UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

DECLARATION OF TIMOTHY COLEMAN IN SUPPORT OF CONFIRMATION OF THE JOINT PLAN OF REORGANIZATION OF RCN CORPORATION AND CERTAIN SUBSIDIARIES

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

TIMOTHY COLEMAN, being duly sworn, deposes and says:

I. BACKGROUND

1. I am a Senior Managing Director in the Restructuring & Reorganization Advisory Group of The Blackstone Group L.P. ("Blackstone") in New York City. Blackstone has been advising the Debtors since March 10, 2004. On August 3, 2004, the Court issued an order approving, on a final basis, Blackstone's retention as financial advisors to the Debtors.

2. Blackstone's Restructuring & Reorganization Advisory Group was established in 1991. Blackstone has advised both companies and creditors in

over 145 distressed situations, involving over $315 billion of total liabilities. I have been employed by Blackstone since 1992. Before joining Blackstone, I was a Vice President at Citibank, N.A. for twelve years. I received a B.A. from the University of California at Santa Barbara, and an MBA from the University of Southern California. I have personally been involved in a variety of restructuring and reorganization roles throughout my career. I have been involved in the preparation and review of liquidation and reorganization valuation analyses in many chapter 11 cases.

3. The Debtors seek to confirm the Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries, dated October 12, 2004 (the "Plan").[1] I submit this affidavit in support of confirmation of the Plan. In this affidavit, I testify to certain aspects of the Plan that I understand are necessary to confirmation of the Plan, as explained to me by counsel to the Debtors. In particular, I testify regarding (i) the feasibility of the Plan; (ii) the valuation of the Reorganized Debtors; (iii) the estimated liquidation value of the Debtors; and (iv) the estimated recoveries to holders of Claims and Interests under the Plan and under a liquidation pursuant to Chapter 7 of the Bankruptcy Code. Except as otherwise indicated, all facts set forth in this affidavit are based upon my personal knowledge, my review of relevant

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[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan or in the Disclosure Statement With Respect To The Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries, dated October 12, 2004 (the "Disclosure Statement").

documents, or my observations, based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify competently to the facts set forth herein. I am authorized by the Debtors to submit this affidavit.

4. In connection with the financial advisory services provided by Blackstone to the Debtors, Blackstone reviewed the Plan, the Disclosure Statement, and certain related documents, as well as certain publicly available business and financial information relating to the Debtors. Blackstone also reviewed other information, including the Projections with respect to the future consolidated financial performance of the Reorganized Debtors attached as Exhibit D to the Disclosure Statement. In addition, Blackstone met with management to discuss the businesses and prospects of the Reorganized Debtors.

II. FEASIBILITY OF THE PLAN

5. The Debtors prepared the Projections for the five-year period ending December 31, 2009. Blackstone is familiar with the Projections and Debtors' business plan underlying the Projections, and has discussed the key assumptions underlying Projections with the Debtors' senior management. Blackstone has assumed and relied upon the accuracy and completeness of the Projections and other financial information provided to and available to Blackstone. Although the Debtors' business plan and the Debtors' Projections are the work product of the

Debtors, and although Blackstone has assumed the reasonableness and accuracy of the Projections, nothing has come to Blackstone's attention to lead it to conclude that such Projections and information are not (i) reasonable or (ii) an appropriate basis upon which to base a reorganization plan.

6. Based upon the foregoing Blackstone's work with the Debtors' senior management throughout these Chapter 11 cases, and based upon its review of the Debtors' Projections, if the assumptions contained therein are materially correct, Blackstone believes that, as of an assumed Effective Date of September 30, 2004,[2] and after taking into account the transactions contemplated by the Plan, the Reorganized Debtors will, on a consolidated basis, (i) be able to meet their debts as such debts mature, including the payments required under the Plan, (ii) not be left with unreasonably small capital to operate their businesses as a result of the Plan or any transactions contemplated by the Plan, and (iii) be solvent. As a result, Blackstone believes that the Plan is feasible – that is, confirmation of the Plan is not likely to be followed by the liquidation of the Reorganized Debtors or by the need for a further reorganization of the Reorganized Debtors under Chapter 7 of the Bankruptcy Code.

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2 Although such analysis assumed an Effective Date of September 30, 2004, I am not aware of any events that would materially alter this analysis.

IV. VALUATION ANALYSIS

7. In conjunction with the Plan, the Debtors determined that it was necessary to estimate the post-Effective Date enterprise value of the Reorganized Debtors on a going concern basis, as well as the Debtors' value in a liquidation scenario under Chapter 7 of the Bankruptcy Code. Accordingly, the Debtors directed Blackstone, as the Debtors' investment banker and financial advisor, to prepare such a valuation analysis of the likely range of reorganization and equity values of the Debtors upon emergence from Chapter 11. Specifically, the valuation analysis was developed for purposes of (i) determining value available for distribution to creditors under the Plan; (ii) evaluating whether the Plan met the "best interests test" under Section 1129(a)(7) of the Bankruptcy Code; and (iii) establishing a reasonable estimate of the initial stockholders' equity value for fresh-start accounting reporting purposes.

8. In preparing the valuation analysis, Blackstone (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed the Projections; (c) reviewed the Debtors' assumptions underlying the Projections; (d) reviewed certain internal financial and operating data of the Debtors; (e) met with certain members of the Debtors' management to discuss the Debtors' operations and future prospects, including contemplated operational changes; (f) reviewed publicly available financial data; (g) considered certain

economic and industry information relevant to the Debtors' operating businesses; and (h) made such other examinations and performed such other analyses as Blackstone deemed necessary or appropriate.

9. In preparing its analysis, Blackstone assumed and relied upon the accuracy and completeness of all of the financial and other information that was available to it from outside sources and that was provided to Blackstone by the Debtors, and has not assumed any responsibility for independent verification of any such information. However, the information relied upon is typical with respect to such matters in other restructuring transactions. Nothing has come to Blackstone's attention that has led it to conclude that its reliance on these sources is not reasonable. With respect to the Projections, Blackstone assumed the accuracy thereof and assumed that the Projections were prepared in good faith and on a basis reflecting the best currently available estimates and judgments of the Debtors as to the future operating and financial performance of the Debtors.

10. Three methodologies were used to derive the reorganization value of the Reorganized Debtors based upon the Projections: (i) a comparison of the Reorganized Debtors and their projected performance to how the market values comparable companies; (ii) a comparison of the Reorganized Debtors and their projected performance to values of comparable companies in precedent private market acquisitions; and (iii) a calculation of the present value of the free cash flows

under the Projections, including an assumption for the value of the Reorganized Debtors at the end of the projection period.

11. The market-based approaches involve identifying (i) a group of publicly traded companies whose businesses or product lines are comparable to those of the Reorganized Debtors as a whole or significant portions of the Reorganized Debtors' operations and (ii) comparable precedent private market acquisitions, and then calculating ratios of various financial results or statistics to the market/acquisition values of these companies or transactions. The ranges of ratios derived are then applied to the Reorganized Debtors' historical and projected financial results or statistics to derive a range of implied values.

12. The discounted cash flow approach involves deriving the unlevered free cash flows that the Reorganized Debtors would generate assuming the Projections were realized. In addition, a valuation is assumed for the Reorganized Debtors at the end of the Projection period using a methodology consistent with the market-based approaches described above (known as a terminal value). These cash flows and the terminal value are discounted to the present at the Reorganized Debtors' estimated post-restructuring weighted average cost of capital to determine the enterprise value of the Reorganized Debtors.

13. In addition, a value was determined for the Reorganized Debtors' prepetition net operating losses based upon the expected utilization of such

net operating losses during and subsequent to the Projection period. The value determined for the Reorganized Debtors' prepetition net operating loses was discounted to the present at the Reorganized Debtors' estimated post-restructuring weighted average cost of capital and such value was added to the value determined from the market-based and discounted cash flow approaches. Finally, a value was determined for the Reorganized Debtors' joint venture equity ownership positions (i.e., Megacable, S.A. de. C.V., Megacable Comunicaciones de Mexico S.A., and Starpower Communications, LLC ("Starpower")) based upon the valuation techniques described above. Such value was added to the value determined from the market-based and discounted cash flow approaches.

14. Based upon the methods described above, the estimated enterprise value for the Reorganized Debtors at the Effective Date, including cash in excess of amounts needed to fund the Debtors' business plan, is between $1.1 billion and $1.3 billion, with a value of $1.2 billion used as the midpoint. The long-term funded indebtedness is projected to be $480 million. After deducting this amount from the Reorganized Debtors' estimated enterprise value, the estimated total equity value of the Reorganized Debtors is estimated to be between $620 million and $820 million. The estimated per share value is expected to between $17.22 and $22.78 subject to dilution due to the issuance of the Management Incentive Options, the New Warrants, and the Convertible Second-Lien Notes. The valuation does not give

effect to any possible dilution of the equity value due to the issuance of the Management Incentive Options or the New Warrants. This valuation also does not give effect to any possible dilution due to conversion of any Convertible Second-Lien Notes that are issued under the Plan or the effect of the possible exercise of the right of first refusal to acquire Pepco Communication LLC's interest in Starpower.

V. BEST INTERESTS ANALYSIS

15. Blackstone also prepared the Liquidation Analysis attached to the Disclosure Statement as Exhibit C. The Liquidation Analysis projects the estimated values that would be realized if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code. Blackstone estimated the Liquidation Value of RCN, the ultimate parent company, to be approximately $646 million. Based upon my experience and discussions with management regarding the unique business-related elements of a potential liquidation of the Debtors' assets, I believe the Liquidation Analysis is reasonable.

16. Blackstone examined the estimated recoveries for the Classes and Claims or Interests under the Plan based upon a going-concern valuation of Reorganized RCN prepared by Blackstone, and compared those estimated recoveries to the estimated recoveries for each Class of Claims or Interests in the Liquidation Analysis. The purpose of such examination and comparison was to determine whether each holder of an Impaired Claim or Interest would receive or retain, under

the Plan, value on account of such Claim or Interest that is not less than the amount such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

17. The Liquidation Analysis summarizes the estimated recoveries by all Classes of Claims or Interests. The Liquidation Analysis shows that holders of Class 1, 2, 3, 4, 5 and 6 Claims will receive or retain under the Plan property of a value that is equal to or greater than the amount such holders would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. The Liquidation Analysis also shows that holders of Class 7, 8, 9, and 10 Claims and Interests, who are deemed to have rejected the Plan, would receive or retain no property under a liquidation under chapter 7 of the Bankruptcy Code.

18. Reproduced below is a table, taken from Exhibit C to the Disclosure Statement, that compares the estimated recoveries to creditors and interestholders under the Plan and in a liquidation. Based upon this comparison, I believe the Plan satisfies the "best interests" test of the Bankruptcy Code.

Class	**Chapter 7 Estimated Percentage Distribution**	**Plan Estimated Percentage Distribution**
1 - Other Priority Claims	100%	100%
2 - Bank Claims	100%	100%
3 - Evergreen Claims	100%	100%
4 - Other Secured Claims	100%	100%
5 - RCN General Unsecured Claims	9.4%	60.5%

6 - Subsidiary General Unsecured Claims	9.4%	100%
7 - Preferred Interests	n.a	n.a.
8 - Equity Interests	n.a.	n.a.
9 - Subordinated Claims	n.a.	n.a.
10 - Warrant Interests	n.a.	n.a.

19. The foregoing estimated recoveries under the Plan do not take account of the potential impact upon such recoveries arising from exercise of the New Warrants or issuance of the Convertible Second-Lien Notes, nor do such estimates take account of issuance of any Management Incentive Options or the exercise of the right of first refusal to acquire Pepco Communication LLC's interest in Starpower.

VI. CONCLUSION

20. In light of the foregoing, I believe that Debtors have developed a plan of reorganization that treats all Classes fairly, equitably, and reasonably, and effectively accomplishes the restructuring of the Debtors' business operations in accordance with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules. As a result, I believe the Plan is in the best interests of the Debtors' Estates and will position the Debtors to emerge successfully from their Chapter 11 Cases and maximize the returns available to creditors. Accordingly, I respectfully request that the Plan be confirmed.

Dated: December 3, 2004

/s/ Timothy Coleman
TIMOTHY COLEMAN