

**IN THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

_____	)	Chapter 11 – (Jointly Administered)
In re:	)	Case No. 04-13638 (RDD)
<b>RCN CORPORATION, et al.,</b>	)	
	)	<b>Objections due by: November 15, 2004</b>
	)	<b>By 4:00 PM Eastern Time</b>
Debtors	)	
_____	)	<b>Hearing Date: November 18, 2004</b>

**NOTICE OF FILING REPORT BY AP SERVICES, LLC  
OF COMPENSATION EARNED AND EXPENSES INCURRED  
FOR THE PERIOD FROM MAY 27, 2004 THROUGH AUGUST 31, 2004**

Notice is hereby given that AP Services, LLC (“APS”), by and through its attorneys, Sheldon S. Toll PLLC, has filed a report of compensation earned and expenses incurred<sup>1</sup> for the period of May 27, 2004 through August 31, 2004.

You are required to file an objection, if any, on or before 4:00 p.m. on November 15, 2004. At the same time, you must also serve a copy of the response on APS’s undersigned counsel.

A HEARING WILL BE HELD on November 18, 2004 before the Honorable Robert D. Drain, U.S. Bankruptcy Judge, Alexander Hamilton Custom House, One Bowling Green, New York, NY 10004, at a date and time to be scheduled by the Court.

Dated: October 28, 2004

**SHELDON S. TOLL PLLC**  
Attorneys for AP Services, LLC

By: /s/ Sheldon S. Toll  
Sheldon S. Toll (P-21490)  
2000 Town Center, Suite 2550  
Southfield, MI 48075  
(248) 358-2460

<sup>1</sup> Please e-mail Kevin L. Larin at [klarin@alixpartners.com](mailto:klarin@alixpartners.com) if you desire a copy of the detail.

**IN THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

_____	)	Chapter 11
In re:	)	
<b>RCN CORPORATION, <u>et al.</u></b>	)	04-13638 (RDD)
	)	
Debtors	)	Jointly Administered
_____	)	

**REPORT BY AP SERVICES, LLC  
OF COMPENSATION EARNED AND EXPENSES INCURRED  
FOR THE PERIOD FROM MAY 27, 2004 THROUGH AUGUST 31, 2004**

Exhibit A – Summary of Compensation and Expenses

Exhibit B – Summary of Professionals and Fees

Exhibit C – Summary of Expenses

Exhibit D – Summary of Services

Exhibit E - Detailed Time Entries for the period of May 27, 2004 through August 31, 2004  
(served upon the Office of the U.S. Trustee. Available for review upon request by other parties.)

Dated: October 28, 2004

**SHELDON S. TOLL PLLC**  
Attorneys for AP Services, LLC

By: /s/ Sheldon S. Toll  
Sheldon S. Toll (P-21490)  
2000 Town Center, Suite 2550  
Southfield, MI 48075  
(248) 358-2460

AP Services, LLC  
**Summary of Compensation and Expenses – RCN Corporation, et al.**  
May 27, 2004 through August 31, 2004

---

<b>Period</b>	<b>Fees</b>	<b>Expenses</b>	<b>TOTAL</b>
May 27, 2004 to May 31, 2004	\$ 43,430.00	\$ 4,512.14	\$ 47,942.14
June 1, 2004 to June 30, 2004	687,773.50	48,790.33	736,563.83
July 1, 2004 to July 31, 2004	712,689.00	61,240.28	773,929.28
August 1, 2004 to August 31, 2004	663,081.00	59,467.00	722,548.00
<b>Total Accrued</b>	<b>\$ 2,106,973.50</b>	<b>\$ 174,009.75</b>	<b>\$ 2,280,983.25</b>
Less 50% Travel Time		(142,571.75)	(142,571.75)
<b>TOTAL INVOICED</b>	<b>\$ 2,106,973.50</b>	<b>\$ 31,438.00</b>	<b>\$ 2,138,411.50</b>

AP Services, LLC  
**Summary of Professionals and Fees – RCN Corporation, et al.**  
 May 27, 2004 through August 31, 2004

<b>Temporary Employees - Individuals With Executive Officer Positions</b>								
Name of Professional	Description of Function	Hourly Rate	Hours Billed					Total Compensation
			May-04	Jun-04	Jul-04	Aug-04	Total	
John S. Dubel	President / Chief Operating Officer	\$ 630.00	23.7	258.8	276.1	239.7	798.3	502,929.00
Anthony M. Horvat	Chief Restructuring Officer	495.00	20.5	266.7	265.1	206.3	758.6	375,507.00
<b>Sub Total</b>							<b>1,556.9</b>	<b>\$ 878,436.00</b>

<b>Additional Temporary Staff Employees - Full Time</b>								
Name of Professional	Description of Function	Hourly Rate	Hours Billed					Total Compensation
			May-04	Jun-04	Jul-04	Aug-04	Total	
Jeremy Wright	SOFAs and Schedule Preparation	\$ 190.00	-	29.2	210.7	266.0	505.9	96,121.00
Robb C. McWilliams	Claims Management / Contract Review	265.00	2.7	205.5	217.8	247.0	673.0	178,345.00
Charles N. Braley	Cash Management & Real Estate	320.00	16.2	256.7	251.0	212.2	736.1	235,552.00
Ryan J. Esko	Operations - Cost Reductions Efforts	450.00	19.1	238.2	191.4	220.1	668.8	300,960.00
Gary Shafer	Finance - Bankruptcy Analysis	495.00	-	174.4	222.5	222.1	619.0	306,405.00
<b>Sub Total</b>							<b>3,202.8</b>	<b>\$ 1,117,383.00</b>

<b>Additional Temporary Staff Employees - Part Time</b>								
Name of Professional	Description of Function	Hourly Rate	Hours Billed					Total Compensation
			May-04	Jun-04	Jul-04	Aug-04	Total	
Aisha L. Phillips	Vendor & Creditor Research Analyst	\$ 165.00	5.5	11.5	-	-	17.0	\$ 2,805.00
Michael A. Moffitt	Shareholder Records Research Analyst	225.00	5.1	-	-	-	5.1	1,147.50
Henry Colvin	Claims Management Team Leader	340.00	2.8	101.9	97.6	50.2	252.5	85,850.00
Kerri Hook	Claims Management / Contract Review	340.00	2.5	60.3	-	-	62.8	21,352.00
<b>Sub Total</b>							<b>337.4</b>	<b>\$ 111,154.50</b>
<b>GRAND TOTAL</b>							<b>5,097.1</b>	<b>\$ 2,106,973.50</b>

AP Services, LLC  
**Summary of Expenses – RCN Corporation, et al.**  
 May 27, 2004 through August 31, 2004

<b>Expense Catagories</b>	<b>May-04</b>	<b>June-04</b>	<b>July-04</b>	<b>August-04</b>	<b>TOTAL</b>
Airfare	\$ 3,666.05	\$ 16,516.18	\$ 34,478.67	\$ 30,507.80	\$ 85,168.70
Cab Fare / Ground Transportation	45.90	1,281.00	676.46	1,614.64	3,618.00
Computer Supplies / Support	-	-	29.99	162.36	192.35
Computerized Research	-	-	-	36.47	36.47
Lodging	591.42	16,218.34	16,983.38	16,968.39	50,761.53
Long Distance Calls	-	109.56	50.76	446.75	607.07
Meals & Tips	90.89	4,112.89	1,634.98	988.20	6,826.96
Mileage	66.38	1,400.23	971.68	1,027.91	3,466.20
Other	-	39.04	28.89	29.99	97.92
Overnight Mail Charges	-	-	9.94	28.21	38.15
Parking & Tolls	51.50	928.60	1,102.86	1,331.41	3,414.37
Rental Car	-	8,184.49	5,272.67	6,315.06	19,772.22
Supplies	-	-	-	9.81	9.81
<b>TOTAL</b>	<b>\$ 4,512.14</b>	<b>\$ 48,790.33</b>	<b>\$ 61,240.28</b>	<b>\$ 59,467.00</b>	<b>\$ 174,009.75</b>

AP Services, LLC  
**Summary of Services – RCN Corporation, et al.**  
May 27, 2004 through August 31, 2004

---

**President & Chief Operating Officer**

- Served as President and Chief Operating Officer for Debtor and Non-Debtor entities and managed interaction and oversight of senior management regarding operations, financing and litigation
- Reviewed financial information and provided guidance to management on reporting issues to Creditors, SEC and marketplace constituents
- Led senior management on pre-Chapter 11 issues including determination of which entities to file, negotiations with existing lender group and the negotiation of the exit facility
- Prepared and managed information released to the press and the marketplace through press releases and interviews
- Coordinated and managed exit lender negotiations, presentations, due diligence; managed senior management in addressing potential lender data requests including preparation of a comprehensive budget for the Company to facilitate projected cash use and the structuring of exit financing
- Arranged and led periodic Creditor Committee, Board of Directors and other meetings and conference calls to address all matters of Company's operational, financial and bankruptcy related affairs

**Chief Restructuring Officer**

- Served as Chief Restructuring Officer for Debtor entities and participated in court hearings in connection with the Debtors' filings, litigation and financing
- Provided guidance to senior management and entire corporate staff on restructuring and Chapter 11 process and met with and advised the Board of Directors
- Managed Debtors' and Non-Debtors' negotiations and communications with creditors and their advisors through multiple meetings and daily communications
- Organized and managed advisor professionals for maximum assistance to the Debtors and Non-Debtors on matters including general operations, financing, financial reporting and press communications

- Arranged and led periodic Creditor Committee, Board of Directors and other meetings and conference calls to address all matters of Company's operational, financial and bankruptcy related affairs
- Led and managed negotiations, documentation and correspondence with existing Senior Secured Facility lenders to complete amendments to the facility as part of the Cash Collateral Order
- Reviewed and negotiated Debtors' and Non Debtors' budget and operating capital requirements under the existing Senior Secured Facility and Cash Collateral Order

### **Operating Administration and Cost Reductions**

- Prepared and managed Company's workforce terminations; developed key employee retention programs; coordinated staffing and resource plans to address decreasing staff levels
- Analyzed and reviewed Real Estate contracts for rejection or renegotiation to create cost savings; such activities included analyzing and reviewing all of the Company's Real Estate needs, by market, and ability to eliminate facilities through space realignment; participated in direct negotiations with landlords to negotiate lease terminations and term changes in order to achieve desired cost reductions
- Assisted in coordinating office closings, moves and consolidations
- Assisted Company in developing and preparing operating metrics and other evaluation tools for various operations; led effort to consolidate customer support and various shared services for better management and costs savings; prepared multiple documents and analyses to address all inquiries and requests regarding cost reduction efforts

### **Treasury Management and Cash Forecasting**

- Managed 13-week cash forecast model for Debtors and Non-Debtors to assist with management of assets, meeting credit facility requirements and to respond to creditor inquiries into the financial status including analysis to reconcile actual results to forecast cash results for operations
- Prepared and conducted multiple presentations of cash forecast and treasury management tools to senior management and creditors
- Managed the collection and disbursement of cash activity in the Company's network of restricted and unrestricted cash accounts and assisted in incorporating revised cash management procedures and activities to better monitor cash activities and compliance with Cash Collateral Order

- Assisted in coordinating borrowings under the senior secured facility and managed documentation for cash activities

### **Substantive Consolidation Analysis**

- Supported and conducted various recovery and substantive consolidation analyses requested by internal management and Creditor Committee constituents
- Led preparation of information and documents in response to creditors due diligence requests as well as assisted Company in managing activity and correspondence related to substantive consolidation assessment
- Created and executed multiple presentations for meetings with internal management, Board of Directors and Creditors Committee representatives and advisors regarding the substantive consolidation analysis
- Managed accumulation of data and analyses for intercompany creditor activity and balances

### **Business Plan Development**

- Led preparation of strategic framework for Chapter 11 process and Company's emergence; managed and coordinated valuation discussions with advisors and Creditor constituents
- Led preparation and review of Plan of Reorganization with internal team; prepared and assisted with various presentations to internal management, Board of Directors, Creditor Committee members and exit financing constituents
- Led preparation and review of plan vs. actual comparisons for review by internal management, Board of Directors, Creditor Committee members and advisor groups
- Coordinated the distribution of plan related financial data and documents to constituent parties; led Company's responses to data requests related to plan

### **Asset Sales**

- Organized and managed review of excess and saleable inventory and coordinated initial review with valuation and liquidation firms



- Worked with internal management and liquidation vendors to prepare an asset sale assessment and outline of liquidation of various owned assets such as excess inventory, non-core telecommunication assets

### **Financial Reporting**

- Assisted with preparing multiple responses to information requests from creditors and advisor groups as well as developed team and process for accumulating due diligence data; organized information and assisted Creditor Committee advisors in obtaining significant amounts of data in support of their various requests and analytical efforts; also assisted the Company with multiple presentations, communications and talking points for responses to inquiries by creditors
- Managed and coordinated discussions with ratings agencies regarding exit financing and other postpetition developments

### **Case Management Services**

- Led and coordinated the accumulation of financial information and prepared the Statement of Financial Affairs and Bankruptcy Schedules for all of the Debtors
- Led and coordinated the Debtors' storage and management of executory contracts for analysis of assumption and rejection by maintaining a database and document storage system designed specifically for contract management
- Led and coordinated the process of preparing the creditor matrix and noticing database for all of the Debtors
- Performed analysis of claim amounts based on the schedule amounts and proof of claims for all of the Debtors
- Reviewed and analyzed all claims filed against the Debtors and coordinated the preparation of the omnibus objections
- Assisted the company with postpetition financial reporting, including identification and presentation of liabilities subject to compromise

AP Services, LLC  
**Detailed Time Entries – RCN Corporation, et al.**  
May 27, 2004 through August 31, 2004

---

Detailed time entries for the period of May 27, 2004 through August 31, 2004. Served upon the Office of the U.S. Trustee. Available for review upon request by other parties.