

**SUMMARY OF OBJECTIONS TO JOINT PLAN OF
REORGANIZATION OF RCN CORPORATION AND CERTAIN SUBSIDIARIES¹**

ORGANIZED BY NATURE OF OBJECTION

	OBJECTION ASSERTED	OBJECTING PARTY	RESPONSE
1.	The Plan impermissibly provides for disparate treatment of Class 8 Equity Interests and Class 9 Subordinated Claims. Holders of Class 8 Equity Interests are entitled to receive New Warrants to acquire .25% of the New Common Stock of Reorganized RCN, whereas holders of Class 9 Subordinated Claims will receive no recovery under the Plan. This improper treatment violates sections 510(b) and 1129(a)(1) of the Bankruptcy Code.	Edward T. Joyce (No. 438)	This objection has been withdrawn in light of the agreed modification to certain third-party release provisions described below. The Debtors also emphasize that the Plan afforded holders of Class 5 RCN General Unsecured Claims the option to elect, through their votes in favor of the Plan, to allocate a portion of the value to which they otherwise are entitled to classes of lower priority, including Class 7 Preferred Interests and Class 8 Equity Interests. While holders of Class 5 RCN General Unsecured Claims are entitled, under the absolute priority rule, to 100% of the value of Reorganized RCN after payment of secured and priority claims, the estimated value of their distributions under the Plan is approximately 60.5%. Courts consistently have held that a creditors in a senior class may forego a portion of their recovery so that creditors and interest holders in junior classes may receive a distribution, even if such allocation would otherwise be contrary to the Code's priority scheme. <u>In re SPM Mfg. Corp.</u> , 984 F.2d 1305 (1 st Cir. 1993); <u>In re Genesis Health Ventures, Inc.</u> , 266 B.R. 591 (Bankr. D. Del. 2001); <u>In re MCorp Fin., Inc.</u> , 160 B.R. 941 (S.D. Tex. 1993); <u>In re XO Communications, Inc.</u> , No. 02-12947 (AJG) (Bankr. S.D.N.Y. Aug. 26, 2002).

¹ Terms used but not defined herein shall have the meanings ascribed to them in the Plan.

	OBJECTION ASSERTED	OBJECTING PARTY	RESPONSE
2.	The Plan arguably does not satisfy the "best interests" test set forth in section 1129(a)(7) of the Bankruptcy Code.	Edward T. Joyce (No. 438)	This objection has been withdrawn in light of the agreed modification to certain third-party release provisions described below. The Debtors also emphasize that, as indicated in the liquidation analysis attached to the Disclosure Statement as Exhibit C and as further explained in the declaration of Timothy Coleman, the Debtors' investment banker, creditors and holders of interests in the Debtors will receive at least as much under the Plan as they would in a liquidation. Significantly, holders of secured and priority claims would receive 100% of their claims in either scenario, and holders of Class 5 RCN General Unsecured Claims will receive an estimated recovery equal to approximately 60.5% under the Plan compared to only 9.4% in a liquidation.
3.	The Plan discharge, release, injunction, and exculpation provisions impermissibly release and enjoin prosecution of claims against certain non-Debtor third parties, including the Debtors' officers, directors, and 401(k) plan fiduciaries, in contravention of sections 524 and 1141 of the Bankruptcy Code. Such releases are not necessary to confirmation of the Plan, are not supported by adequate consideration, and therefore should not be approved.	Debra Craig (No. 431), Edward T. Joyce (No. 438), Merrill Lynch (No. 440), DOJ, NADC	The Second Circuit has specifically held that such releases are permissible under the Bankruptcy Code when the circumstances warrant. <u>SEC v. Drexel Burnham Lambert Group, Inc. (In re Drexel Burnham Lambert Group, Inc.)</u> , 960 F.2d 285 (2d Cir. 1992); <u>MacArthur Co. v. Johns-Manville Corp.</u> , 837 F.2d 89 (2d Cir. 1988). The circumstances so warrant here. As explained in the declaration of John Dubel, the Debtors' chief restructuring officer, such releases are necessary to the restructuring of the entire RCN corporate family in order to avoid indemnification claims by the releasees against non-debtor subsidiaries, and there otherwise is substantial consideration under the Plan supporting the releases. As a compromise and settlement of these objections, however, the Debtors have agreed to modify the releases in accordance with the language attached hereto as <u>Exhibit 1</u> , which fully preserves the claims of such objectors against individual third-parties.

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4.	Certain non-debtor parties to executory contracts have filed limited objections pertaining to the Debtors' proposed assumption of their contracts, including E! Entertainment Television, Inc., Scripps Networks, Inc., and the National Cable Television Cooperative ("NCTC"), asserting (i) that assumption of one particular agreement requires assumption of certain other agreements (E! Entertainment) and (ii) that the cure amount for assumption is not 0\$, as proposed by the Debtors, but \$32,460 (Scripps) and approximately \$440,000 (NCTC). None of these parties otherwise objects to the proposed assumption of the agreements.	E! Entertainment (No. 434), Scripps Networks (No. 436), NCTC	These objections are not objections to confirmation of the Plan as such and therefore should not delay entry of an order confirming the Plan. The Debtors have reached an agreement in principal with E! Entertainment whereby the Debtors will assume an agreement with the Style Network upon modified terms. This agreement will be reflected in a stipulation and order to be file at or before the confirmation hearing. The Debtors also have reached an agreement in principal with Scripps Network whereby the Debtors will assume the Scripps agreement, but preserve all of Scripps' rights to assert a cure claim. Language will be added to the proposed confirmation order to address this issues. Absent settlement of any remaining matters by the hearing on confirmation of the Plan, the Debtors will request that they be continued to a future date for a status hearing pending further discussions between the parties.

**PLAN OBJECTORS
BY DOCKET NUMBER**

	Docket No.	Objecting Party
1	431	Debra K. Craig
2	434	E! Entertainment Television, Inc.
3	436	Scripps Networks, Inc.
4	438	Edward T. Joyce
5	440	Merrill Lynch Trust Company FSB
6	n.a.	Department of Justice (DOJ)
7	n.a.	Newport Assoc. Dev. Co. (NADC)
8	n.a.	National Cable Television Coop (NCTC)

Exhibit 1

I. Limitations on Scope of Director, Officer, Employee and Other Third Party Releases

Notwithstanding any provision in the Plan or any provision in any documents incorporating or implementing in any manner the Plan to the contrary, (i) nothing in the Plan and the transactions approved hereby is intended to, or shall release any non-Debtor from any liabilities or obligations to the United States of America or its agencies or subdivisions (the "United States"), nor shall it enjoin or bar any claim by the United States against any non-Debtor, and (ii) solely as to non-Debtors, the Plan shall in no way affect (a) the agreement reached between RCN Telecom Services, Inc. and Newport Associates Development Company in settlement of certain litigation in the New Jersey Superior Court, Hudson County, Law Division, captioned Newport Associates Development Company v. RCN Telecom Services, Inc., et al., Docket No. HUD-L-4407-02, and consolidated with Docket No. HUD-L-4810-02, as such settlement agreement was read into the record of the trial court on July 22, 2004, (b) the License Agreement dated as of July 30, 2004, by and between RCN Telecom Services, Inc. and Newport Associates Development Company, and/or (c) the rights and obligations of the parties (other than the Debtors), or any successor parties, to (a) and (b) above.

Notwithstanding any provision in the Plan or any provision in any documents incorporating or implementing in any manner the Plan to the contrary, no current or former directors, officers, employees, partners, members, or managers of the Debtors (collectively, the "Third-Party Releasees") shall be released from, and there shall be no injunction with respect to, (i) any Claim arising from such Third-Party Releasees' alleged breach of fiduciary duty or Claims arising under, or as a consequence of, the Employee Retirement Income Security Act of 1974, *as amended*, ("ERISA"), and asserted by the claimants in each of those actions captioned Craig v. Filipowicz, et al., Case No. 1:04-CV-07875 (JSR) (S.D.N.Y.), Thomas v. McCourt, et al., Case No. 3:04-CV-05068 (SRC) (D.N.J.), Maguire v. Filipowicz, et al., Case No. 1:04-CV-08454 (JSR) (S.D.N.Y.), and Hill v. McCourt, et al., Case No. 3:04-CV-05368 (SRC) (D.N.J.), in each case relating to the RCN Savings and Stock Ownership Plan (the "ESOP"); (ii) any Claim asserted by any ERISA fiduciaries of the ESOP for indemnity or contribution, including, but not limited to, Merrill Lynch Trust Company FSB; or (iii) any Claim asserted by Edward T. Joyce relating in any way to the acquisition of 21st Century Telecom Group, Inc. Notwithstanding any provisions of the Plan, nothing in the Plan shall in any way limit or abrogate any available insurance coverage or rights to recover insurance proceeds available to pay any Claims for the settlement or satisfaction of a judgment.