

Hearing Date: December 2, 2004 at 10:00 a.m.
Response Deadline: November 19, 2004 at 4:00 p.m.

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Debtors and Debtors-in-Possession

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 (RDD)
: :
Debtors. : (Jointly Administered)
: :
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**DEBTORS' FOURTH OMNIBUS OBJECTION
PURSUANT TO 11 U.S.C. §§ 502(b) AND 510(b) AND FED. R.
BANKR. P. 3003 AND 3007 TO CLAIMS**

RCN Corporation ("RCN") and certain of its direct and indirect subsidiaries, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby object under 11 U.S.C. §§ 502(b) and 510(b) and Fed. R. Bankr. P. 3003 and 3007 (the "Objection") to the claims set forth in Exhibits A through E annexed to the proposed order and incorporated herein by reference

(collectively, the "Disputed Claims"). In support of this Objection, the Debtors rely on the Declaration of Anthony M. Horvat in Support of Debtors' Fourth Omnibus Objection to Claims (the "Horvat Declaration"). The Debtors also represent as follows:

BACKGROUND

1. On May 27, 2004 (the "Petition Date"), certain of the Debtors filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, as amended (the "Bankruptcy Code").¹ RCN Cable TV of Chicago, Inc. ("RCN-Chicago") commenced its chapter 11 case on August 5, 2004. Certain other affiliated Debtors commenced their chapter 11 cases on August 20, 2004.²

2. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to Bankruptcy Code sections 1107 and 1108.

3. No trustee or examiner has been appointed in these chapter 11 cases. On June 10, 2004, the Committee of Unsecured Creditors (the "Creditors' Committee") was appointed by the United States Trustee for the Southern District of

¹ RCN Corporation, TEC Air, Inc., RLH Property Corporation, RCN Finance, LLC and Hot Spots Productions, Inc. (collectively, the "Initial Debtors") commenced their chapter 11 cases on May 27, 2004.

² RCN Telecom Services of Virginia, Inc., RCN Entertainment, Inc., 21st Century Telecom Services, Inc. and ON TV, Inc. (collectively, the "Additional Debtors") commenced their chapter 11 cases on August 20, 2004.

New York (the "United States Trustee"). No other official committees have been appointed or designated in these chapter 11 cases.

4. The Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. Venue is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b)(2).

5. The statutory predicates for the relief requested herein are sections 502(b) and 510(b) of the Bankruptcy Code, and Fed. R. Bankr. P. 3003 and 3007.

RELIEF REQUESTED

6. By this Objection, the Debtors seek entry of an order under 11 U.S.C. §§ 502(b) and 510(b), and Fed. R. Bankr. P. 3003 and 3007 (i) disallowing and expunging in their entirety the Disputed Claims set forth in Exhibit A to the proposed order as such claims represent claims which were filed in these chapter 11 cases, but represent potential claims against entities which are not Debtors in these chapter 11 cases (the "Non-Debtor Claims"), (ii) disallowing and expunging in their entirety the Disputed Claims set forth in Exhibit B to the proposed order as such claims represent proofs of interest of RCN's common stock and are not valid claims in the Debtors' chapter 11 cases (the "Equity Interests"), (iii) disallowing and expunging the Disputed Claims set forth in Exhibit C to the proposed order to the extent such claims represent Equity Interests and subordinating such claims pari

passu with the interests of holders of RCN's common stock to the extent such claims assert Securities Claims; (iv) disallowing and expunging in its entirety the Disputed Claim set forth in Exhibit D to the proposed order as such claim does not represent debt actually owed by the Debtors and the claimant asserting such claim has failed to provide sufficient supporting documentation to permit the Debtors to properly evaluate such claim (the "Insufficient Documentation Claim"); and (v) disallowing and expunging in their entirety the Disputed Claims set forth in Exhibit E to the proposed order as such claims were filed after the applicable bar date (the "Late Filed Claims").

BASIS FOR RELIEF

7. The Debtors and their non-Debtor subsidiaries and affiliates maintain, in the ordinary course of business, books and records (the "Books and Records"), that reflect, among other things, the Debtors' and their non-Debtor subsidiaries' liabilities and the amounts thereof owed to their creditors.

8. The Debtors and their advisors have reviewed the proofs of claim relating to the Disputed Claims and the Books and Records. For the reasons set forth below, the Debtors have determined that such Disputed Claims are properly the subject of an objection.

Claims Subject To Objection

A. Non-Debtor Claims.

9. The claims identified on Exhibit A to the proposed order do not represent liabilities of the Debtors. After a review of the Books and Records, the Debtors have concluded that it is possible that the Non-Debtor Claims represent potential liabilities of non-Debtor subsidiaries of RCN Corporation or unrelated entities. For the reasons set forth in the Horvat Declaration, the Non-Debtor Claims should be disallowed and expunged in their entirety and are properly the subject of the Objection.

B. Equity Interests To Be Disallowed.

10. The Equity Interests identified on Exhibit B to the proposed order are claims that are based solely on a claimant's ownership interest in, or possession of, any of the common stock of RCN. As such, the Equity Interests do not constitute "claims" within the meaning of section 101(5) of the Bankruptcy Code. For this reason, the Equity Interests should be disallowed and expunged in their entirety and are properly the subject of the Objection.

C. Claims Representing Both Equity Interests To Be Disallowed and Securities Claims To Be Subordinated

11. The Claims listed on Exhibit C to the proposed order represent both Equity Interests and Securities Claims. Accordingly, the Debtors object to such Disputed Claims and seek an order disallowing and expunging such Disputed Claims

to the extent such Disputed Claims represent Equity Interests and subordinating such Disputed Claims pari passu with the interests of holders of RCN's common stock to the extent such Disputed Claims assert Securities Claims.

D. Insufficient Documentation Claim To Be Disallowed.

12. The Insufficient Documentation Claim identified on Exhibit D to the proposed order is a claim against the Debtors for which the Debtors' Books and Records do not indicate any corresponding liability. Additionally, the Insufficient Documentation Claim does not provide sufficient information for the Debtors to determine the basis for the claimant's claim. Accordingly, such Disputed Claim should be disallowed and expunged in its entirety and is properly the subject of the Objection.

E Late Filed Claims.

13. The Late Filed Claims identified on Exhibit E are claims which were filed after the applicable bar date for filing claims in these chapter 11 cases. Pursuant to an order dated June 22, 2004, the Bankruptcy Court granted the Initial Debtors' request to establish August 11, 2004 as the deadline for any person or entity (other than governmental units) to file a proof of claim against the Initial Debtors. Pursuant to an order dated August 26, 2004, the Bankruptcy Court granted the Debtors' request to establish October 1, 2004 as the deadline for any person or entity (other than governmental units) to file a proof of claim against RCN-Chicago

or any of the Additional Debtors. Accordingly, such Late Filed Claims should be disallowed and expunged in their entirety and are properly the subject of the Objection.

Responses To Objections

14. The Debtors request that all responses to this Objection (each, a "Response"), if any, (a) be in writing, (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules, and (c) be filed with the Bankruptcy Court in accordance with the Bankruptcy Court's general order number 182 as modified by orders 193 and 206 adopting electronic filing procedures (with an additional copy to the chambers of the Honorable Robert D. Drain), together with proof of service, and served by personal service, overnight delivery, or first class mail, upon the following:

Counsel for the Debtors:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attention: Frederick D. Morris, Esq.
Bennett S. Silverberg, Esq.

Counsel for the Senior Lenders:

Simpson, Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017-3954
Attention: Peter V. Pantaleo, Esq.
Elisha Graff, Esq.

Counsel for the Creditors' Committee:

Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, NY 10005
Attention: Susheel Kirpalani, Esq.
Deirdre Ann Sullivan, Esq.

United States Trustee:

The Office of the United States Trustee
Southern District of New York
33 Whitehall Street
21st Floor
New York, New York 10004
Attention: Paul K. Schwartzberg, Esq.

United States Bankruptcy Court:

United States Bankruptcy Court for the
Southern District of New York
Alexander Hamilton Custom House
One Bowling Green
New York, New York 10004
Attention: Chambers of The Honorable Robert D. Drain

15. **Contents Of Response.** The Debtors request that at a minimum each Response must contain the following:

- (a) a caption setting forth the name of the Bankruptcy Court, the name of the case, the case number, and the title of the Objection;
- (b) the name of the creditor and description of the basis for the amount of the asserted claim;
- (c) a concise statement setting forth the reasons why the relief requested by the Objection with respect to the Disputed Claims should not be granted by the Bank-

ruptcy Court, including, but not limited to, the specific factual and legal bases upon which the creditor will rely in opposing the Objection;

- (d) all documentation or other evidence of the claim, to the extent not included with the claim previously filed with the Bankruptcy Court, upon which the creditor will rely in opposing the Objection at the hearing;
- (e) the address(es) to which a reply, if any, to the Response should be sent, if different from that presented in the proof of claim; and
- (f) the name, address, and telephone number of the person (which may be the creditor or his/her/its legal representative) possessing ultimate authority to reconcile, settle, or otherwise resolve the claim on behalf of the creditor.

16. If a Response is properly filed and served in accordance with the above procedures, the Debtors will endeavor to reach a consensual resolution. If no consensual resolution is reached, the Debtors request that the Bankruptcy Court conduct a hearing with respect to the Objection and the Response. The Debtors have notified all parties in interest of the date for such hearing on the Objection and the date by which Responses to the Objection must be filed and served.

17. If a creditor whose claim is subject to this Objection and who is served with the Objection fails to file and serve a timely Response, the Debtors will present to the Bankruptcy Court an appropriate order with respect to the claim or interest **without further notice to the creditor.**

18. If a Response contains an address for the creditor different from that stated on the objected to proof of claim, the address in the Response shall control and shall constitute the service address for other future service of papers upon that creditor.

19. The Debtors expressly reserve the right to amend, modify, or supplement this Objection, and to file additional objections to the claims included herein or any other claims which may be asserted against the Debtors.

Further Information

20. Questions about the Objection or claims, or requests for additional information about the proposed disposition of claims hereunder, should be directed to the Debtors' counsel in writing at the address listed below (Attn: Bennett S. Silverberg, Esq. or by telephone at (212) 735-3000). **PARTIES SHOULD NOT CONTACT THE CLERK OF THE BANKRUPTCY COURT TO DISCUSS THE MERITS OF THEIR CLAIMS.**

Notice And Waiver Of Memorandum Requirement

21. Notice of this Objection has been given to the United States Trustee, the affected claimants, and those persons who filed a notice of appearance in these chapter 11 cases. The Debtors respectfully submit that such notice is sufficient under the circumstances and requests that the Bankruptcy Court find that no further notice of the relief requested herein is required.

22. The Debtors submit that no new or novel issue of law is presented with respect to the matters contained herein, and respectfully requests that because the relevant statutory authorities are already cited in this Objection, the requirement of a separate memorandum of law under Local Bankruptcy Rule 9013-1(b) be waived.

WHEREFORE, the Debtors respectfully request that the Bankruptcy Court enter an order (i) disallowing and expunging in their entirety the Non-Debtor Claims, (ii) disallowing and expunging in their entirety the Equity Interests, (iii) disallowing and expunging the claims listed in Exhibit C to the extent such claims represent Equity Interests and subordinating such claims pari passu with the interests of holders of RCN's common stock to the extent such claims represent Securities

Claims, (iv) disallowing and expunging in its entirety the Insufficient Documentation Claim; (v) disallowing and expunging in their entirety the Late Filed Claims; and (vi) granting the Debtors such other and further relief as is just.

Dated: New York, New York
October 21, 2004

SKADDEN, ARPS, SLATE, MEAGHER
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