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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
RCN CORPORATION, et al., : Case No. 04-13638 (RDD)
Debtors. : (Jointly Administered)
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**STIPULATION CONCERNING ASSUMPTION
OF EXECUTORY CONTRACTS RELATING TO LIBERTY
MUTUAL SURETY'S BONDING PROGRAM**

RCN Corporation ("RCN") and certain of its direct and indirect subsidiaries, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors") and Liberty Mutual Insurance Company through its Liberty Mutual Surety division ("Liberty"), by and between their respective counsel, hereby stipulate and agree as follows:

WHEREAS, on May 27, 2004 (the "Petition Date"), RCN and certain subsidiaries filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). RCN Cable TV of

Chicago, Inc., an affiliate of RCN, commenced its chapter 11 case on August 5, 2004.

Certain additional subsidiaries commenced their chapter 11 cases on August 20, 2004.

WHEREAS, on December 8, 2004, this Court confirmed the Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries (the "Plan")¹ and entered the Findings of Fact and Conclusions of Law Relating to and Order Under 11 U.S.C. § 1129(a) and (b) and Fed. R. Bankr. P. 3020 Confirming the Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries, dated December 8, 2004 (Docket No. 483). The Debtors anticipate that the Effective Date (as defined in the Plan) will occur on or before December 31, 2004.

WHEREAS, Liberty has provided various surety bonds at the request of the Debtors and their affiliates (collectively, the "Surety Bonds"), including those set forth in Exhibit A attached hereto and incorporated herein.

WHEREAS, pursuant to the terms of a General Agreement of Indemnity - Commercial Surety, dated February 8, 2001, among RCN, RCN Financial Management, Inc. and Liberty (the "GAI"), RCN and RCN Financial Management, Inc. have agreed, inter alia, to indemnify Liberty with respect to any loss, damage or expense incurred by Liberty in connection with the Surety Bonds, all as set forth in more detail in the GAI.

WHEREAS, the obligations of RCN and its affiliates to Liberty under the GAI and otherwise are collateralized by a letter of credit (L/C No: P-230786) issued on

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

October 10, 2002 by JPMorgan Chase Bank for the benefit of Liberty in the amount of \$3,345,687 (the "JPMorgan LC").

WHEREAS, as part of the transactions to be effectuated by the Debtors under their Plan of Reorganization, the Debtors propose to cause Deutsche Bank to issue to Liberty a new letter of credit in the face amount of \$2,759,000 (the "Deutsche Bank LC") to collateralize the obligations covered by the JPMorgan LC and have requested Liberty's consent to the substitution of the Deutsche Bank LC for the JPMorgan LC.

WHEREAS, on or about November 30, 2004, the Debtors filed a Motion for an Order Authorizing and Approving the Assumption of Certain Executory Contracts and the Renewal of Insurance Programs (the "Assumption Motion") pursuant to which the Debtors, inter alia, proposed to assume the GAI.

WHEREAS, in the Assumption Motion, the Debtors have asserted that no cure amount is due to Liberty as a condition of assumption.

WHEREAS, Liberty is willing to consent to the substitution of the Letter of Credit and the assumption of the GAI on the terms set forth in this Stipulation.

NOW THEREFORE, in consideration of the foregoing recitals which are incorporated by reference, the terms, conditions, and mutual agreements set forth herein, and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged;

IT IS HEREBY STIPULATED AND AGREED by and between the Debtors on the one hand, and Liberty on the other, as follows:

1. Consent to Assumption of GAI. Liberty consents to the assumption of the GAI.

2. Amendment of Assumption Motion. To the extent that Liberty is surety for the performance of any executory contract of any of the Debtors, the Debtors will amend the schedules to the Assumption Motion or otherwise take such actions as necessary and appropriate to assume such executory contracts. The Debtors will provide appropriate notice to the counterparties to such contracts of such assumption.

3. Cure Obligations under GAI. The Assumption Motion requires the parties to file objections in the event that they assert cure obligations in excess of \$0. Liberty shall not be obligated to file a cure objection and the Debtors agree and acknowledge that in the event that Liberty incurs loss, damage or expense in connection with the Surety Bonds or that would otherwise be recoverable under the GAI, that the Debtors will not assert that Liberty is barred, estopped or enjoined from recovering such losses, damages or expenses, or asserting any other claim under the GAI, on grounds that Liberty should have objected to the cure amount.

4. Future Bonds. The GAI, as assumed, shall be binding on Reorganized RCN and shall apply to any surety bonds issued by Liberty by or on behalf of Debtors after the Effective Date. Nothing contained herein shall obligate Liberty to issue any further or future surety bonds for or on behalf of the Debtors.

5. Substitution of LC. Liberty consents to the substitution of the Deutsche LC for the JPMorgan LC and the reduction of the face amount to \$2,759,000, provided that any other change from the terms and provisions of the JPMorgan LC is satisfactory to Liberty.

6. Authorization. The parties represent and warrant that they have the authority to undertake the obligations and perform the actions set forth in this Stipulation.

IN WITNESS WHEREOF, each of the parties to this Stipulation has caused a counterpart of this Stipulation to be executed and delivered by its duly authorized signatory as of the date indicated below.

Dated: December 21, 2004

SKADDEN, ARPS, SLATE, MEAGHER
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By: /s/ D.J. Baker

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Dated: December 21, 2004

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Approved and so Ordered this
___ day of December, 2004

UNITED STATES BANKRUPTCY JUDGE