

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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NOTICE OF INTERIM ORDER (A) ESTABLISHING NOTIFICATION PROCEDURES APPLICABLE TO SUBSTANTIAL HOLDERS OF EQUITY INTERESTS, (B) ESTABLISHING NOTIFICATION AND HEARING PROCEDURES FOR TRADING IN EQUITY INTERESTS AND (C) SCHEDULING FINAL HEARING THEREON

TO ALL PERSONS OR ENTITIES WITH EQUITY INTERESTS IN RCN CORPORATION:

PLEASE TAKE NOTICE that on May 27, 2004 ("Petition Date"), RCN Corporation ("RCN") and certain of its direct and indirect subsidiaries (collectively, the "Debtors"), commenced cases under chapter 11 of title 11 of the United States Code (as amended, the "Bankruptcy Code"). Subject to certain exceptions, Bankruptcy Code section 362 operates as a stay of any act to obtain possession of property of the Debtors' estates or of property from the Debtors' estates or to exercise control over property of the Debtors' estates.

PLEASE TAKE FURTHER NOTICE that on June 2, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), entered an interim order (the "Interim Order") (i) approving the procedures set forth below in order to preserve the Debtors' net operating losses ("NOLs") and certain built in losses ("Built-In Losses") (such NOL's and Built-In Losses being collectively, "Losses") pursuant to Bankruptcy Code sections 105, 362 and 541 and (ii) scheduling a hearing to authorize on a final basis the procedures set forth below. **Any purchase, sale, conversion, abandonment, trade or other transfer of equity interests in the Debtors in violation of the procedures set forth below shall be null and void *ab initio* as an act in violation of the automatic stay under Bankruptcy Code section 362.**

PLEASE TAKE FURTHER NOTICE that, pursuant to the Interim Order, the following interim procedures shall apply to holding and trading in EQUITY INTERESTS OF RCN:

(a) Any person¹ or entity who currently is or becomes a Substantial Equityholder (as defined in paragraph (e) below) shall file with the Court, and serve upon the Debtors and counsel to the Debtors, a notice of such status in the form attached hereto as Exhibit 1A ("Notice of Status as a Substantial Equityholder") on or before the later of (A) July 12, 2004 or (B) ten calendar days after becoming a Substantial Equityholder.

(b) Prior to effectuating any transfer, conversion or abandonment of any equity interest (including any option to acquire an equity interest, as defined in paragraph (e) below) which would result in either (x) an increase in the amount of equity interests of RCN beneficially owned (as defined in paragraph (e) below) by a Substantial Equityholder or (y) a person or entity becoming a Substantial Equityholder, such Substantial Equityholder, person or entity shall file with this Court, and serve on the Debtors and counsel to the Debtors, advance written notice, in the form attached hereto as Exhibit 1B,² of the intended transfer, conversion or abandonment of equity interests.

(c) Prior to effectuating any transfer, conversion or abandonment of any equity interest (including any option to acquire any equity interest, as defined in paragraph (e) below) which would result in either (x) a decrease in the amount of equity interests of RCN beneficially owned by a Substantial Equityholder or (y) a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder, person or entity shall file with this Court, and serve on the Debtors and counsel to the Debtors, advance written notice, in the form attached hereto as Exhibit 1C,³ of the intended transfer, conversion or abandonment of any equity interest.

(d) The Debtors shall have 15 calendar days after receipt of a Notice of Proposed Transfer to file with the Court and serve on such Substantial Equityholder an objection to any proposed transfer, conversion or abandonment of any equity interest described in the Notice of Proposed Transfer on the grounds that such transfer, conversion or abandonment may adversely affect the Debtors' ability to utilize the Losses. If the Debtors file such an objection, such transaction shall not be effective unless approved by a final and nonappealable order of this Court. If the Debtors do not object within such 15-day period, such transaction may proceed solely as specifically set forth in the Notice of Proposed Transfer. Further transactions of a type specified herein beyond the scope of the Notice of Proposed

¹ References to "person" in this notice are made in accordance with the definition of "person" in Bankruptcy Code section 101(41).

² A notice in the form of Exhibit 1B is hereinafter referred to as a "Notice of Intent to Purchase, Acquire or Otherwise Accumulate."

³ A notice in the form of Exhibit 1C is hereinafter referred to as a "Notice of Intent to Sell, Trade, Convert, Abandon or Otherwise Transfer" (and, together with a Notice of Intent to Purchase, Acquire or Otherwise Accumulate, is collectively referred to as a "Notice of Proposed Transfer").

Transfer must be the subjects of additional notices as set forth herein, with additional 15-day waiting periods.

(e) For purposes of this Notice: (A) "Substantial Equityholder" is any person or entity that has beneficial ownership of (i) at least 5 million shares of the common stock of RCN, or (ii) any shares of preferred stock of RCN; (B) "beneficial ownership" of equity interests includes (i) direct and indirect ownership (e.g., a holding company would be considered to beneficially or acquire own all equity interests owned or acquired by its subsidiaries), (ii) ownership by any group of persons acting pursuant to a formal or informal understanding to make a coordinated acquisition of one or more equity interests, (iii) ownership by such holder's family members and (iv) ownership of an equity interest which such holder has an option to acquire; and (C) an "option" to acquire an equity interest includes any contingent purchase, warrant, convertible debt or equity, put, equity interest subject to risk of forfeiture, contract to acquire an equity interest or a similar interest, in each case, regardless of whether such interest or right is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that copies of the Interim Order, each of the required notices described above, and the Motion are available free of charge on the internet at www.bsillc.com.

PLEASE TAKE FURTHER NOTICE that on June 22, 2004 at 10:00 a.m. the Court will hold a hearing to consider granting the relief requested in the Motion on a final basis. Responses or objections to the Motion, if any, must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (General Order M-242 and the User's Manual for the Electronic Case Filing System can be found at www.nysb.uscourts.gov), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers), and shall be served in accordance with General Order M-242 upon (i) the Debtors, 105 Carnegie Center, Princeton, NJ 08540, Attention: General Counsel; (ii) Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Debtors, 4 Times Square, New York, NY, 10036-6522, Attention: Jay M. Goffman, Esq.; (iii) Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Debtors, 333 West Wacker Drive, Chicago, IL 60606-1285, Attention: Maxwell Miller, Esq.; (iv) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st floor, New York, NY 10004; (v) Milbank, Tweed, Hadley & McCloy, counsel to the unofficial committee of noteholders, 1 Chase Manhattan Plaza, New York, NY 10005, Attention: Dennis Dunne, Esq.; (vi) counsel to any other statutory committee(s) appointed in these cases; (vii) Simpson Thacher & Bartlett, counsel to the agent for the Debtors' prepetition credit facility, 425 Lexington Avenue, New York, NY 10017-3954, Attention: Peter V. Pantaleo, Esq.; (viii) HSBC Bank USA, the indenture trustee for the Debtors' outstanding debt securities, 452 Fifth Avenue, New

York, NY 10001, Attention: Issuer Services; (ix) the Securities and Exchange Commission, 233 Broadway, Suite 600, New York, NY 10279; and (x) the Internal Revenue Service, Insolvency, 290 Broadway 5th Floor, New York, NY 10007; and shall be filed with the Clerk of the Bankruptcy Court, in each case so as to be received no later than June 18, 2004, at 4:00 p.m. (Eastern Time).

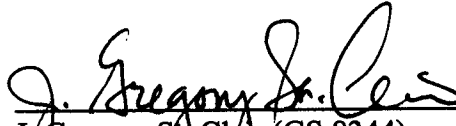
FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE WILL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY PRESCRIBED BY BANKRUPTCY CODE SECTION 362.

ANY PROHIBITED PURCHASE, SALE, ABANDONMENT, CONVERSION, TRADE OR OTHER TRANSFER OF EQUITY INTERESTS IN RCN IN VIOLATION OF THE INTERIM ORDER WILL BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTIONS IMPOSED BY THE BANKRUPTCY COURT.

PLEASE TAKE FURTHER NOTICE that the requirements set forth in this notice are in addition to the requirements of Rule 3001(e) of the Federal Rules of Bankruptcy Procedure and applicable securities, corporate and other laws, and do not excuse compliance therewith.

Dated: New York, New York
June 4, 2004

SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP



J. Gregory St. Clair (GS 8344)

(A Member of the Firm)

Four Times Square

New York, New York 10036-6522

(212) 735-3000

Attorneys for Debtors and
Debtors-in-Possession