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2 UNITED STATES BANKRUPTCY COURT  
3 SOUTHERN DISTRICT OF NEW YORK  
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8 In the Matter

9  
10 of Case No.  
11 04-13638

12 RCN CORPORATION,

13 Debtor.  
14 -----x

15  
16 August 26, 2004

17 United States Customs House  
18 One Bowling Green  
19 New York, New York 10004

20 Order signed on granting motion to amend  
21 the order authorizing the Debtors' 8/6/2004  
22 continued use of the existing bank account  
23 and cash management system, and authorizing  
24 intercompany transactions, et al.

25 B E F O R E:

HON. ROBERT D. DRAIN,

Bankruptcy Judge.

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RCN CORPORATION

A P P E A R A N C E S:

SKADDEN ARPS SLATE MEAGHER & FLOM LP  
Attorneys for Debtors  
Four Times Square  
New York, New York 10056

BY: J. GREGORY ST. CLAIR, ESQ.,  
of Counsel

SIMPSON THACHER & BARTLETT LLP  
Attorneys for JP Morgan Chase,  
as Agent for the Prepetition Lenders  
425 Lexington Avenue  
New York, New York 10017

BY: ALICE BELISLE EATON, ESQ.,  
of Counsel

MILBANK TWEED HADLEY & McCLOY LLP  
Attorneys for Official Unsecured  
Creditors Committee  
One Chase Manhattan Plaza  
New York, New York 10005

BY: DEIDRE ANN SULLIVAN, ESQ.,  
of Counsel

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RCN CORPORATION  
P R O C E E D I N G S .

THE COURT: Next. RCN Corporation.

MR. ST. CLAIR: Good morning, Your Honor, Gregory St. Clair with the law firm of Skadden Arps Slate Meagher & Flom representing RCN Corporation and the subsidiary Debtors.

Your Honor, thank you for taking the time for this first day hearing this morning. I see you have a very busy calendar. Most of the matters today are procedural in nature and there is no opposition to any of it, so we should be able to get to this relatively quickly.

As Your Honor is aware last Friday we filed a voluntarily Chapter 11 petition for four more RCN affiliates, RCN Entertainment Inc., Bond (phonetic) TV, Inc., 21st Century Telecom Services, Inc. and RCN Telecom Services of Virginia.

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RCN CORPORATION

Your Honor, 21st Century and RCN Services of Virginia are both nonoperating subsidiaries with de minimus assets and there are few, if any, creditors.

RCN Entertainment and Bond TV were both subsidiaroes to create, develop and distribute television and cable programming.

These subsidiaries are currently finishing production on two series and their businesses are in the process of being wound up.

With respect to these newly filed subsidiaries we filed a motion seeking to have these cases jointly administered with the pending affiliated other cases and a motion seeking authority to amend the existing cash management order to include these newly filed Debtors and the relief that was previously granted.

THE COURT: Okay.

MR. ST. CLAIR: There is no opposition to that, Your Honor. We

1 RCN CORPORATION  
2 believe those are purely procedural and  
3 there has been no objection.

4 THE COURT: To the extent  
5 they have cash operations they are  
6 currently part of the cash management  
7 system.

8 MR. ST. CLAIR: Yes, they are  
9 currently part.

10 THE COURT: I will grant both  
11 motions for the reinstated pleadings.

12 MR. ST. CLAIR: Thank you,  
13 Your Honor.

14 Your Honor, we also filed a  
15 motion on Monday to amend the order that  
16 authorizes Debtors to use cash  
17 collateral. By this motion we are seeking  
18 on an interim basis today to amend that  
19 cash collateral order that this Court  
20 previously entered to add RCN Cable TV of  
21 Chicago which we filed two weeks ago and a  
22 newly filed subsidiary that we filed  
23 Friday.

24 This modification simply  
25 allows the new Debtors to continue to

1 RCN CORPORATION  
2 utilize cash collateral upon the same terms  
3 and conditions that the original cash  
4 collateral order provided.

5 We don't believe, Your Honor,  
6 there is any cash collateral with these  
7 subsidiaries but because they are both the  
8 consolidated cash management system we  
9 thought it prudent to seek authority to  
10 continue under the same terms.

11 THE COURT: Are they  
12 guarantors or obligors to the secured  
13 lenders?

14 MR. ST. CLAIR: They are all  
15 guarantors to the secured facility.

16 THE COURT: And you have a  
17 stipulation in place covering all of these  
18 new Debtors? I thought I saw that.

19 MR. ST. CLAIR: That is  
20 correct, Your Honor, and we have the  
21 permission of the lender to use cash  
22 collateral certainly on an interim basis.

23 THE COURT: When were you  
24 looking to have the final hearing?

25 MR. ST. CLAIR: I think we

1 RCN CORPORATION  
2 have a hearing scheduled for September 29  
3 in these cases and we would be happy to  
4 notice it out for a hearing on that date.

5 THE COURT: Okay. That is  
6 fine. I will grant it on an interim  
7 basis.

8 MR. ST. CLAIR: Okay. In  
9 addition, Your Honor, we filed a motion on  
10 Monday seeking to have certain orders  
11 previously entered in these cases apply to  
12 the subsequently filed Debtors.

13 Pursuant to that motion which  
14 we are seeking to have entered on an  
15 interim basis today we are basically  
16 seeking to have the retention and  
17 administrative orders that the Court  
18 entered on the first day apply to the later  
19 filed subsidiaries.

20 THE COURT: Did that include  
21 -- it was not clear to me from the defined  
22 terms whether it includes the ones most  
23 recently filed or was just meant to include  
24 Chicago?

25 MR. ST. CLAIR: It was meant

1 RCN CORPORATION

2 to include Chicago and the four most  
3 recently filed which is why we held that  
4 motion until we filed the others.

5 THE COURT: And it sets a  
6 couple of dates for the final hearing, the  
7 later date for the two --

8 MR. ST. CLAIR: For Alex  
9 Partners (phonetic) and Blackstone.

10 THE COURT: Because of the  
11 additional notice?

12 MR. ST. CLAIR: Yes.

13 THE COURT: And the retention  
14 arrangements?

15 MR. ST. CLAIR: That is  
16 correct.

17 THE COURT: Again, based on  
18 amongst other things the nature of these  
19 Debtors' businesses, and basically the  
20 ministerial basis for relief I will grant  
21 it.

22 MR. ST. CLAIR: Thank you,  
23 Your Honor.

24 Finally, Your Honor, I didn't  
25 see this on the Court's docket but we did



1 RCN CORPORATION

2 put on the agenda letter, we had filed a  
3 motion for all of the Debtors seeking to  
4 employ the Financial Balloting Group. The  
5 Financial Balloting Group is a corporation  
6 that was formed by the principals from  
7 Innispree (phonetic) who were retained to  
8 do the balloting and solicitation. Since  
9 they have now left and formed the new group  
10 we would like to retain the new entity.

11 THE COURT: Right. I did  
12 review that and there were no objections to  
13 that, correct?

14 MR. ST. CLAIR: No  
15 objections.

16 THE COURT: I think that is  
17 ministerial so I will grant that.

18 MR. ST. CLAIR: Thank you,  
19 Your Honor.

20 THE COURT: And I know you  
21 had recently filed a bar date application  
22 too, and I believe that is either signed or  
23 about to be signed.

24 MR. ST. CLAIR: Thank you.  
25 That applies to the four -- the five newly

1 RCN CORPORATION

2 filed?

3 THE COURT: Right. Is it  
4 your intention to file the newly filed  
5 Debtors into the plan or basically to wind  
6 them up separately?

7 MR. ST. CLAIR: We are not  
8 sure yet. We will have discussions with  
9 the committee and see what makes the most  
10 sense. But if it is possible to fold them  
11 into the plan, we will do that.

12 THE COURT: Okay. Anything  
13 else?

14 MR. ST. CLAIR: That is all  
15 we have, Your Honor.

16 THE COURT: Did you give us  
17 disks before or do you have them?

18 MR. ST. CLAIR: We have  
19 them.

20 THE COURT: You could hand  
21 those up.

22 (Handing)

23 THE COURT: Okay. Thank  
24 you.

25 MR. ST. CLAIR: Yes, thank

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RCN CORPORATION

you.

MR. DUNNE: Thank you, Your Honor.

MS. SULLIVAN: Thank you, Your Honor.

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RCN CORPORATION  
C E R T I F I C A T E

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

I, MINDY ROTHMAN-CORCORAN, a  
Shorthand Reporter and Notary Public  
within and for the State of New York, do  
hereby certify:

I reported the proceedings in the  
within-entitled matter and that the within  
transcript is a true record of such  
proceedings.

I further certify that I am not  
related, by blood or marriage, to any of  
the parties in this matter and that I am  
in no way interested in the outcome of  
this matter.

IN WITNESS WHEREOF, I have hereunto  
set my hand this 27th day of August,  
2004.

MINDY ROTHMAN-CORCORAN