

SETTLEMENT AGREEMENT

This **SETTLEMENT AGREEMENT** ("Agreement") is entered into this 7th day of December, 2004, by and between RCN Cable TV of Chicago, Inc. ("RCN-Chicago"), and Chicago Access Corporation ("CAC"). RCN-Chicago and CAC are hereinafter referred to as the "Parties" and each as a "Party."

WHEREAS, RCN-Chicago is a Delaware corporation with its principal place of business at 350 North Orleans Street, Chicago, Illinois.

WHEREAS, CAC is a non-profit Illinois corporation created in accordance with Article VII, Section 4-280-350, *et seq.*, of the Chicago Cable Communications Ordinance, with its principal offices at 322 South Green Street, Chicago, Illinois.

WHEREAS, RCN-Chicago submitted a Petition for Modification ("Modification Petition") to the City of Chicago (the "City") on December 12, 2003 pursuant to Section 625 of the Communications Act, 47 U.S.C. § 545, seeking, *inter alia*, to modify certain network build-out and related provisions of its Areas 2, 3, and 4 Franchises.

WHEREAS RCN-Chicago filed a petition for relief under Chapter 11 on August 5, 2004 (the "RCN-Chicago Bankruptcy") and concurrently RCN-Chicago and RCN Corporation ("RCN Corp.") filed an adversary complaint (the "Bankruptcy Complaint") in the Bankruptcy Court seeking modification of the Areas 2, 3 and 4 Franchise Agreements as set forth in the Modification Petition and other declaratory, injunctive and equitable relief pursuant to the Bankruptcy Code.

WHEREAS, RCN-Chicago, its parent RCN Corporation, and the City executed a Release and Settlement Agreement on November 12, 2004 (the "City Settlement Agreement"), a copy of which is attached hereto for reference as Exhibit A, to resolve their disputes, pursuant to which, as of the Effective Date of the City Settlement Agreement, RCN-Chicago, RCN Corp. and the City agreed, among other things, to terminate the Areas 3 and 4 Franchises, and to modify the Area 2 Franchise (i) to eliminate all further construction build-out obligations by limiting the Area 2 Franchise to the homes and businesses that can be served by lateral connections to RCN-Chicago's existing network facilities, and (ii) to permit RCN-Chicago to terminate the Area 2 Franchise without penalty before the end of its term.

WHEREAS, CAC believes that, because of RCN-Chicago's financial condition, including its being in bankruptcy, it is in its best interest for RCN-Chicago to pay, and CAC to receive, the Settlement Payment in full and complete satisfaction of amounts owed by RCN-Chicago to CAC under the Area 2 Franchise and the Area 2 CAC Agreement as of the CAC Settlement Effective Date and the amounts which would, absent this Agreement, become due in the future under the Area 2 Franchise and the Area 2 CAC Agreement.

WHEREAS, pursuant to negotiations between RCN-Chicago and CAC, the Parties have agreed to compromise, settle and release all RCN Claims and CAC Claims upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in exchange for the benefits and undertakings described herein and other good and valuable consideration as more fully described below, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **RECITALS.** The foregoing Recitals are true and correct and shall be incorporated herein as in integral part of this Agreement.

2. **DEFINITIONS.** The following definitions apply to this Agreement:

A. "Area 1 Franchise" means the Cable Television Franchise Agreement for Franchise Area 1 of the City that was effective as of June 24, 1996 and was acquired by RCN-Chicago by virtue of its acquisition of 21st Century Cable TV, Inc.

B. "Area 2 Franchise," "Area 3 Franchise," and "Area 4 Franchise" mean the three separate Cable Television Franchise Agreements for Franchise Areas 2, 3, and 4 of the City executed on December 7, 2000 by RCN-Chicago and the City and, with respect to the Areas 3 and 4 Franchises, as amended on December 10, 2002.

C. "Area 2 CAC Agreement," "Area 3 CAC Agreement," and "Area 4 CAC Agreement" mean the three separate agreements for Franchise Areas 2, 3 and 4 of the City executed on September 1, 2000 between RCN-Chicago (known at the time as 21st Century Cable TV of Chicago, Inc.) and CAC.

D. "Areas 3 and 4 Deferral Agreements" means the two separate agreements executed on December 12, 2002 between RCN-Chicago and CAC amending the September 1, 2000 Areas 3 and 4 CAC Agreements.

E. "Area 1 CAC Agreement" means the agreement for Franchise Area 1 of the City executed on January 26, 1996 between 21st Century Cable TV, Inc. and CAC, which agreement was amended on December 8, 2000 and assigned to RCN-Chicago by virtue of its acquisition of 21st Century Cable TV, Inc.

F. "Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York that is presiding over the Chapter 11 filings of RCN Corporation and RCN-Chicago.

G. "RCN Released Entities" means RCN-Chicago and any and all of its current, former and future parent companies, affiliates, subsidiaries, owners, partners, executives, administrators, officers, directors, employees, shareholders, agents, attorneys, insurers, representatives, heirs, successors and assigns.

H. "CAC Released Entities" means CAC, and any and all of its current, former and future executives, administrators, officers, directors, employees, agents, attorneys, insurers, representatives, heirs, successors and assigns.

I. "RCN Claims" means any and all claims, controversies, liabilities, suits, actions, causes of action, demands, obligations, damages, judgments, costs, expenses and attorneys' fees, known or unknown, vested or contingent, direct or indirect, whether in tort, contract, statutory or otherwise (collectively, "Claims"), that any of the RCN Released Entities may have had or may now have against the CAC Released Entities arising out of and relating to RCN-Chicago's compliance with the Areas 2, 3 and 4 Franchises and the Areas 2, 3 and 4 CAC Agreements as of the Effective Date of this Agreement, including without limitation all Claims with respect to payments due or alleged to be due from any RCN Released Entity to CAC pursuant to the Areas 2, 3 and 4 Franchises and the Areas 2, 3 and 4 CAC Agreements, all Claims with respect to any future payments due or alleged to be due from any RCN Released Entity to CAC pursuant to the Areas 2, 3 and 4 Franchises and the Areas 2, 3 and 4 CAC Agreements, and all disputes raised by the Modification Petition and related Bankruptcy Court proceedings, all other court proceedings filed by RCN-Chicago, the Resolution adopted on February 11, 2004 by the Chicago City Council, and the Chicago Cable Commission Resolution #807 adopted on February 10, 2004.

J. "CAC Claims" means any and all Claims that any of the CAC Released Entities may have had or may now have against the RCN Released Entities arising out of and relating to RCN-Chicago's compliance with the Areas 2, 3 and 4 Franchises and the Areas 2, 3 and 4 CAC Agreements as of the Effective Date of this Agreement, including without limitation all Claims with respect to payments due or alleged to be due from any RCN Released Entity to CAC pursuant to the Areas 2, 3 and 4 Franchises and the Areas 2, 3 and 4 CAC Agreements, all Claims with respect to any future payments due or alleged to be due from any RCN Released Entity to CAC pursuant to the Areas 2, 3 and 4 Franchises and the Areas 2, 3 and 4 CAC Agreements, and all disputes raised by the Modification Petition and related Bankruptcy Court proceedings, all other court proceedings filed by RCN-Chicago, the Resolution adopted on February 11, 2004 by the Chicago City Council, and the Chicago Cable Commission Resolution #807 adopted on February 10, 2004.

K. "CAC Settlement Effective Date" means the date that is the later to occur of (i) receipt of a final and non-appealable order from the Bankruptcy Court approving this Agreement, and (ii) the Effective Date of the City Settlement Agreement.

L. "Effective Date of the City Settlement Agreement" shall have the meaning set forth in Section 3 of the City Settlement Agreement, a copy of which is attached hereto for reference as Exhibit A.

3. AREAS 3 AND 4 FRANCHISES AND CAC AGREEMENTS.

A. The Parties acknowledge that the City Settlement Agreement calls for the termination of the Areas 3 and 4 Franchises without imposing any penalty on RCN-Chicago or requiring any payment from RCN Chicago or on RCN-Chicago's behalf and that, as a result, pursuant to the terms of the Areas 3 and 4 Deferral Agreements, RCN-Chicago will be excused

from payment of, and CAC cannot recover, the deferred balances of amounts otherwise due under the Areas 3 and 4 CAC Agreements as of the CAC Settlement Effective Date .

B. The Parties agree and acknowledge that, in light of the termination of the Areas 3 and 4 Franchises as set forth in the City Settlement Agreement, RCN-Chicago shall have no future obligations to CAC under the Areas 3 and 4 Franchises and the Areas 3 and 4 CAC Agreements following the CAC Settlement Effective Date.

C. In light of the termination of the Areas 3 and 4 Franchises, the Areas 3 and 4 CAC Agreements shall be rejected by RCN-Chicago as of the CAC Settlement Effective Date and CAC will not have any damages for the rejection of the Areas 3 and 4 CAC Agreements. Upon such rejection, all of the Parties' rights and obligations pursuant to the Areas 3 and 4 CAC Agreements shall be extinguished and the CAC Release of RCN shall apply to any and all past, current and future obligations of RCN-Chicago with respect to services provided by RCN-Chicago pursuant to the Areas 3 and 4 CAC Agreements and the Areas 3 and 4 Franchises. Nothing herein affects, or entitles RCN-Chicago to any refund of, payments previously made under the Areas 3 and 4 Franchises or the Areas 3 and 4 CAC Agreements.

4. AREA 2 FRANCHISE AND CAC AGREEMENT.

A. RCN-Chicago shall pay CAC the amount of Two Million One Hundred-Fifty Thousand Dollars (\$2,150,000) in immediately available funds (the "Settlement Payment"), by wire transfer to the following bank account no later than two (2) business days after the CAC Settlement Effective Date:

MB Financial Bank, N.A.
Chicago Access Corporation Account
Acct #0410918
Routing #071001737

B. The Settlement Payment shall constitute payment in full for (i) any and all payments due or alleged to be due from any RCN Released Entity to CAC pursuant to the Area 2 Franchise and the Area 2 CAC Agreement as of the CAC Settlement Effective Date, including without limitation, any and all amounts necessary, or alleged to be necessary, to cure any outstanding obligations to CAC under the Area 2 Franchise and the Area 2 CAC Agreement as of the CAC Settlement Effective Date, and (ii) any and all future payments due or alleged to be due from any RCN Released Entity to CAC pursuant to the Area 2 Franchise and the Area 2 CAC Agreement with respect to services provided in Area 2 by an RCN Released Entity throughout the remaining term of the Area 2 Franchise and the Area 2 CAC Agreement.

C. As of the wire transfer of the Settlement Payment in accordance with subsection 4.A above, the Area 2 CAC Agreement shall be amended to provide that the Settlement Payment constitutes full payment in lieu of and in substitution for any and all unpaid past-due, current and future payment obligations set forth in the Area 2 CAC Agreement, and the CAC Release of RCN-Chicago shall apply to all such payment obligations and to any and all past, current and future payment obligations to CAC set forth in the Area 2 Franchise. Nothing herein affects, or

entitles RCN-Chicago to any refund of, payments previously made under the Area 2 Franchise or the Area 2 CAC Agreement.

D. CAC acknowledges that Section 4 of the City Settlement Agreement provides that RCN-Chicago may in the future determine to terminate the Area 2 Franchise without penalty before the end of its term and agrees that such an early termination shall also serve to terminate without penalty the Area 2 CAC Agreement and extinguish any and all further obligations by any RCN Released Entity pursuant to the Area 2 CAC Agreement, as amended by this Agreement, as of the date that RCN-Chicago service in Area 2 ceases. An early termination of the Area 2 Franchise will have no effect on CAC's right under this Agreement to retain the full Settlement Payment.

5. **RCN-CHICAGO COMMITMENTS.** No later than five (5) business days following execution of this Agreement by both Parties, RCN-Chicago shall file a motion with the Bankruptcy Court seeking to have (i) this Agreement approved; (ii) the Areas 3 and 4 CAC Agreements rejected as of the CAC Settlement Effective Date; (iii) the Area 1 CAC Agreement assumed as of the CAC Settlement Effective Date; and (iv) the Area 2 CAC Agreement, as amended by this Agreement, assumed as of the CAC Settlement Effective Date.

6. **CAC COMMITMENTS.** Within two (2) business days following the wire transfer of the Settlement Payment in accordance with subsection 4.A above, CAC shall withdraw the proof of claim it filed at the Bankruptcy Court on or about September 30, 2004 (Claim # 2062), and CAC shall not file any additional proofs of claim or requests for payment of administrative expenses with respect to the Areas 1 and 2 Franchises or the Areas 1 and 2 CAC Agreements.

7. **MUTUAL RELEASES.**

A. Upon the CAC's receipt of the Settlement Payment, and subject to the other conditions set forth in this Agreement, the CAC Released Entities do hereby release and forever discharge the RCN Released Entities from all CAC Claims against the RCN Released Entities (the "CAC Release of RCN").

B. Upon the CAC Settlement Effective Date, and subject to the other conditions set forth in this Agreement, the RCN Released Entities do hereby release and forever discharge the CAC Released Entities from all RCN Claims against the CAC Released Entities (the "RCN Release of CAC").

C. This Agreement is intended to and does settle all RCN Claims and CAC Claims, and nothing contained herein shall constitute an admission by any Party as to the merits of any claims, positions or arguments that they have or might assert with respect to the disputes settled by this Agreement, and nothing in this Agreement shall be construed as an admission by any Party of any liability of any kind to any other Party.

D. The Parties agree that any and all claims and disputes settled pursuant to this Agreement shall be forever extinguished and that neither Party shall take the position – in connection with any future matters or course of dealing between the Parties or their successors or

assigns, including but not limited to the renewal, extension, amendment, assignment, transfer or other modification of existing CAC Agreements or future CAC agreements – that RCN-Chicago should be treated more or less favorably because of these claims and disputes or their settlement pursuant to this Agreement.

E. For the avoidance of doubt, these releases shall not be construed to release either CAC or RCN-Chicago from the terms of this Agreement.

8. **BINDING EFFECT.** This Agreement shall be binding on both Parties as of the CAC Settlement Effective Date.

9. **NOTICES.** All notices and communications shall be in writing and shall be given to the Parties at the following addresses, or such other addresses as a Party shall provide to the other in writing in accordance with the terms of this paragraph.

If to CAC:

Executive Director
Chicago Access Corporation
322 South Green Street
Chicago, IL 60607-3544
Fax: (312) 738-2519

If to RCN-Chicago:

General Manager
RCN Cable TV of Chicago, Inc.
350 North Orleans Street
Chicago, IL 60654
Fax: (312) 955-2111

With copy to:

General Counsel
RCN Corporation
105 Carnegie Center
3rd Floor
Princeton, NJ 08540
Fax: (301) 531-2725

All notices shall be sent by registered or certified mail, return receipt requested, sent by Federal Express or similar overnight delivery service with a signed receipt, or sent by facsimile transmission to the telephone numbers set forth above and confirmed by first class mail to the receiving Party's address set forth above, and shall be deemed given on the second business day after such mailing or delivery.

10. REPRESENTATIONS AND WARRANTIES.

A. Subject to the wire transfer of the Settlement Payment in accordance with this Agreement and the other conditions set forth in this Agreement, each Party promises not to bring any additional claims, actions, suits or proceedings against any other Party, directly or indirectly, regarding or relating in any manner to the CAC Claims and RCN Claims, as appropriate, and each Party further covenants and agrees that this Agreement is a bar to any such claim, action, suit or proceeding including, but not limited to any preference action by RCN-Chicago or any trustee appointed in the bankruptcy case filed by RCN Corp. or the RCN-Chicago Bankruptcy;

B. Each Party represents and warrants that it is the sole and lawful owner of all right, title and interest in all CAC Claims and RCN Claims, as appropriate, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any CAC Claims or RCN Claims. Each Party to this Agreement shall indemnify the other, shall defend the other, and shall hold the other harmless from and against any claims based upon or arising in connection with any such prior assignment, transfer, lien and/or right, or any such purported assignment, transfer, lien and/or right;

C. The undersigned represent and warrant to each other that they are duly authorized to execute this Agreement on behalf of the applicable Party hereto;

D. The Parties represent and warrant that they have read and understand this Agreement, that they intend to be legally bound by it, and that its terms, provisions and conditions have been fully explained to them by their attorneys;

E. Each Party represents and warrants that, subject to Bankruptcy Court approval, it is authorized to perform its obligations in accordance with the terms of this Agreement; and

F. Each Party represents and warrants that it will use its best efforts to obtain all necessary approvals for this Agreement.

11. VOLUNTARY AGREEMENT. This Agreement is freely and voluntarily given by the Parties, without any duress or coercion, and after each Party has consulted with its counsel. Each Party has carefully and completely read all of the terms and provisions of this Agreement. Each of the Parties understands and agrees that this Agreement is in the nature of a settlement and compromise of RCN Claims and CAC Claims. Both RCN-Chicago and CAC intend to settle and satisfy all claims, judgments, and controversies encompassed by the RCN Claims and the CAC Claims to avoid litigation.

12. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto and their successors in interest, assigns, personal representatives and heirs.

13. COUNTERPARTS. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all Parties hereto, notwithstanding that all Parties shall not have signed the same counterpart.

14. **HEADINGS.** The headings in this Agreement are for convenience of reference only and are not a material part of this Settlement Agreement. They shall not be used in determining the intent of the Parties.

15. **GOVERNING LAW.** This Agreement shall be governed by and construed, and the legal relations between the Parties determined, in accordance with the laws of the State of Illinois.

16. **ATTORNEYS FEES AND OTHER COSTS.** The Parties shall each bear and be solely responsible for their respective costs and expenses in connection with this Agreement, including but not limited to, their respective attorneys' fees and other costs generated in connection with the disputes giving rise to this Agreement, in the negotiation, preparation and drafting of this Agreement, and in securing any and all required approvals of this Agreement.

17. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the Parties hereto and supercedes any and all prior representations, agreements and negotiations between the Parties, whether written or oral, relating to the subject matter of this Agreement. Nothing in this Agreement shall modify or amend the terms of the Area 1 CAC Agreement or, except as expressly set forth in this Agreement, modify or amend the Area 2 CAC Agreement.

18. **AMENDMENTS AND MODIFICATIONS.** No amendment or modification of this Agreement shall be effective until it is reduced to writing and approved and executed by all Parties to this Agreement and approved in accordance with all applicable statutory and judicial rules and procedures.

19. **ADDITIONAL DOCUMENTS.** RCN-Chicago and CAC agree to cooperate fully and execute all supplemental documents and take all additional actions that may be necessary to give full force and effect to this Agreement.

[This area intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above.

CHICAGO ACCESS CORPORATION

By: Barbara Popovic
Barbara Popovic
Executive Director

RCN CABLE TV OF CHICAGO, INC.

By: Thomas H. McKay
Tom McKay
General Manager

EXHIBIT A

City Settlement Agreement

RELEASE AND SETTLEMENT AGREEMENT

This Release and Settlement Agreement ("Agreement") is entered into by RCN Cable TV of Chicago, Inc. ("RCN-Chicago"), RCN Corporation ("RCN Corp." and, collectively with RCN-Chicago, "RCN"), and the City of Chicago, Illinois ("City"). RCN-Chicago, RCN Corp. and the City are hereinafter referred to as the "Parties" and each as a "Party."

RECITALS

WHEREAS RCN-Chicago is a Delaware corporation with its principal place of business at 350 North Orleans Street, Chicago, Illinois.

WHEREAS RCN Corp. is a Delaware corporation with its principal place of business at 105 Carnegie Center, Princeton, New Jersey.

WHEREAS the City is a municipality located in the State of Illinois with its principal offices at 121 N. LaSalle Street, Chicago, Illinois.

WHEREAS RCN-Chicago submitted a Petition for Modification to the City on December 12, 2003 pursuant to §625 of the Communications Act, 47 U.S.C. §545 seeking to modify certain network build-out and related provisions of the Areas 2, 3 and 4 Franchises on the grounds of commercial impracticability (the "Modification Petition").

WHEREAS the Chicago Cable Commission adopted three resolutions on February 21, 2004 finding that RCN-Chicago was in breach of certain of its network build-out and related obligations with respect to Franchise Areas 2, 3 and 4 and assessed certain liquidated damages and fines for such violations. ("Chicago Cable Commission February 21 Resolutions").

WHEREAS RCN Corp. filed a petition for relief under Chapter 11 on May 27, 2004 ("RCN Bankruptcy").

WHEREAS RCN-Chicago filed a petition for relief under Chapter 11 on August 5, 2004 ("RCN-Chicago Bankruptcy"), and concurrently RCN-Chicago filed an adversary complaint in the Bankruptcy Court seeking modification of the Areas 2, 3 and 4 Franchise Agreements as set forth in the Modification Petition and other declaratory, injunctive and equitable relief pursuant to the Bankruptcy Code.

WHEREAS pursuant to negotiations between the City and RCN-Chicago, the Parties have agreed to compromise, settle and release all RCN Claims and City Claims (as defined herein) upon the terms and conditions hereinafter set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration set forth herein, the sufficiency and receipt of which are hereby acknowledged, and in consideration of and subject to the performances, conditions and promises contained in this Agreement, the City and RCN agree as follows:

SECTION 1: RECITALS. The foregoing Recitals are true and correct and shall be incorporated herein as in integral part of this Agreement.

SECTION 2: DEFINITIONS. The following definitions apply to this Agreement:

A. "Area 2 Franchise," "Area 3 Franchise," and "Area 4 Franchise" mean the three separate Cable Television Franchise Agreements for Franchise Areas 2, 3, and 4 of the City executed on December 7, 2000 by RCN-Chicago and the City.

B. "Area 1 Franchise" means the Cable Television Agreement for Franchise Area 1 of the City that was effective as of June 24, 1996 and was acquired by RCN-Chicago as a result of its acquisition of 21st Century Cable TV of Chicago, Inc. on April 28, 2000.

C. "Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York that is presiding over the Chapter 11 filings of RCN Corp. and RCN-Chicago.

D. "CAC" means the Chicago Access Corporation.

E. "Corporate Surety Bonds" means those three (3) performance bonds filed by RCN-Chicago with the City as required by Section 5.3 of the Areas 2, 3 and 4 Franchises and consisting of Bond Nos. 103344480, 103344479, and 103344476, dated December 7, 2000 and issued by Travelers Casualty & Surety Company of America ("Travelers"), each in the amount of Three Million Dollars (\$3,000,000).

F. "Letters of Credit" means those three (3) unconditional and Irrevocable Standby Letters of Credit deposited by RCN-Chicago with the City, as required by Section 6 of the Areas 2, 3 and 4 Franchises and consisting of (i) Irrevocable Standby Letter of Credit No. 629, dated September 3, 2003, issued by Lakeside Bank in favor of the City in the amount of Three Hundred and Fifty Thousand Dollars (\$350,000), and (ii) Irrevocable Standby Letters of Credit Nos. S231702PHL and S235870PHL, dated January 11, 2001, issued by PNC Bank, each in the amount of Three Hundred and Fifty Thousand Dollars (\$350,000).

G. "Litigation" means Adversary Proceeding No. 04-03666 filed in the Bankruptcy Court and all related and pending litigation that seeks adjudication of the RCN Claims and the City Claims.

H. "RCN Released Entities" means RCN-Chicago, RCN Corp., and any and all of their current, former and future parent companies, affiliates, subsidiaries, owners, partners, executives, administrators, officers, directors, employees, shareholders, agents, attorneys, insurers, representatives, heirs, successors and assigns.

I. "City of Chicago Released Entities" means the City, and any and all of its current, former and future elected and appointed officials, executives, administrators, officers, directors, employees, agents, attorneys, insurers, representatives, heirs, successors, assigns, political subdivisions, agencies and any instrumentalities thereof.

J. "RCN Claims" means any and all claims, controversies, liabilities, suits, actions, causes of action, demands, obligations, damages, judgments, costs, expenses and attorneys' fees, known or unknown, vested or contingent, direct or indirect, whether in tort, contract, statutory or otherwise (collectively, the "Claims"), that RCN Released Entities may have had or may now have against the City of Chicago Released Entities arising out of and relating to disputes raised by the Modification Petition and related bankruptcy court proceedings, all other court proceedings filed by RCN-Chicago, the Resolution adopted on February 11, 2004 by the Chicago City Council, the Chicago Cable Commission February 21 Resolutions, and, with respect to the Areas 3 and 4 Franchises, any and all other Claims that RCN Released Entities may have had or may now have against the City of Chicago Released Entities arising out of, relating to, or pursuant to RCN-Chicago's compliance with the Areas 3 and 4 Franchises and its obligations under the Chicago Cable Ordinance with respect to Franchise Areas 3 and 4.

K. "City Claims" means any and all Claims that the City of Chicago Released Entities may have had or may now have against the RCN Released Entities arising out of and relating to those disputes raised by the Modification Petition and related bankruptcy court proceedings filed by RCN-Chicago, the Resolution adopted on February 11, 2004 by the Chicago City Council, the Chicago Cable Commission February 21 Resolutions, and, with respect to the Areas 3 and 4 Franchises, any and all other Claims that the City of Chicago Released Entities may have had or may now have against the RCN Released Entities arising out of, relating to, or pursuant to RCN-Chicago's compliance with the Areas 3 and 4 Franchises and its obligations under the Chicago Cable Ordinance with respect to Franchise Areas 3 and 4.

SECTION 3: EFFECTIVE DATE.

A. Except as provided herein and with respect to the mutual releases contained in Section 3, this Agreement shall be effective upon the later to occur of (i) receipt of a final and non-appealable order from the Bankruptcy Court approving this Agreement and the Dark Fiber IRU Agreement dated November 12, 2004 (the "IRU Agreement"), such order providing, among other things, that the terms and provisions of this Agreement shall be binding in all respects upon, and shall inure to the benefit of, the RCN Released Entities, their estates, and their creditors, and the City of Chicago Released Entities, and shall be binding in all respects upon any affected third parties, notwithstanding any subsequent appointment of any trustee(s) or similar party under any Chapter of the Bankruptcy Code, as to which trustee(s) or similar party such terms and provisions likewise shall be binding and such order approving, and (ii) receipt of final City Approvals (as defined below) of this Agreement (the "Effective Date"); provided, however, that all of the following conditions have been met prior to such time:

i. The City shall certify that it has completed its review of the financial information provided by RCN regarding RCN's financial ability to meet the construction build-out requirements set forth in the Areas 2, 3 and 4 Franchises.

ii. RCN and CAC shall have settled their disputes with respect to current and future payments due from RCN-Chicago no later than November 30, 2004, and within five (5) business days following execution of the settlement with CAC, RCN shall have filed a motion at the Bankruptcy Court seeking to have such settlement approved, and a final order approving such settlement shall have been issued by the Bankruptcy Court.

iii. RCN and the City shall have executed the IRU Agreement.

iv. No later than five (5) business days following execution of this Agreement by both Parties, RCN shall have filed a motion with the Bankruptcy Court seeking to have (a) this Agreement approved; (b) the IRU Agreement approved; (c) the Area 1 Franchise; and the Area 2 Franchise, as amended herein, assumed; and (d) the Area 3 and 4 Franchises rejected. The Parties agree that the IRU Agreement contains highly sensitive and confidential information, the release of which would be detrimental to both RCN and to the City, that it shall therefore be submitted to the Bankruptcy Court under seal and/or with appropriate and necessary redactions of the confidential information, and that both Parties will support the need for confidentiality. To the extent that RCN requests redaction of material that the City deems unnecessary, the provisions with respect to confidentiality contained in Paragraph 28 of the IRU Agreement shall control.

v. No later than five (5) business days following execution of this Agreement, the City shall have initiated the necessary procedures for approval of the Agreement by any person or entity whose approval is necessary in order for the Agreement to become effective, including but not limited to approval by the City Council of the City of Chicago ("City Approvals").

B. This Agreement is subject to each of the conditions set forth in this Section 3 and in the event that any or all of the conditions set forth in this Section 3 are not met, this Agreement shall be null, void and of no further force and effect and the Parties shall be entitled to assert the positions they have taken with respect to their claims and disputes prior to reaching this Agreement.

SECTION 4: TERMINATION AND MODIFICATION OF FRANCHISES.

A. Termination of the Areas 3 and 4 Franchises. As of the Effective Date of this Agreement, RCN-Chicago agrees to reject, pursuant to 11 U.S.C. §365, the Areas 3 and 4 Franchises, and the City agrees that such rejection is a voluntary termination by the City without any penalty or payment from RCN-Chicago or on RCN-Chicago's behalf. The City further agrees that it will not file any proof of claim seeking damages for the rejection of the Areas 3 and 4 Franchises. Upon such rejection, all of RCN-Chicago's rights and obligations pursuant to the Areas 3 and 4 Franchises shall be extinguished. As such, all rights of RCN-Chicago to use the streets and public ways of the City in Franchise Areas 3 and 4 for purposes of construction and operation of a cable television system will be terminated and the City will release, acquit and forever discharge RCN-Chicago from any and all current and future obligations set forth in the Areas 3 and 4 Franchises.

B. Modification of the Area 2 Franchise. As of the Effective Date of this Agreement, the Area 2 Franchise shall be modified as follows and assumed by RCN-Chicago pursuant to 11 U.S.C. section 365 as follows:

i. The geographic area in which RCN-Chicago shall be entitled to offer cable television services pursuant to the Area 2 Franchise shall be limited to the homes and businesses that can be served by lateral connections to RCN-Chicago's existing network

facilities in Area 2 as of the Effective Date of this Agreement. Other than the homes and businesses in Area 2 that can be served by laterals from existing network facilities, the right of RCN-Chicago to use the streets and public ways of the City in Area 2 for purposes of construction and operation of a cable television system is terminated and the City will release, acquit and forever discharge RCN-Chicago from any and all current and future network build-out obligations set forth in the Area 2 Franchise as amended herein; provided, however, that all other terms and conditions of the Franchise Agreement for Area 2 shall remain in full force and effect for so long as RCN-Chicago provides cable television service pursuant to the Area 2 Franchise, including but not limited to the requirements of Section 12 of the Area 2 Franchise as to any maintenance or repair work conducted by RCN-Chicago with respect to existing network facilities, which requirements shall also apply to any new laterals constructed by RCN-Chicago in the public rights-of-way, and Section 5 as to Insurance, Letter of Credit and Bond obligations; and provided further that the Letter of Credit required by the Area 2 Franchise shall be replenished by RCN within ten (10) days of the Effective Date of this Agreement.

ii. This Agreement is intended to and does settle all existing and future claims with respect to RCN-Chicago's construction build-out obligations in Area 2, and in the event that RCN-Chicago may in the future determine that it will not continue to provide cable television services in Area 2 pursuant to the Area 2 Franchise, as modified by this Agreement, RCN-Chicago shall be entitled to terminate the Area 2 Franchise and cease providing service to affected subscribers without penalty; provided, however, that RCN-Chicago shall not cease providing cable services in Area 2 until cable television service from an alternate cable service provider is available to affected cable television service subscribers or for six (6) months from the date of such notice, whichever is sooner; and provided further that RCN-Chicago's right to terminate the Area 2 Franchise Agreement without penalty and cease providing service in Area 2 shall not vest until at least one hundred and twenty (120) days following the Effective Date.

C. Within two (2) business days following receipt of the Payment set forth (and as defined) in Section 5 of this Agreement, the City shall certify to RCN in writing ("City Certification") that it has received the Payment and that it thereby releases any and all claim to the Corporate Surety Bonds for the Areas 3 and 4 Franchises.

D. In the event the Payment is not made, RCN-Chicago agrees that the City shall have the right on the third day after the Effective Date of the Agreement to request and receive payment from the Corporate Surety Bonds as liquidated damages. RCN-Chicago additionally agrees that it will certify to Travelers that, if the City makes such a request on the third day after the Effective Date, the City is entitled to payment of \$3,450,000 from the Corporate Surety Bonds and that none of RCN-Chicago, its parent or affiliates, successors, assigns, or agents, including any trustee in this bankruptcy case, shall assert any defense or objection to payment to the City of the \$3,450,000 from the Corporate Surety Bonds. Upon receipt of the Corporate Surety Bond payment, the Payment shall be deemed satisfied.

SECTION 5: PAYMENT.

In consideration of the modification of the Area 2 Franchise as set forth in Section 4.B of this Agreement only, (i) RCN shall pay to the City the amount of Four Million Five Hundred Thousand Dollars (\$4,500,000) ("Payment"), and (ii) RCN and the City shall enter into the IRU Agreement. The Payment shall be made as follows:

A. The City shall retain One Million Fifty Thousand Dollars (\$1,050,000) previously drawn down by the City from the Letters of Credit on February 23, 2004; and

B. RCN will pay to the City the amount of Three Million, Four Hundred and Fifty Thousand Dollars (\$3,450,000) in immediately available funds by wire transfer to the following City bank account no later than two (2) business days after the Effective Date of this Agreement:

Bank One City Main Account
Account #: 1105825
Routing #: 071000013
Attention: Mark Mitrovich

SECTION 6: REPRESENTATIONS AND WARRANTIES.

A. Subject to the terms of this Agreement, the City and RCN each represent and warrant as follows:

i. Except as authorized by this Agreement, each Party promises not to bring any additional claims, actions, suits or proceedings against any other Party, directly or indirectly, regarding or relating in any manner to the City Claims and RCN Claims, as appropriate, and each Party further covenants and agrees that this Agreement is a bar to any such claim, action, suit or proceeding including, but not limited to any preference action by RCN or any trustee appointed in the RCN Bankruptcy or the RCN-Chicago Bankruptcy;

ii. Each Party represents and warrants that it is the sole and lawful owner of all right, title and interest in all City Claims and RCN Claims, as appropriate, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any City Claims or RCN Claims. Each Party to this Agreement shall indemnify the other, shall defend the other, and shall hold the other harmless from and against any claims based upon or arising in connection with any such prior assignment, transfer, lien and/or right, or any such purported assignment, transfer, lien and/or right;

iii. The undersigned represent and warrant to each other that they are duly authorized to execute this Agreement on behalf of the applicable Party hereto;

iv. The Parties represent and warrant that they have read and understand this Agreement, that they intend to be legally bound by it, and that its terms, provisions and conditions have been fully explained to them by their attorneys; and

v. Each Party represents and warrants that, subject to the approvals set forth in Section 3 of this Agreement, it is authorized to perform its obligations in accordance with the terms of this Agreement.

B. RCN represents and warrants that it will use its best efforts to obtain all necessary approvals, including Bankruptcy Court approval, for this Agreement.

C. The City represents and warrants that it will use its best efforts to obtain all necessary City Approvals for this Agreement.

D. The warranties and representations of this Agreement are deemed to survive the Effective Date of this Agreement.

SECTION 7: PENDING LITIGATION.

Within five (5) business days following the receipt of the City Certification set forth in Section 4A(i) of this Agreement, RCN shall withdraw its Petition for Modification and take such actions as necessary to dismiss all Litigation with prejudice.

SECTION 8: MUTUAL RELEASES.

A. Upon the Effective Date of this Agreement, and subject to the City's receipt of the Payments set forth in Section 5 herein, the dismissal of the Litigation set forth in Section 7 herein, and the other conditions set forth in this Agreement, including but not limited to the execution of the Dark Fiber IRU Agreement, the City of Chicago Released Entities do hereby release the RCN Released Entities, and does forever discharge the City Claims as hereinabove defined in Section 2, including, but not limited to, any and all liquidated damages, penalties and/or fines assessed against RCN-Chicago by the City in the Chicago Cable Commission February 21 Resolutions (the "Release of RCN").

B. Upon the Effective Date of this Agreement and subject to the dismissal of the pending litigations set forth in Section 7 herein, the issuance by the City of the City Certification and the other conditions set forth in this Agreement, the RCN Released Entities do hereby release and forever discharge the City of Chicago Released Entities from all RCN Claims against the City of Chicago Released Entities (the "Release of the City").

C. This Agreement is intended to and does settle all RCN Claims and City Claims, and nothing contained herein shall constitute an admission by any Party as to the merits of any claims, positions or arguments that they have or might assert with respect to the disputes settled by this Agreement, and nothing in this Agreement shall be construed as an admission by any Party of any liability of any kind to any other Party.

D. Subject to the City's right to enforce the Area 2 Franchise as modified herein and the Dark Fiber IRU Agreement, the Parties agree that any and all claims and disputes settled pursuant to this Agreement shall be forever extinguished and as such shall not in any manner be used by any Party in connection with any future matters or course of dealing between the Parties,

including but not limited to the renewal, extension, amendment, assignment, transfer or other modification of existing or future cable franchise or other right-of-way use agreements.

E. These releases shall not be construed to release either the City or RCN from the terms of this Agreement.

SECTION 9: GENERAL PROVISIONS.

A. Governing Law. This Agreement shall be governed by, and enforced in accordance with the laws of the State of Illinois.

B. Benefit and Burden. The covenants, conditions, agreements, terms and provisions herein contained shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective heirs, executors, administrators, personal representatives, successors and assigns.

C. Time of the Essence. Time is of the essence in the performance of all terms and provisions of this Agreement.

D. Compromise of Disputed Claims. Each of the Parties understands and agrees that this Agreement is in the nature of a settlement and compromise of RCN Claims and City Claims. Both the City and RCN intend to settle and satisfy all claims, judgments and controversies encompassed by the City Claims and RCN Claims to avoid further litigation.

E. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supercedes any and all prior agreements and negotiations between the Parties, whether written or oral, relating to the subject matter of this Agreement.

F. Interpretation. This Agreement shall be construed without regard to the identity of the Party who drafted the various provisions of this Agreement. Moreover, each and every provision of this Agreement shall be construed as though all Parties to this Agreement participated equally in the drafting of this Agreement. As a result of the foregoing, any rule or construction that a document is to be construed against the drafting Party shall not be applicable to this Agreement.

G. Amendments and Modifications. No amendment to or modification of this Agreement shall be effective until it is reduced to writing and approved and executed by all Parties to this Agreement and approved in accordance with all applicable statutory and judicial rules and procedures.

H. No Third Party Beneficiaries. No claim as a third Party beneficiary under this Agreement by any person shall be made, or be valid, against the City or RCN.

I. Additional Documents. The City and RCN agree to cooperate fully and execute all supplemental documents, and to take all additional actions that may be necessary to give full force and effect to the basic terms and intent of this Agreement.

J. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to constitute an original.

K. Attorneys' Fees and Other Costs. The Parties shall each bear and be solely responsible for their respective costs and expenses in connection with this Agreement, including but not limited to their respective attorneys' fees and other costs generated in connection with the disputes giving rise to this Agreement, and in securing any and all required approvals of this Agreement.

L. Proof of Claim Deadline. RCN shall extend the deadline for the City to file a proof of claim in the RCN-Chicago Bankruptcy through and including March 31, 2005.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this _____ day of _____, 2004.

RCN CABLE TV OF CHICAGO, INC.

CITY OF CHICAGO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

RCN CORPORATION

By:  _____

Name: Deborah M. Kayster

Title: Sr. VP. Gen Counsel & Corp. Sec.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this 12th day of November, 2004.

RCN CABLE TV OF CHICAGO, INC.

CITY OF CHICAGO

By: Thomas M McKay

By: _____

Name: Thomas M McKay
VP / General Manager

Name: _____

Title: _____

RCN CORPORATION

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this 12th day of November, 2004.

RCN CABLE TV OF CHICAGO, INC.

CITY OF CHICAGO

By: _____

Name: _____

Title: _____

By:  _____

Name: JACK A. PACE

Title: Assistant Corporation Counsel

RCN CORPORATION

By: _____

Name: _____

Title: _____