and debtors-in-possession in the above-captioned case;

WHEREAS, the Appeal has been fully briefed and is set for oral argument on September 14, 2004;

NOW THEREFORE, in consideration of the foregoing, the Debtors, the Official Committee of Unsecured Creditors of RCN Corporation and the City, through their undersigned counsel, hereby agree and stipulate, subject to the Court's approval, as follows:

1. The automatic stay imposed by Bankruptcy Code section 362 shall be modified, nunc pro tunc to the Petition Date, to permit the parties to prosecute or defend against or settle the Appeal, including, but not limited to, such actions as are necessary or appropriate to exercise their respective rights of appeal, until such rights have been exhausted, provided, however that the City may not enforce or execute against the Debtors upon any settlement or judgment entered by a court of competent jurisdiction or other disposition of the underlying action in the Appeal without further order of this Court.

2. Nothing stated herein shall affect the rights of the parties to prosecute or defend against the merits of any allegations that may be asserted in the Appeal, except as set forth in paragraph 1 of this Stipulation and Agreed Order.

3. This Stipulation and Agreed Order shall not be modified, altered, amended or vacated without the prior written consent of all parties hereto. No statement made or action taken in the negotiation of this Stipulation and Agreed Order may be used by any party for any purpose whatsoever.

4. Except as otherwise provided herein, the Automatic Stay shall remain in effect in all other respects with respect to the Appeal.

5. The parties hereto represent and warrant to each other that they are authorized to execute this Stipulation and Agreed Order; that each has full power and authority to enter into and perform in accordance with the terms of this Stipulation and Agreed Order; and that this Stipulation and Agreed Order is duly executed and delivered and constitutes a valid and binding agreement in accordance with its terms.

6. This Court shall retain jurisdiction over the parties hereto and this Stipulation and Agreed Order, including, without limitation, for the purposes of interpreting, implementing and enforcing its terms and conditions.

7. Nothing stated herein shall (a) affect the rights of the parties to prosecute or defend against or settle the merits of the allegations asserted in the Appeal and any subsequent appellate proceedings with respect to the Appeal; and (b) constitute an admission as to the merits of any arguments, procedurally or substantively, the parties may have with respect to the Appeal.

8. This Stipulation and Agreed Order is the entire agreement between the parties in respect of the subject matter hereof, and may be signed in counterpart originals.

/s/Robert D. Drain
Honorable Robert D. Drain
United States Bankruptcy Judge

Dated: New York, New York
September 16, 2004

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