

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
In re : Chapter 11
RCN CORPORATION, et al., : Case No. 04-13638 (RDD)
Debtors. : (Jointly Administered)
----- x

**ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 503(b) AND
507 AUTHORIZING, APPROVING,
AND RATIFYING (I) COMMITMENTS FOR CONVERTIBLE
SECOND-LIEN NOTES, (II) FINANCIAL ADVISORY AGREEMENT,
AND (III) PAYMENT OF RELATED FEES AND EXPENSES**

Upon the motion (the "Motion")¹ of the Debtors for entry of an Order Under 11 U.S.C. §§ 105(a), 363(b), 503(b) And 507 Authorizing, Approving And Ratifying (I) Commitments For Convertible Second-Lien Notes, (II) Financial Advisory Agreement,² And (III) Payment Of Related Fees And Expenses; and the Court having reviewed the Motion and the Coleman Declaration; and it appearing that notice of the Motion was good and sufficient under the particular circumstances and that no other and further notice be given; and a hearing (the "Hearing") having been held with respect to the Motion; and upon the resolution of the objection to the Motion (the "Objection") by the Noteholder Investors (as defined in the Objection); and upon the record of the

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

² The "Financial Advisory Agreement" is in lieu of the Placement Agent Agreement referred to in the Motion.

Hearing and as contained herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:

A. The commitment letters sought to be approved by the Motion, as amended, include the commitment letters of (i) D.E. Shaw Laminar Lending 2, Inc. (the "Laminar Commitment Letter") (annexed hereto as Annex 1), (ii) certain members of the Creditors' Committee (annexed hereto as Annexes 2 through 4), (iii) Tejas Securities Group, Inc. (annexed hereto as Annex 5); (iv) qualified purchasers introduced by Tejas Securities Group, Inc. (annexed hereto as Annexes 6 through 9), (v) Seneca Capital, L.P. (annexed hereto as Annex 10); and (vi) Canpartners Investments IV, LLC (annexed hereto as Annex 11) (collectively, the "Commitment Letters");

B. The term sheet with respect to the Convertible Second-Lien Notes (originally attached as an exhibit to the commitment letters annexed to the Motion) is superseded by the term sheet attached to the Laminar Commitment Letter;

C. The terms of the Commitment Letters and the financial advisory agreement between the Debtors and Deutsche Bank (the "Financial Advisory Agreement"), including the fees, expenses, and indemnities contemplated thereby, were negotiated in good faith and at arms' length;

D. The Debtors' determination to enter into the Commitment Letters and the Financial Advisory Agreement constitutes a sound exercise of the

Debtors' business judgment and is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and it is therefore

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as provided herein.
2. The Debtors' execution of each of the Financial Advisory Agreement and the Commitment Letters is ratified and the Debtors are hereby authorized and empowered to perform the obligations set forth in each of such documents and the obligations incurred by them thereunder, including the indemnities in respect thereof.
3. The fees and expenses payable by the Debtors under each of the Financial Advisory Agreement and the Commitment Letters shall be entitled to priority as administrative expense claims under sections 503(b)(1) and 507(a)(1) of the Bankruptcy Code, including the payment of customary indemnities, as and when they become due and shall be paid when and as provided for under the Financial Advisory Agreement and the Commitment Letters.
4. Consistent with the terms of the Commitment Letters, the fees and expenses payable thereunder will be fully earned and non-refundable upon entry of this Order.

5. The Debtors' indemnity obligations set forth in the Financial Advisory Agreement and the Commitment Letters or in any of the documents entered into in connection thereto are hereby authorized and approved and the Debtors are hereby authorized and empowered to perform any such obligations.

6. 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 Motion.

Dated: New York, New York
November 23, 2004

/s/Robert D. Drain
HON. ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE