

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)  
: :  
: Jointly Administered  
Debtors. :  
----- X

**FINAL APPLICATION OF CAPITAL & TECHNOLOGY ADVISORS LLC FOR  
COMPENSATION FOR SERVICES RENDERED AND  
REIMBURSEMENT OF EXPENSES INCURRED AS INDUSTRY AND TECHNOLOGY  
ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
FOR THE PERIOD JUNE 14, 2004 THROUGH DECEMBER 21, 2004**

1. Name of applicant: Capital & Technology Advisors LLC
2. Role of applicant: Industry and Technology Advisor to the  
Official Committee of Unsecured Creditors of  
RCN Corporation, *et al.*
3. Name of certifying professional: Wayne Barr, Jr.
4. Date case filed: May 27, 2004
5. Period for which compensation and  
reimbursement is sought: June 14, 2004 through December 21, 2004
6. Amount of compensation sought as  
actual, reasonable and necessary for  
the fee period: \$2,736,935.48<sup>1</sup>
7. Amount of expense reimbursement  
sought as actual, reasonable and  
necessary for the fee period: \$61,171.63
8. Total Fees and Reimbursement  
Requested (Line 6 + Line 7): \$2,798,107.11

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<sup>1</sup> This amount represents a requested Success Fee of \$1,750,000 and monthly fees of \$986,935.48, in the aggregate.

9. Amount of fees for services rendered paid pursuant to the Compensation Order:	\$789,548.38 <sup>2</sup>
10. Amount of expense reimbursement paid pursuant to the Compensation Order:	\$54,480.52 <sup>3</sup>
11. Total Amount of fees and expenses paid pursuant to the Compensation Order (Line 9 + Line 10):	\$844,028.90
12. Final fee and expense award requested (Line 8 – Line 11):	\$1,954,078.21

This is a final application.

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<sup>2</sup> Pursuant to the Administrative Order Under 11 U.S.C. §§ 105 and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professional, dated June 22, 2004, the Court authorized the Debtors to pay, on a monthly basis, 80% of the professional's fees and 100% of the professional's expenses, subject to the professionals filing interim and final fee applications in accordance with the Bankruptcy Code.

<sup>3</sup> The Debtors have not reimbursed CTA for all of the expenses it incurred during the Fee Period as a result of CTA's accounting department receiving several expense reports after the monthly statement for December fees and expenses was sent to the Debtors.

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**FINAL APPLICATION OF CAPITAL & TECHNOLOGY ADVISORS LLC FOR  
COMPENSATION FOR SERVICES RENDERED AND  
REIMBURSEMENT OF EXPENSES INCURRED AS INDUSTRY AND TECHNOLOGY  
ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
FOR THE PERIOD JUNE 14, 2004 THROUGH DECEMBER 21, 2004**

Capital & Technology Advisors LLC (“CTA”), industry and technology advisor to the Official Committee of Unsecured Creditors (the “Committee”) of RCN Corporation, *et al.* (collectively, the “Debtors”), for its final application (the “Application”) for compensation and reimbursement of expenses pursuant to Section 330 of Title 11, United States Code (the “Bankruptcy Code”), respectfully represents:

**INTRODUCTION**

1. CTA files this Application in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”) and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines”). Pursuant to Local Guidelines, an affidavit regarding compliance with same is attached hereto as Exhibit A.

2. By this application CTA, as industry and technology advisor to the Committee, respectfully requests (i) final allowance of fees incurred by CTA for services rendered during the period June 14, 2004 through December 21, 2004 (the “Fee Period”) in the amount of

\$2,736,935.48 and (ii) for final allowance of reasonable and necessary reimbursable expenses incurred by CTA during the Fee Period in the amount of \$61,171.63.

3. For the reasons set forth herein, and in the accompanying exhibits, it is respectfully submitted that the compensation requested by CTA should be approved in all respects and the Debtors should be directed to pay CTA an aggregate amount of \$1,954,078.21.<sup>4</sup>

4. Pursuant to the UST Guidelines, annexed hereto as Exhibit B is a schedule setting forth all CTA professionals who have performed services in these Chapter 11 cases during the Fee Period, the capacities in which each is employed by CTA, and the aggregate number of hours expended during this case.<sup>5</sup>

### **JURISDICTION**

5. This Court has jurisdiction over this application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(a) and (b). Venue of this case and this Application is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### **BACKGROUND**

#### **The Debtors' Business**

6. The Debtors' primary business is delivering bundled communications services, including local and long distance telephone, video programming (including digital cable and high definition television), and data services (including cable modem, high speed and dial-up Internet access) to residential customers over a broadband network predominantly owned or leased by the Debtors to consumers in the most densely populated markets in the U.S. The

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<sup>4</sup> This amount represents an aggregate amount of \$2,798,107.11 for CTA's fees and expenses during the Fee Period less an aggregate amount of \$844,028.90 which was paid to CTA for fees and expenses pursuant to the Compensation Order.

<sup>5</sup> In its normal course of business, CTA invoices its clients a flat monthly fee and does not charge by the hour. Therefore, CTA does not ordinarily keep time records. For the benefit of the Court, however, and in accordance with the Local Guidelines, CTA has provided an hourly breakdown of time for each professional.

Debtors currently operate in Boston (including 18 surrounding communities), New York City, the Lehigh Valley in Pennsylvania, Philadelphia suburbs, Chicago, San Francisco and two communities in the Los Angeles area.

### **The Debtors' History and Capital Structure**

7. RCN Corporation ("RCN") was formed in September 1997 when its predecessor company, C-TEC Corporation, spun off RCN to C-TEC shareholders. Since its inception, RCN relied extensively on access to capital markets to finance the development of its fiber-optic broadband network. To finance its growth, RCN accessed the capital markets through secured credit facilities and the issuance of debt securities and preferred and common stock.

8. In June 1999, RCN entered into a \$1 billion senior secured credit facility with J.P. Morgan Chase Bank as administrative and collateral agent. As of April 30, 2004, approximately \$432.5 million was outstanding under the facility (the "Secured Debt").

9. Between 1997 and 2000, the RCN issued the following senior notes: (i) the 10% Senior Notes due October 15, 2007, issued under the Indenture dated October 17, 1997, as amended, (ii) the 11 1/8% Senior Discount Notes due October 15, 2007, issued under the Indenture dated October 17, 1997, as amended, (iii) the 9.8% Senior Discount Notes due February 15, 2008 issued under the Indenture dated February 6, 1998, as amended, (iv) the 11% Senior Notes due July 1, 2008, issued under the Indenture dated June 24, 1998, as amended, and (v) the 10 1/8% Senior Notes due January 15, 2010, issued under the Indenture dated December 22, 1999, as amended (collectively, the "Senior Notes"). RCN's obligations under the Notes were approximately \$1.2 billion as of December 31, 2003.

10. Additionally, RCN issued two series of preferred stock – Series A and Series B. As of March 31, 2004, 353,289 shares and 1,473,582 shares, respectively, were outstanding.

11. In early 2004, RCN determined that its revenue and cash on hand would be

insufficient to meet its working capital, debt service, capital expenditure and other requirements, including interest payments on the Senior Notes. RCN, after consulting with its advisors and after exploring various out-of-court restructuring alternatives, concluded that the best vehicle to achieve a restructuring of its indebtedness was through consummation of a Chapter 11 plan. RCN also concluded that to return to viability they would have to emerge from any restructuring with significantly less debt than currently on its books.

#### **Ad Hoc Committee**

12. Prior to the Petition Date, commencing on or about October 27, 2003, the Debtors engaged in intensive negotiations with an ad hoc committee of holders of the Senior Notes (the “Ad Hoc Committee”). The Ad Hoc Committee was comprised of certain holders of the Senior Notes. As a result of these negotiations, on May 26, 2004, the Debtors, the Senior Secured Lenders and the Ad Hoc Committee reached an agreement regarding the terms of restructuring the Debtors.

13. The Ad Hoc Committee retained CTA as its industry and technology advisor and in connection therewith the Debtors paid CTA total pre-Petition Date fees of \$1,075,000 and reimbursement of expenses in the amount of \$46,702.58.

#### **Filing of Chapter 11 Petition**

14. On May 27, 2004, certain Debtors filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the “Petition Date”). On August 5, 2004, RCN-Chicago filed its voluntary petition for reorganization under Chapter 11 and on August 20, 2004, 21st Century Telecom Services, Inc., RCN Telecom Services of Virginia, Inc., RCN Entertainment, Inc. and ON TV, Inc. filed their respective voluntary petitions for reorganization under Chapter 11.

Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors continue to operate their business and manage their properties as debtors in possession.

### **The Official Committee of Unsecured Creditors**

15. On June 10, 2004, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Committee") in these chapter 11 cases comprised of the following entities: Tudor Investment Corp., York Capital Management and HSBC Bank USA. Additionally, Romulus Holdings, Inc. participated in the Committee as an *ex-officio* member.

### **CTA's Retention**

16. On June 29, 2004, CTA filed an application for an order authorizing the retention of CTA as industry and technology advisors to the Committee (the "Retention Application"). Attached hereto as Exhibit C is a copy of the Retention Application.

17. Pursuant to the Retention Application, as industry and technology advisor to the Committee, CTA was hired to perform numerous professional services on behalf of the Committee during these Chapter 11 cases, including the following:

- (a) analyze the Debtors' telecommunication operations, service delivery and technological capabilities, each as it applies to the Debtors' current financial condition and its prospects for the Debtors' future performance;
- (b) conduct detailed reviews of the Debtors' recent and historic financial performance, business plan, marketing plan, revenue forecasts, capital program, management and competitive environment;
- (c) assist the Committee in evaluating the Debtors' proposed plan of reorganization and develop, evaluate, structure and negotiate the final, definitive terms and conditions of a restructuring or plan of reorganization;
- (d) analyze any merger, acquisition, divestiture, joint venture, or other transactions proposed by the Debtors;
- (e) assist the Committee in evaluating the Debtors' proposed bank debt refinancing transaction;

- (f) review and advise the Committee with respect to operating cash flow risks and opportunities associated with the Debtors' proposed plan of reorganization;
- (g) assist and advise the Committee in connection with the Debtors' current contracts, both from a market level evaluation, and overall usefulness of such contracts in the context of the Debtors' proposed plan of reorganization and business plan; and
- (h) provide such other advice and assistance as may be reasonably requested by the Committee from time to time.

18. With respect to payment for services rendered, the Retention Application provided that:

- (a) CTA shall receive a monthly fee in the amount of \$150,000;
- (b) CTA shall be reimbursed for all out of pocket expenses incurred in connection with its representation of the Committee; and
- (c) CTA may request a success fee, in addition to the monthly fees, which shall be negotiated between the Committee and CTA in good faith.

19. Pursuant to an order entered by this Court on July 26, 2004, the Committee was authorized to retain and employ CTA in this Chapter 11 case as its industry and technology advisor, *nunc pro tunc*, June 14, 2004. Attached hereto as Exhibit D is a copy of the order approving the Retention Application.

#### **Modification of CTA's Retention**

20. As the Debtors' cases proceeded, the Committee discovered that additional services were needed from CTA in order for the Committee to fulfill its fiduciary obligations. To that end, the Committee and CTA negotiated amendments to the scope of services CTA would provide to the Committee and the amount of compensation CTA would receive in light of its new duties.

21. Pursuant to the Amendments, CTA duties were expanded to include the



following:

- (a) review and analyze the Debtors' subscription and television programming agreements and rights, channel line-ups and tiers and advise the Committee with respect thereto; and
- (b) assist the Committee in making recommendations to the Debtors with respect to the Debtors' subscription and programming.

22. The Amendment also provides that:

- (a) CTA shall receive a monthly fee in the amount of \$180,000 effective November 1, 2004; and
- (b) pursuant to the terms of the initial engagement, the Committee and CA negotiated in good faith and that the parties have agreed that a success fee of between \$1.25 million and \$1.75 million shall be payable to CTA upon consummation of the Chapter 11 cases.

23. The amendments to the Retention Application were set forth in that certain letter dated October 21, 2004 from CTA to the Committee (the "Amendments") which is attached hereto as Exhibit E.

24. On November 23, 2004, the Court held a hearing regarding the Amendments. At the hearing, the Court approved the Amendments regarding CTA's amended scope of services and monthly fee. The order approving the Amendments was entered on November 29, 2004 and is attached hereto as Exhibit F.

25. Additionally, at the hearing, the Court stated that although the success fee would be subject to review under Section 330 of the Bankruptcy Code at the time of the final fee application, "[the Court] is likely to approve [the Success Fee], particularly since [the Court] views the constituency that's asking for [the Success Fee] is also the constituency that in effect is going to be paying for it." See Hearing Transcript at 14.

### **THE CHAPTER 11 CASE**

26. Throughout the Chapter 11 case, CTA was actively involved in every aspect of the Debtors' decision-making process. CTA assisted the Debtors in implementing immediate cash preservation strategies, streamlining and/or eliminating operational costs to reduce overall costs and assisted the Debtors in formulating a plan of reorganization acceptable to its creditor constituents. CTA was a consistent on-site presence at the Debtors' headquarters throughout the Chapter 11 case and frequently interacted with the Debtors' senior management and advisors.

27. As industry and technology advisor to the Committee, CTA undertook comprehensive due diligence efforts at the operational and financial levels, monitored operational and financial performance, reviewed key employee retention plans and developed a post-Chapter 11 business plan.

28. CTA created a comprehensive inventory of the Debtors' assets, analyzed all franchise agreements and proposed settlements regarding these agreements, reviewed all administrative contracts and identified key business contracts for potential rejection or restructuring.

29. Additionally, CTA recommended to the Debtors several other cost-cutting opportunities identified through the due diligence process, including: (1) real estate rejections; (2) telecommunications contract rejections; and (3) headcount reductions. CTA's efforts directly led to a reduction of the Debtors' operating costs.

30. Due to the Debtors' and Committee's satisfaction with CTA's performance during this Chapter 11 reorganization, CTA's advisory role was expanded to include a comprehensive review of the Debtors' programming costs. Specifically, CTA (1) developed and implemented programming cost reduction initiatives in order to bring the Debtors' programming costs in line with industry peers; (2) reviewed and proposed modifications of pricing policies; and (3) worked

with the Debtors' engineering operations to "groom" the network, eliminate out-of-market facilities and consolidate operation centers.

31. CTA's efforts led directly to the Debtors' extraordinarily successful reorganization and recapitalization -- in a manner consistent with the Committee's objectives and the Debtors' needs. RCN was able to refinance the \$432.5 million of Secured Debt with a new secured debt facility of approximately up to \$485 million. Additionally, the Debtors were able to convert approximately \$1.2 billion of general unsecured debt into equity of the newly reorganized company.

32. Ultimately, the Debtors' estate directly benefited from CTA's efforts as CTA was able to guide the Debtors through an extremely efficient reorganization<sup>6</sup> which enhanced the Debtors' estates by saving significant amounts with respect to daily and long-term operating expenses.

#### **Confirmation of the Plan**

33. By order of the Court, entered on December 8, 2004, the Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries dated October 12, 2004, was confirmed.

34. The Effective Date of the Plan was December 21, 2004.

#### **SUMMARY OF FEES AND EXPENSES**

35. The total amount of professional fees sought by CTA for the Fee Period is \$2,736,935.48, calculated as follows:

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<sup>6</sup> The time between the Petition Date and the Effective Date of the Plan was less than seven months.

<b>Monthly Fees</b>			
First Fee Period:	June 14, 2004 - June 30, 2004	\$ 85,000.00	
	July 1, 2004 - July 31, 2004	\$150,000.00	
	August 1, 2004 - August 31, 2004	\$150,000.00	
Second Fee Period:	September 1, 2004 - September 30, 2004	\$150,000.00	
	October 1, 2004 - October 31, 2004	\$150,000.00	
	November 1, 2004 - November 30, 2004	\$180,000.00	
	December 1, 2004 - December 21, 2004	\$121,935.48	
	<i>Total Monthly Fees</i>		\$ 986,935.48
Success Fee:			\$ 1,750,000.00
	<i>Total Fees For Services</i>		<b>\$2,736,935.48</b>

36. On October 21, 2004 CTA filed the First Interim Fee Application of Capital & Technology Advisors LLC for Compensation and Reimbursement of Expenses (for the period June 14, 2004 through August 31, 2004) (the "Interim Application"). The Court entered an order approving the Interim Application on November 22, 2004 (the "Initial Order"). A copy of the Initial Order is attached hereto as Exhibit G. The amount sought in the Interim Application was paid as follows:

		Requested		Approved	
Date Filed	Period Application	Fees	Expenses	Fees (less 20% holdback)	Expenses
10/21/04	6/14/04-8/31/04	\$385,000.00	\$25,434.71	\$308,000.00	\$25,434.71

### **DISBURSEMENTS**

37. CTA has incurred out-of-pocket disbursements during the Fee Period in the amount of \$61,171.63.<sup>7</sup> This disbursement sum is broken down into categories of charges itemized in Exhibit H attached hereto. Each charge incurred by CTA was necessary and incurred

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<sup>7</sup> Of this amount, the Debtors paid \$54,480.52 pursuant to the Compensation Order. The remaining \$6,691.11 represents expenses incurred by CTA during the Fee Period which were not submitted to the Debtors as a result of CTA's accounting department receiving several expense reports after the monthly statement for December fees and expenses was sent to the Debtors.

as a direct result of CTA's representation of the Committee.

## **BASIS FOR COMPENSATION AND REIMBURSEMENT**

### **Monthly Fees and Expenses**

38. The applicant believes that the requested professional fees are reasonable when considering the factors enumerated in section 330 of the Bankruptcy Code. The monthly fees requested herein are fair and reasonable given (a) the complexity of these cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, (e) the results which were achieved for the Debtors' unsecured creditors, and (f) the costs of comparable services other than in a case under the Bankruptcy Code.

### **The Success Fee is Warranted**

39. CTA seeks a success fee for its services in the amount of \$1,750,000 (the "Success Fee").

40. The awarding of the Success Fee is fair and reasonable based upon: (a) the CTA's exceptional performance, (b) the extraordinary benefit conferred on creditors of the estate, (c) the successful nature of the Chapter 11 proceedings, and (d) the quick time frame within which such successful results were accomplished. *See In re Gillett Holdings, Inc.*, 137 B.R. 452, 459 (Bankr. D. Colo. 1991).

41. CTA recovered significant value for the estates and their creditors as a result of the exceptional professional services it performed in these cases. Importantly, CTA performed a great deal of value enhancing services which were not contemplated at the outset of the case.

Such services included:

- Maintaining a consistent on site-presence at the Debtors' corporate headquarters;
- Assistance in executive searches for the Chief Executive Officer and Chairman of the Board;

- Acting as the Debtors' advisors in the purchase of Pepco's 50% share of Starpower, a Washington, D.C. based joint-venture between RCN Corp. and Pepco;
- Settling the Chicago franchise agreement and CANTV agreements to reduce future obligations of the Debtors;
- Driving the reconfiguration of the Trooper, PA facility and subsequent NOC rehome; and
- Leading a comprehensive overhaul of RCN's programming costs.

42. As aforementioned, CTA's coordinated efforts with the Debtors led to a extremely significant savings to the estates.

43. The requested Success Fee was negotiated in good faith and supported by the Committee. Additionally, it should be noted that CTA has an expectation of receiving its Success Fee as the Court stated that it would likely approve any request by CTA for a success fee if such request was supported by the Committee.<sup>8</sup>

[Remainder of page intentionally left blank]

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<sup>8</sup> At the hearing before the Court on November 23, 2004, the Court was made aware of the fact that CTA would be seeking a success fee for its efforts in this case and stated that although the Success Fee would be subject to review under Section 330 of the Bankruptcy Code at the time of the final fee application, "[the Court] is likely to approve [the Success Fee], particularly since [the Court] views the constituency that's asking for [the Success Fee] is also the constituency that in effect is going to be paying for it."

WHEREFORE, CTA respectfully requests (i) that the Court enter the Order attached hereto as Exhibit I providing for (i) for final allowance of fees and reasonable and necessary reimbursable expenses incurred by CTA during the Fee Period; (ii) authorizing and directing the Debtors to pay CTA an aggregate amount of \$1,954,078.21 for compensation for services rendered and reimbursement of expenses incurred during the Fee Period; and (iii) that the Court grant such other and further relief as it may deem just and proper.

Dated: Albany, New York  
February 4, 2005

CAPITAL & TECHNOLOGY  
ADVISORS LLC

By:

  
Wayne Barr, Jr.  
Managing Member  
18 Corporate Woods Boulevard  
Third Floor  
Albany, New York 12211  
(518) 462-2632

# **EXHIBIT A**



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X  
In re:

: Chapter 11  
:

RCN CORPORATION, *et al.*

: Case No. 04-13638 (RDD)  
:

: Debtors.  
: ----- X

: Jointly Administered

**AFFIDAVIT OF WAYNE BARR, JR.**

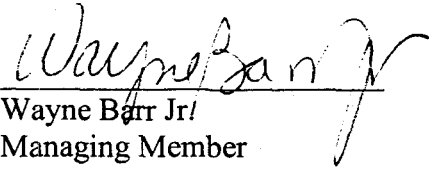
STATE OF NEW YORK     )  
                              ) ss:  
COUNTY OF ALBANY     )

WAYNE BARR, JR., certifies as follows:

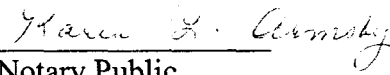
1. I have been designated by Capital & Technology Advisors LLC (the "Applicant") as the professional with responsibility in this case for compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (collectively, the "Guidelines").
2. I have read the Applicant's application for compensation and reimbursement of expenses (the "Application"). The Application complies with the Guidelines, and the fees and expenses sought fall within the Guidelines, except as specifically noted in the certification and described in the Application.
3. The fees and expenses sought are billed at rates and in accordance with practices customarily employed by the Applicant and generally accepted by the Applicant's clients.
4. In seeking reimbursement for the expenditures described in Exhibit H, the Applicant is seeking reimbursement only for the actual expenditure and has not marked up the actual cost to provide a profit or to recover the amortized cost of investment in staff time or equipment or capital outlay (except to the extent that the Applicant has elected to charge for in-house photocopies and outgoing facsimile transmissions at the maximum rates permitted by the Guidelines).
5. In seeking reimbursement for any service provided by a third party, the Applicant is seeking reimbursement only for the amount actually paid by the Applicant to the third party.

6. The following are the variances with the provisions of the Guidelines, the date of each court order approving the variance, and the justification for the variance: Not applicable.

Dated: Albany, New York  
February 2, 2005

  
Wayne Barr Jr.  
Managing Member

Sworn to and subscribed to before me  
on this 2<sup>nd</sup> day of February, 2005.

  
Notary Public

KAREN L. ARMSBY  
Notary Public, State of New York  
Qualified in Rensselaer County  
No. 01AR6001230  
Commission Expires Jan. 5, 2006

## **EXHIBIT B**

**June 14 – 30, 2004****Wayne Barr, Jr. – 4 hours**

Date	Number of Hours	Description
6/30	4	Attend Committee meeting in NYC with J.Alix, Blackstone and Company representatives; follow up with C&TA staff regarding action items arising out of meeting.

**Peter D. Aquino – 9 hours**

Date	Number Of Hours	Description
Week of 6/14	9	Conference Calls with Company and with Committee, meeting with Mr. McCourt, Creditor Committee meetings, several conference calls with Committee members and internal C&TA staff

**Shawn O'Donnell - 33 hours**

Date	Number of Hours	Description
6/15	2.0	Worked on process committee, network expense committee; 9:00 am RCN call with J. Alix, 10:00 am committee call with J. Alix
6/17	3.0	Worked on Real Estate and Franchise issues; 1:30 pm call with RCN/J. Alix regarding Corp HQ lease
6/18	2.0	Worked on Real Estate and Franchise issues; J. Alix fees
6/21	5.0	Worked on bundle price offering, Real Estate issues, Franchise issues
6/22	3.0	Real Estate issues, Franchise issues; 9:00 am RCN committee call with J. Alix
6/25	2.0	Real Estate issues, Franchise issues
6/29	8.0	Real Estate issues, Franchise issues; 1:30 pm meeting with RCN to review Franchise and Real Estate progress, engineering meeting regarding Trooper, PA facility
6/30	8.0	Real Estate issues, Franchise issues; overall plan update; 9:30 am meeting with RCN, J. Alix Partners, Committee to review current company performance; 1:00 pm meeting with Executive Search firms

**J. Peter Bade - 61 hours**

Date	Number of Hours	Description
6/3	4.00	Cash Forecast/Waiver analysis and call on NOL's
6/5	1.00	Calls on disclosure issue
6/6	1.00	Two calls on disclosure issues

6/7	3.00	Review new Real Estate and Franchise Agreement files sent to us
6/8	2.00	Review new Real Estate and Franchise Agreement files sent to us
6/9	2.00	Call on 8-K, verify that numbers reflect Blackstone plan
6/10	1.00	Analysis/Discussion on pending Real Estate transaction
6/11	3.00	Analysis/Discussion on pending Real Estate transaction
6/14	1.00	Analysis/Discussion on pending Real Estate transaction
6/15	2.00	Weekly Calls
6/17	6.00	Analysis/Discussion on pending Real Estate transaction
6/18	4.00	Cash Budget Sign-Off, Conversation w/Charles Braley, and AP Fee Quick Analysis
6/21	3.00	Comparative research. Cablevision new offering
6/22	2.00	Weekly Calls
6/23	3.00	Committee call, fee review, refine and distribute real estate document
6/28	4.00	Call with Sandra Horwitz and David Retter, new committee members
6/29	4.00	Travel to RCN HQ in Princeton, discuss issues with O'Donnell
6/29	4.00	Meeting with Engineering (network configuration), Deb Royster (Franchise progress), Review New RE chart
6/29	2.00	Analyze New Real Estate Chart
6/30	3.00	Update meeting in NYC: Cost progress (Dubel, Horvat, Hogan, Royster)
6/30	1.00	Follow-up with O'Donnell, Barr, Abbruzzese

**July 1 – 31, 2004**

**Wayne Barr, Jr. – 9 hours**

Date	Number Of Hours	Description
7/19	4	Review and analyze real estate issues, franchise issues; and overall plan; 8:30 am RCN Professionals meeting to review POR options
7/20	2	Discuss and analyze open issues with C&TA staff
7/21	3	Attend committee meetings

**Peter D. Aquino – 32 hours**

Date	Number of Hours	Description
7/13	5	Various conference calls regarding franchise, real estate and miscellaneous issues. DB meeting
7/19	6	Review and analyze real estate issues, franchise issues; and overall plan; 8:30 am RCN Professionals meeting to review POR options
7/20	3	Continued review and discussion with Dubel and committee of outstanding issues
7/21	4	Real Estate issues, Franchise issues; overall plan update; 9:00

		am pre-meeting with Committee; 10:00 am meeting with RCN management, advisors, committee to review POR options
7/22	4	On-site work at RCN with Pete Bade
7/23	4	On-site work at RCN with Pete Bade
7/27	6	Real Estate issues, Franchise issues; overall plan update; committee call to review POR analysis; mtg with McCourt

**Shawn O'Donnell - 71 hours**

Date	Number of Hours	Description
7/1	2	Real Estate issues, Franchise issues; overall plan update
7/2	5	Real Estate issues, Franchise issues; overall plan update; 9:00 am Call with RCN committee; 9:30 am call with RCN, Chanin, CTA regarding SGA cost cutting
7/6	4	Real Estate issues, Franchise issues; overall plan update; 9:30 am central RCN Committee call
7/12	6	Real Estate issues, Franchise issues; overall plan update
7/13	7	Real Estate issues, Franchise issues; overall plan update; 9:00 am RCN conf call, 1:45 pm RCN committee call; 5:00 pm RCN franchise update call
7/15	3	Real Estate issues, Franchise issues; overall plan update
7/16	4	Real Estate issues, Franchise issues; overall plan update
7/19	7	Real Estate issues, Franchise issues; overall plan update; 8:30 am RCN Professionals meeting to review POR options
7/20	3	Real Estate issues, Franchise issues; overall plan update; 6:15 pm conference call with Chanin to review cost saving opportunities
7/21	6	Real Estate issues, Franchise issues; overall plan update; 9:00 am pre-meeting with Committee; 10:00 am meeting with RCN management, advisors, committee to review POR options
7/22	1	Real Estate issues, Franchise issues; overall plan update
7/23	2	Real Estate issues, Franchise issues; overall plan update
7/26	1	Real Estate issues, Franchise issues; overall plan update
7/27	5	Real Estate issues, Franchise issues; overall plan update; 1:00 pm cdt RCN committee, debtor, advisor call to review POR analysis
7/28	5	Real Estate issues, Franchise issues; overall plan update; 8:00 am cdt RCN committee conf call
7/29	6	Real Estate issues, Franchise issues; overall plan update
7/30	4	Real Estate issues, Franchise issues; overall plan update; network analysis

**J. Peter Bade - 90 hours**

Date	Number of Hours	Description
7/2	1.5	Call with Horvat and Hogan, update on plan issues
7/5	3	Prepare and revise memo regarding VoIP impacts on RCN
7/6	3	Weekly calls

7/7	2	Call and re: Equity Committee request letter
7/12	2	Preparation for tomorrow's Deutsche bank meeting
7/13	6	Meeting with Deutsche Bank; Horvat update call to discuss real estate status, franchise update call
7/14	1	Call with O'Donnell, overview of company
7/15	1	Milbank update call, review outstanding real estate properties
7/16	3	Real Estate and Franchise agreements--update analysis and discuss with PA
7/19	6	Meeting at Blackstone offices, prepare real estate and franchise schedule to determine costs and obligations
7/20	4	Develop informal presentation for committee members re expenses
7/21	6	Meeting at Skadden's offices. Skadden, Blackstone, Company, Committee, CTA and Chanin; Pre-meeting to review informal expense presentation and main meeting where company outlines restructuring scenarios
7/22	10	Analysis of company's scenarios, outline analysis with Horvat of AP per Al Fisola; Travel to RCN HQ in Princeton, discuss issues with PA, meetings at RCN Princeton to discuss current performance and analysis framework with Horvat
7/23	10.5	Meeting with Dubel, meetings with functional groups at RCN Princeton--real estate, franchise, programming, NYC operations; Travel back to Washington DC
7/26	6	Horvat update call, build schedules for tomorrow's meeting, Milbank regulatory call, second and third Horvat call to confirm schedules
7/27	6	RCN meeting preparation and meeting in NYC with Company, Skadden, Blackstone, CTA, and Chanin
7/28	10	Committee call, start market performance analysis; At RCN Princeton, meetings with Tony Horvat review real estate and subs to file; Travel RCN to Washington, Market performance analysis, SGA breakdown
7/29	4	Review company's potential subsidiary filings with PA, review preliminary market performance data with PA; Discuss subsidiary filing with Committee members
7/30	5	SGA Breakdown--remaining non-Staff targets, Review Cash Variance report, Market Connection Analysis

**Eduardo Sanchez -- 9 hours**

Date	Number of Hours	Description
7/6	1	Participate in Weekly Conference Call with Creditors Committee to stay apprised of case
7/13	1	Participate in Weekly Conference Call with Creditors Committee to stay apprised of case
7/20	1	Participate in Weekly Conference Call with Creditors Committee to stay apprised of case
7/27	6	Meeting with Debtors and Creditors Committee. NYC

**Tom Dunham -- 8 hours**

7/23	8	Travel to and work at Princeton RCN office with PA and PB for meetings with functional groups at RCN Princeton--real estate, franchise, programming, NYC operations
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**August 1 – 31, 2004****Jared E. Abbruzzese – 3.5 hours**

Date	Number of Hours	Description
8/02	1	Participate in conference calls with committee and debtor
8/10	1	Call with C&TA staff regarding status of open issues, participate in weekly conference call
8/23	.5	Obtain update from C&TA staff regarding filing of DS and POR
8/30	1	Participate in conference calls with committee and debtor

**Wayne Barr – 20.5 hours**

Date	Number of Hours	Description
8/02	1	Participate in committee conference call and RCN update call
8/10	1	Internal discussion regarding open issues, participate in weekly conference call
8/13	1	Participate in committee call
8/16	1	Review outstanding real estate and franchise issues; discuss with C&TA staff
8/17	1.5	Participate in weekly update call with committee and company
8/18	4	Participate in meeting at Skadden
8/19	4	Review and have internal discussions regarding contract analysis; review disclosure statement and POR in anticipation of filing
8/20	5	Numerous conference calls regarding outstanding DS and POR issues; continued review of DS and POR in advance of finalization
8/23	1	Participate in committee update call
8/30	1	Participate in committee call

**Shawn O'Donnell - 122 hours**

Date	Number of Hours	Description
8/02	5.0	Review Real Estate issues, Franchise issues; overall plan update; network analysis; 2:30 pm Committee call, 4:00 pm RCN update call
8/03	4.0	Review Real Estate issues, Franchise issues; overall plan update; network analysis
8/04	7.0	Review Real Estate issues, Franchise issues; overall plan update;



		valuation analysis; network analysis; 3:00 pm meeting with Committee, Blackstone, to review Blackstone valuations
8/05	5.0	Review Real Estate issues, Franchise issues; overall plan update; valuation analysis; network analysis
8/06	7.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; 10:00 am meeting with RCN personnel to review PA network plans
8/09	6.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; 4:00 pm central Real Estate/Franchise update call
8/10	6.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; 9:30 am central Committee conference call
8/11	5.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis
8/12	8.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; Starpower due diligence; 10:30 am Starpower Due diligence meeting
8/13	4.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; Starpower due diligence; 10:00 am edt meeting with committee, management, CRO
8/16	3.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; Starpower due diligence; 4:00 pm cdt Weekly Real Estate/Franchise update conference call
8/17	5.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; Starpower due diligence; 9:30 cdt Committee conference call
8/18	8.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; Disclosure statement analysis, contract analysis, POR analysis; 10:30 edt Committee all hands meeting to review POR issues
8/19	6.0	Review Real Estate issues, Franchise issues; PA network reconfiguration analysis; Disclosure statement analysis, contract analysis, POR analysis
8/20	10.0	Real Estate issues, Franchise issues; PA network reconfiguration analysis; Disclosure statement analysis, contract analysis, POR analysis; 10:00 am edt meeting with committee regarding POR and disclosure statement; 11:00 pm disclosure statement call with company
8/23	5.0	Real Estate issues, Franchise issues; PA network reconfiguration analysis; Disclosure statement analysis, contract analysis, POR analysis; 4:00 pm cdt RCN Update call
8/25	8.0	Real Estate issues, Franchise issues; PA network reconfiguration analysis; contract analysis; 9:00am all day meeting on SGA savings update with RCN and AP
8/26	5.0	Real Estate issues, Franchise issues; PA network reconfiguration analysis; contract analysis; 3:00 pm central call with RCN and AP to review executory contracts
8/27	6.0	Real Estate issues, Franchise issues; PA network reconfiguration analysis; contract analysis

8/30	4.0	Real Estate issues, Franchise issues; PA network reconfiguration analysis; contract analysis; 4:00 pm cdt RCN Update call
8/31	5.0	Real Estate issues, Franchise issues; PA network reconfiguration analysis; contract analysis

**J. Peter Bade - 177 hours**

Date	Number of Hours	Description
8/01	7.50	Subsidiary analysis and review of smaller subsidiaries; participate in Committee call; CRO Update call
8/03	8.0	Call with Milbank to discuss issues surrounding smaller subsidiaries; participate in weekly Committee call; revise CTA view of distributed/market value, begin research regarding connections analysis, participate in Starpower update call
8/04	11.5	Revamp CTA distributed value/enterprise value chart; attend Blackstone valuation meeting in NYC; review Blackstone valuation materials
8/05	10.5	Complete first draft of market connection analysis, review cash report, review Chanin valuation analysis, compare to Blackstone; participate in Chanin valuation call, travel to Princeton
8/06	8.50	Meeting with RCN personnel to discuss network reconfiguration, travel from RCN HQ at Princeton
8/09	8.00	Remaining real estate analysis, review spreadsheet of cost-benefit for Trooper, PA facility; participate in call with CRO discuss real estate
8/10	7.00	Participate in Committee call, review draft POR and disclosure statement
8/11	4.00	Review Starpower JV agreement, preparation for site visit tomorrow
8/12	8.00	Site visit to Starpower in Lanham MD
8/13	8.00	Participate in update with JDubel with emphasis on franchise progress; participate in call with Gary Schaffer to review subsidiaries, update CTA subsidiary analysis, compare CTA Feb plan to Company's April and Aug 3rd plan
8/16	8.00	Tour of Merrifield facility; participate in meeting with PK Rami, GM of NY. Discuss plan for his market, service delivery centralization strategy, new commission plan, market organization, and leakage; participate in CRO call. Discuss Real Estate and Franchise Agreements
8/17	7.00	Participate in Committee call; review Market Profitability Reports, Frame Analysis
8/18	8.00	All-hands meeting in NYC
8/19	8.00	Review Contracts at Debtor Subsidiaries; review Claims, participate in broader call to resolve outstanding POR and DS issues, review drafts of these documents
8/20	10.00	Participate in Committee call, broader call to resolve outstanding POR and DS issues, subsequent review of drafts of

		POR and DS; Participate in calls to finalize POR and DS
8/23	3.00	CRO call, discuss RE and Franchise
8/24	10.5	Committee call, review latest cash forecast, analyze cash forecast for Professional Fee level, review contracts for Schedules D&E of DS; participate in Chanin call, travel to company
8/25	13.00	Meetings at RCN Princeton NJ, review Customer Service and Tech Ops cost savings initiatives and review network reconfiguration--Trooper, Merrifield, and Boston Hub consolidation; participate in call with Chanin personnel; travel from RCN
8/26	7.00	Review all information provided for cost savings initiatives; Contract review and call to discuss company progress (reject/assume), memo to committee summarizing real estate and status of cost savings initiatives
8/27	8.00	Contract status calls/e-mails, Review all information provided for cost savings initiatives and develop missing data and list of next questions
8/30	6.00	Isolate and resolve four "assume" contracts, CRO call to review real estate and franchise, evaluate details of CS savings, review dial access LOB and prepare one page summary for S. O'Donnell
8/31	8.00	Review Commercial LOB white paper, initiate cost savings presentation, review contracts, evaluate company's analysis re: programming contracts

#### September 1 – 30, 2004

##### **Jared E. Abbruzzese – 10 hours**

Date	Number of Hours	Description
9/8	5.5	Prepare for and attend meeting at SASMF, follow-up with committee members
9/13	1	Participate in committee call regarding Starpower
9/15	1	Participate in committee call regarding Starpower
9/21	1	Participate in conference calls with committee and debtor
9/24	1.5	Participate in conference call with committee, follow-up with C&TA personnel and committee members

##### **Shawn O'Donnell -- 94 hours**

Date	Number of Hours	Description
9/1	5.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; 8:30 am Contract conference call; 12:00 pm Franchise Update call
9/2	4.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis

9/3	4.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis
9/13	4.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis; 8:00 am conf call regarding Starpower (with committee, RCN, advisors); 4:00 pm RCN update call
9/14	5.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy; 3:45 committee call regarding Starpower, 4:00 pm call with RCN regarding Starpower
9/15	4.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy; 2:00 pm committee call with RCN and advisors regarding Starpower
9/16	4.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy
9/17	4.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy
9/20	6.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy; 4:00 pm RCN update call
9/21	6.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy; 9:30 am cdt RCN Committee call, 3:00 pm RCN/Company committee call
9/22	8.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy; All day meetings regarding real estate and cost cutting initiatives
9/23	7.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy; All day meetings regarding real estate and cost cutting initiatives
9/24	7.0	Review and discuss Real Estate issues, Franchise issues; network reconfiguration analysis; contract analysis; Starpower analysis and strategy; 9:30 am committee and RCN call regarding real estate and other issues
9/27	7.0	Reviewing contracts, real estate analysis; All day meetings regarding real estate and cost cutting initiatives
9/28	9.0	Reviewing contracts, real estate analysis; All day meetings regarding real estate and cost cutting initiatives
9/29	5.0	Reviewing contracts, real estate analysis; All day meetings regarding real estate and cost cutting initiatives
9/30	5.0	Reviewing contracts, real estate analysis; 8:00 am Meeting with Alix Partners, RCN to review contract analysis status

**J. Peter Bade -- 126.5 hours**

Date	Number of Hours	Description
9/1	7.0	Franchise update call. Corporate contracts call, review plan provisions, review Commercial LOB paper, review NCTC issues

9/2	8.0	Draft memo regarding overview of contracts review process at RCN and status; revise cost savings presentation
9/3	6.0	Finalize contracts review memo
9/6	4.0	Review cost savings initiatives and calculations, prepare for meeting on Tuesday with RCN personnel
9/7	4.0	Meeting with RCN personnel to review cost savings data and progress, review data provided at meetings
9/8	7.0	Meeting preparation, attend meeting in NYC (SASMF Offices), review documentation distributed at meeting
9/9	8.5	Corvis meeting, Real Estate and Cost Cutting meetings/updates with RCN personnel
9/10	6.0	Review real estate analysis, contracts update-- analyze contracts
9/13	8.0	Document Review --recommendation to O'Donnell, Review Tech Ops cost savings, revise cost savings powerpoint
9/14	3.0	Cost savings analysis
9/15	4.0	Revise cost savings initiatives presentation
9/16	2.0	Prepare meeting agenda for next week, review open plan issues
9/17	2.0	Meeting with RCN personnel to discuss Tech Ops, Real Estate; outline action items
9/20	3.0	Review new data on open issues. Participate in CRO call to discuss real estate issues
9/21	4.0	Participate in numerous cmte calls, perform additional real estate analysis
9/22	3.0	Review outstanding real estate issues, modify schedule
9/23	6.0	Attend meetings at RCN Princeton on network reconfiguration and real estate issues
9/24	4.0	Participate in Committee call regarding outstanding issues, including contract analysis
9/27	5.0	Meeting at RCN Princeton, specify data requirements and analysis framework
9/28	11.0	Data analysis of CRO Data Base, Cash Data Base, and Circuit Data Base
9/29	11.5	Data analysis of CRO Data Base, Cash Data Base, and Circuit Data Base
9/30	9.5	Data analysis CRO Data Base, Cash Data Base, and Circuit Data Base; start to draft committee presentation

**Michael McCullough -- 51 hours**

Date	Number Of Hours	Description
9/22	6.0	Attend meetings at RCN Princeton regarding network configuration
9/23	6.0	Attend meetings at RCN Princeton regarding circuit inventory
9/24	4.0	Attend meetings at RCN Princeton regarding network configuration and cost cutting initiatives
9/27	6.0	Meeting at RCN Princeton regarding circuit inventory
9/28	10.0	Data analysis of CRO Data Base, Cash Data Base, and Circuit Data Base
9/29	10.0	Data analysis of CRO Data Base, Cash Data Base, and Circuit Data Base
9/30	9.0	Data analysis CRO Data Base, Cash Data Base, and Circuit Data Base

**Hari Singh -- 15 hours**

Date	Number Of Hours	Description
9/29	9.0	Data analysis of CRO Data Base, Cash Data Base, and Circuit Data Base
9/30	6.0	Data analysis CRO Data Base, Cash Data Base, and Circuit Data Base

**Robert Keltgen -- 52 hours**

Date	Number Of Hours	Description
9/22	8.0	Attend meetings at RCN Princeton regarding network configuration and architecture
9/23	8.0	Attend meetings at RCN Princeton regarding network configuration and architecture
9/24	4.0	Facilities review
9/27	8.0	Meeting at RCN Princeton regarding circuit inventory
9/28	8.0	Data analysis of CRO Data Base, Cash Data Base, and Circuit Data Base (RCN Merrifield)
9/29	8.0	Data analysis of CRO Data Base, Cash Data Base, and Circuit Data Base (RCN Merrifield)
9/30	8.0	Data analysis CRO Data Base, Cash Data Base, and Circuit Data Base (RCN Merrifield)

**October 1 – 31, 2004****Jared E. Abbruzzese -- 4 hours**

Date	Number of Hours	Description
10/12	1	Participate in call with PAquino regarding programming
10/19	1	Participate in internal programming call
10/20	1	Participate in conference call with PAquino and DMcCourt
10/28	1	Participate in programming matters update call

**Wayne Barr -- 6.5 hours**

Date	Number of Hours	Description
10/5	1.5	Prepare for and participate in RCN committee call
10/8	1	Participate in RCN committee call
10/19	2	Prepare for and participate in internal programming call
10/26	1	Participate in conference call
10/28	1	Participate in programming matters update call

**Shawn O'Donnell - 81 hours**

Date	Number of Hours	Description
10/1	4	Review contracts, perform real estate analysis; meeting with

		representatives from Alix Partners and RCN to review contract analysis status
10/4	6	Review contracts, perform real estate analysis; meeting with representatives from Alix Partners and RCN to review contract analysis status
10/5	6	Review contracts, perform real estate analysis; meeting with representatives from Alix Partners and RCN to review contract analysis status; participate in RCN Committee call
10/6	7	Review contracts, perform real estate analysis; meeting with representatives from Alix Partners and RCN to review contract analysis status
10/7	7	Review contracts, perform real estate analysis; meeting with representatives from Alix Partners and RCN to review contract analysis status
10/8	5	Review contracts, perform real estate analysis; meeting with representatives from Alix Partners and RCN to review contract analysis status; participate in RCN Committee call
10/9	2	Review contracts, disclosure statement
10/11	4	Review contracts, disclosure statement
10/12	3	Review contracts, disclosure statement
10/13	2	Review contracts, disclosure statement
10/14	3	Review contracts, disclosure statement
10/18	4	Review contracts, operations costs, programming costs
10/19	3	Review contracts, operations costs, programming costs
10/20	3	Review contracts, operations costs, programming costs
10/22	4	Review contracts, operations costs, programming costs; committee conference call to update on outstanding issues
10/25	4	Review Operations costs, programming costs
10/26	5	Review Operations costs, programming costs; participate in Committee Conference Call
10/27	3	Review Operations costs, programming costs, Franchise issues, various contested matters
10/28	2	Review Operations costs, programming costs, Franchise issues, various contested matters
10/29	4	Review Operations costs, programming costs, Franchise issues, various contested matters

**J. Peter Bade – 138.5 hours**

Date	Number of Hours	Description
10/1	8	Rebuild Cash Database, meeting with Aquino on various operational and financial matters, calls with RCN representatives
10/2	2	Repopulate cash database with contract information provided by Debtors, prepare schedule and distribute to RCN personnel
10/3	2	Repopulate cash database with contract information provided by Debtors, prepare schedule and distribute to RCN personnel, analyze vendor issues
10/4	5	Organize interview program, complete three interviews
10/5	15	Interviews with each Vendor category, populate database

10/6	14	Complete population of database based on interviews and begin data analysis
10/7	12.5	Data analysis and preparation of presentation for committee call
10/8	3	Participate in various conference calls with C&TA and Debtor personnel, discuss preliminary results of cash vendor payment analysis
10/11	6	Analysis of contracts, preparation for meeting tomorrow; participate in conference call to discuss status of franchise settlements, review various severance agreements
10/12	6	Review contracts
10/13	9	Review contracts; discuss open issues with Committee counsel
10/14	3	Review POR in context of contract review
10/15	6	Review open subsidiary issues
10/18	2	Analyze programming data. Discuss with P. Aquino
10/19	2	Review contracts, participate in programming call
10/20	4	Review contract issues, review open programming issues
10/21	3	Meeting regarding programming
10/22	4	Follow-up questions/issue on programming. Establish analysis framework with C&TA personnel; review programming data, organize next steps
10/25	8	Perform Programming cost analysis/open questions, assemble press releases for CEO search
10/26	5	Participate in Committee call, draft memo on open issues
10/27	10	Meetings on programming costs and margins, draft analysis presentation
10/28	3	Programming analysis, presentation, call with C&TA personnel
10/29	6	At RCN facility in Merrifield, VA meeting with PAquino. Programming and monthly results

**Michael McCullough - 67 hours**

Date	Number of Hours	Description
10/4	4	Circuit contract analysis
10/5	12	Contract evaluation
10/6	12	Contract evaluation
10/7	12	Contract evaluation
10/8	7	Assemble and prepare support for Committee presentation
10/21	4	Review circuit information; prep for meetings next week.
10/25	2	Review AT&T dispute
10/26	6	Review AT&T dispute; RCN network usage data
10/27	8	Review Network usage data

**Robert Keltgen - 14 hours**

Date	Number of Hours	Description
10/5	2	Preview RCN contract issues
10/6	10	Contract review at RCN
10/7	2	De-brief of contract review with Pete Aquino



**Bernie Sisko – 70.8 hours**

Date	Number of Hours	Description
10/19	2.5	Prepared programming spreadsheet, analyze monthly P&L statement with respect to programming and costs
10/20	1	Conference call with C&TA personnel regarding RCN budgets and monthly reports, reviewed RCN packaging and pricing
10/21	10	Meeting in Princeton with RCN programming group
10/22	9	Continued meeting in Princeton with RCN programming group
10/25	9.5	Reviewed programming costs, agreement and analysis for future meeting, reviewed programming elements of September financials
10/26	10	Prepared and revised programming margin mix, meeting with RCN programming group, reviewed 2005 plans and discussed with group
10/27	11	Meeting at RCN regarding marketing plans and budgets, along with 2005 programming line-ups. Review programming fees and retransmission issues, legal and logistic issues associated with programming, reviewed bundling allocations and cost structures. Revised presentation.
10/28	9.5	Follow up meetings on programming volume discounts on various line-ups. Prepare for conference call, attend additional programming meetings
10/29	8.3	Commence programming agreement review, prepared executive summary report.

**November 1 – December 21, 2004****Shawn O'Donnell - 80 hours**

Date	Number of Hours	Description
11/1	3	Review and revise Programming cost analysis and franchise issues
11/2	3	Review and revise Programming cost analysis and franchise issues
11/3	3	Review and revise Programming cost analysis and franchise issues
11/4	3	Review and revise Programming cost analysis and franchise issues
11/5	4	Review and revise Programming cost analysis and franchise issues
11/8	5	Review and revise Programming cost analysis and franchise issues
11/9	5	Review and revise Programming cost analysis and franchise issues, review vendor settlement; participated in committee call and call with Milbank on potential claim settlements
11/10	4	Review and revise Programming cost analysis and franchise issues; real estate progress, review vendor settlement; franchise issues
11/15	2	Review and revise Programming cost analysis and franchise issues; real estate progress, review vendor settlement; franchise issues
11/16	4	Review and revise Programming cost analysis and franchise issues; real estate progress, review vendor settlement; franchise issues; participated in committee calls
11/17	3	Review and revise Programming cost analysis and franchise issues; real estate progress, review vendor settlement; franchise issues
11/18	4	Programming cost analysis; real estate progress, vendor settlement;

		franchise issues; participated in Committee call
11/22	1	Programming cost analysis; real estate progress, vendor settlement; franchise issues
11/23	2	Programming cost analysis; real estate progress, vendor settlement; franchise issues
11/24	2	Programming cost analysis; real estate progress, vendor settlement; franchise issues
11/29	2	Programming cost analysis; real estate progress, vendor settlements
11/30	1	Programming cost analysis; real estate progress, vendor settlements
12/1	1	Programming cost analysis; real estate progress, vendor settlements
12/2	1	Programming cost analysis; real estate progress, vendor settlements
12/3	3	Programming cost analysis; real estate progress, vendor settlements
12/6	1	Programming cost analysis; real estate progress, vendor settlements
12/7	2	Programming cost analysis; real estate progress, vendor settlements
12/8	2	Programming cost analysis; real estate progress, vendor settlements, operations review
12/9	2	Programming cost analysis; real estate progress, vendor settlements, operations review
12/10	3	Programming cost analysis; real estate progress, vendor settlements, operations review
12/13	2	Programming cost analysis; real estate progress, vendor settlements, operations review
12/14	2	Programming cost analysis; real estate progress, vendor settlements, operations review
12/15	1	Programming cost analysis; real estate progress, vendor settlements, operations review
12/16	2	Programming cost analysis; real estate progress, vendor settlements, operations review
12/17	4	Review Reserves
12/21	3	Programming cost analysis; operations review

**J. Peter Bade – 145.5 hours**

Date	Number of Hours	Description
1/1	8	Call with Lynne Buening, programming cost specialist; updated strategic partner memo.
11/2	4	Revisions made to Sisko programming analysis memo, revised programming analysis powerpoint
11/3	4	Participate in call regarding potential strategic partnering and ILD cost-saving opportunities, analysis of RCNE contracts, analysis of dial access business
11/5	8	Phone call RCNE, meeting w/ P. Aquino to brief on status of programming cost analysis
11/8	8	Revised RCN Strategic partner paper adding mobile carriers; worked on Committee update memo
11/10	2	Call regarding programming discussions/analysis approach with L. Buening and B. Sisko
11/11	7	Met with RCN personnel in programming; worked on analysis of data
11/12	6	Worked on data analysis and preparation of presentation with

		recommendations on reducing programming costs
11/14	2	Reviewed various programming agreements
11/15	7	Worked on draft of Dial Access Memo, updated Strategic Partner Memo
11/16	6	Meeting with RCN personnel, re pricing; programming; participate in Committee conference call
11/17	9	Programming cost analyses, updated presentation, update call with P. Aquino; update to open issues: 1133 York, vendor litigation, 3Q SGA reconciliation
11/18	8	Peer group programming cost analysis, brief meeting with RCN personnel
11/19	5	Project 20 MM meeting; meeting with potential strategic partner, issues update.
11/22	4	Update call with Kortery, call with R. Edge and B. Sisko to discuss programming profit effort, finished Strategic Partner memo
11/23	1	Committee update memo
11/29	2	San Francisco due diligence list; call with B. Sisko to discuss pricing
11/30	5.5	Calls to update emergence issues; Project 20MM call; call with L. Buening SP Meeting, San Francisco Due Diligence list
12/1	6.5	San Francisco due diligence list; pricing call with RCN personnel; pricing memo/analysis; committee update
12/2	8	Update call with RCN personnel, pricing memo, dial access divestiture memo; committee update memo; review of potential settlement agreement; chase D&O policy for prospective new board members
12/3	3.5	RCN pricing memo; call RCN Debt Covenants
12/4	6	Reviewed credit agreement
12/5	4	Reviewed credit agreement; identified issues and analysis schedules comparing plan to covenants
12/9	3	Finished pricing paper with B. Sisko; Windsor Group meeting to discuss strategic options with dial business
12/13	2	Reviewed material on potential strategic partner
12/16	4	Outlined strategy paper with P. Aquino; due diligence meeting with management team
12/17	8	Worked at RCN San Francisco offices; discussed diligence findings and pricing with RCN personnel; developed high level sizing model for potential acquisition
12/21	4	Traveled Boston to Chicago, reviewed new facility information

**Michael McCullough - 77 hours**

Date	Number of Hours	Description
11/1	3	Contract evaluation
11/2	6	Contract evaluation
11/3	7	Contract evaluation
11/4	3	Contract evaluation
11/15	8	Gather copies of local invoices
11/16	3	Work on modifying internal inventory
11/17	3	Arranged for electronic copies of local invoices
11/30	8	Reconciled September local invoices w/ General Ledger

12/1	6	Contract evaluation
12/2	7	Contract evaluation
12/3	5	Worked on resolving local circuit discrepancies
12/4	10	Worked on resolving local circuit discrepancies
12/5	5	Worked on obtaining network data from company
12/6	3	Converted network data to flat file for recon project

**Lynne Buening – 165 hours**

Date	Number of Hours	Description
11/4	2	Initial review of market status between networks and RCN
11/6	4	Began contract review and assessing of rate reduction opportunities
11/10	6	Worked on contract rate reduction strategy
11/11	11	Meeting w/ P. Bade, B. Sisko strategy session on network drop opportunities/rate reduction
11/12	6	Meeting w/ P. Bade, B. Sisko strategy session on network drop opportunities/rate reduction; meeting w/ programmers /contract re-negotiations
11/13	8	Programming contract reviews
11/14	10	Programming contract reviews
11/15	6	Worked on contract rate reduction strategy; met with P. Bade, B. Sisko and C. Wert re programming strategy
11/16	4	Programming Contract review meeting w/ J. Murawski
11/17	6	Programming contract reviews
11/19	6	Programming contract reviews; conference call w/ programmer
11/20	4	Programming contract reviews
11/22	4	Market-by-market channel line up assessment for upcoming system road trip
11/23	2	Conference call w/ programmer
11/27	6	Programming contract reviews and finalization of prep for system road trip
11/30	6	Meeting at Starpower, review and assess potential network drops/re-positioning; programming meeting in Boston
12/1	4	Meeting at RCN Boston, review and assess potential network drops/re-positioning
12/2-3	11	Meeting at RCN Manhattan, review and assess potential network drops/re-positioning; meeting w/ programmer /license fee reduction/marketing funds; Meeting at RCN Chicago, review and assess potential network drop/re-positioning
12/4	4	Programming contract reviews
12/6	4	Meeting at RCN San Francisco, review and assess potential network drop/re-positioning
12/7	3	Meeting at RCN Philadelphia, review and assess potential network drops/re-positioning
12/8	3	Programming contract review meeting with J. Murawski
12/9	1	Continuing contract discussions w/ programmer (conference call)
12/10	5	Programming contract reviews and continuing conference calls w/ various networks

12/13	7	Conference call w/ J Filipowicz re bulk accounts/other miscellaneous accounting issues; negotiation preparation for upcoming meeting w/ programmers; programming contract reviews
12/14	7	Conference call w/ programmers and out of contract retrans requirements settlement; ongoing programming contract reviews
12/15	2	Conference call w/ programmers, ongoing negotiations
12/16	3	Meeting with programmers to renegotiate premium deal/incremental growth plan for '05
12/17	8	Completion of system reviews and networks drops/re-positioning
12/18	4	Preparation for upcoming meetings with programmers
12/21	8	Contract/rate relief negotiations with various programmers

**Bernie Sisko – 239.1 hours**

Date	Number of Hours	Description
11/1	8	Worked on final draft of Exec. Summary w/ P. Bade; developed analysis of proposed channel line up moves
11/2	8	Continued work on channel line up migration analysis; discussion with John Murawski on impact on existing contracts; developed city specific plans and reviewed with P. Bade
11/3	8	Finalized work on proposed channel migration plan.
11/4	8	Worked on revising Executive Summary to include next steps, timelines and work on impact to digital tiers and ala-carte programming and pricing
11/5	7	Developed additional spreadsheets to measure impact of proposed digital tier rate adjustments and proposed basic rate adjustments for 2005 budget. Discussed strategy with C. Wert.
11/8	8	Worked on analysis of digital tier pricing allocations and the amount of discounts applied to each segment of the bundle.
11/9	8	Worked on spreadsheet on programming contracts; examined possibility of making programmer lead premium products for 2005.
11/10	10	Continued work on programmer review and finalized migration plans for channel line up meeting
11/11	10	Met with P. Bade, L. Buening, B. Herbs and J. Murawski to discuss programming moves, drops and changes for upcoming year; meetings with C. Wert and P. Aquino to review proposed pricing changes.
11/12	10	Worked on formal proposal to outline findings for new equity holders at upcoming meeting. Meeting with C. Wert re revised rate adjustment plans and repackaging and re-pricing of bundles for 2005.
11/15	8	Reviewed channel changes; worked on pricing analysis in preparation for meeting in Princeton.
11/16	11	Met with R. Rioabi and C. Wert to review pricing plans and discuss 2005 rate adjustments. Prepared for meeting with RCN marketing teams.
11/17	10	Met with J. Murawski and B. Herbs to review programming and bundling strategy; worked on powerpoint presentation for C&TA conference call update.
11/18	6	Worked on revised channel moves; continued work on bundling discount migration plan.

11/19	6	Continued work on bundling discount spreadsheets; discussions with P. Bade in preparation for conference call with RCN.
11/22	8	Bundle pricing discount spreadsheet discussions with RCN, C. Wert and P. Bade, reviewed 2005 budget.
11/23	3	Call with C. Wert reviewing new findings; worked on 2005 revenue gap closure plan and revised budget analysis.
11/24	2.8	Continued work on 2005 migration budget.
11/29	6.5	Completed January 2005 migration budget; worked on memo to go to P. Aquino outlining findings and comprehensive plan to finalize all of the bundling findings.
11/30	6	Prepared memo for P. Aquino formalizing two pronged savings approach; worked on new spreadsheet that projected basic rate increases for RCN.
12/1	7	RCN Bundle Pricing Analysis; meeting with C. Wert and P. Bade
12/2	7	RCN Bundle Pricing Analysis; call w/ P. Aquino, C. Wert regarding 2005 pricing models and budgets
12/3	9.3	Revised RCN Bundling Pricing Analysis after meeting with P. Aquino and staff
12/6	8	Continued work on revisions to recommendations and memo
12/7	3.5	Reworked analysis with new 2005 budget assumptions
12/8	3	Developed going forward 2005 Power and Resilink plans
12/9	8	Final product and analysis for 2005 pricing with budget
12/10	1	Reviewed final product and 2005 budgets
12/16	15	Due diligence trip to San Francisco
12/17	12	Met with T. Spike, R. Weeks, D. Schultz to review pricing memo and 2005 budget objectives
12/20	6	Revised pricing memo and conference call with C. Wert
12/21	7	Updated spreadsheet information with data received from A. Kibbey and C. Wert

**George McCalla – 95 hrs**

Date	Number of Hours	Description
12/1	8	Meeting with Dave Rediker in Trooper, PA – NOC overview
12/2	8	Worked on NOC Clarify Ticket Analysis
12/3	8	Worked with Tom Niznik , Network Engineering, on a person by person organizational review.
12/6	8	Meeting with Lou Donely in Trooper
12/9	8	Worked on back-up NOC review and functional analysis
12/10	8	Held supervisor and technician interviews
12/13	8	Interviewed Wayne Waldron and worked on organizational analysis
12/14	8	Worked on Pennsylvania market review; meeting with J. Filipowicz and his Philadelphia and Lehigh Valley staff
12/15	2	Worked on report analysis from Dec. 14 meeting
12/16	3	Continued work on report analysis from Dec. 17 meeting
12/17	12	Worked in Allentown on Lehigh Valley operational overview; met with Bill Thanal, Marcy Gilbert and Jeff Minnich
12/20	6	Worked on Trooper power outage interviews and analysis

12/21	8	Worked on Pennsylvania market consolidation; conference call with Kristell Janus and John Filipowicz and follow-ups
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# **EXHIBIT C**



MILBANK, TWEED, HADLEY & M<sup>c</sup>CLOY LLP  
1 Chase Manhattan Plaza  
New York, New York 10005  
(212) 530-5000  
Dennis F. Dunne (DD 7543)  
Deirdre Ann Sullivan (DS 6867)

Presentment Date: July 23, 2004

Proposed Attorneys for the Official Committee  
of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X	
In re:	:
	:
RCN CORPORATION, <u>et al.</u> ,	:
	:
Debtors.	:
-----X	

Chapter 11  
Case No. 04-13638 (RDD)  
(Jointly Administered)

**APPLICATION FOR ORDER AUTHORIZING AND APPROVING,  
UNDER 11 U.S.C. §§ 328 AND 1103 AND FED.R. BANKR. P. 2014 AND  
5002, THE RETENTION OF CAPITAL & TECHNOLOGY ADVISORS  
LLC, EFFECTIVE AS OF JUNE 14, 2004 AS INDUSTRY AND  
TECHNOLOGY ADVISORS TO THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS**

The Official Committee of Unsecured Creditors (the "Committee") of RCN Corporation and its affiliated debtors and debtors-in-possession in the above-captioned cases (collectively, "RCN" or "Debtors") hereby apply to the court (the "Application") for the entry of an order authorizing the retention by the Committee of Capital & Technology Advisors LLC ("C&TA") as industry and technology advisor to the Committee effective as of June 14, 2004, pursuant to Title 11 of the United States Code §§ 328 and 1103 (the "Bankruptcy Code"), and Rules 2014 and 5002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). This Application is based on the Affidavit of Wayne Barr, Jr., the Managing Member of C&TA,

a copy of which is annexed hereto as Exhibit A. The Committee incorporates Exhibit A by reference and respectfully represents as follows:

### **Jurisdiction**

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

### **Background**

2. On June 10, 2004, the United States Trustee formed the Committee pursuant to an Appointment of Committee of Unsecured Creditors under Section 1102(a)(1) of the Bankruptcy Code. Also on that day, the Committee approved the retention of the law firm of Milbank, Tweed, Hadley & McCloy LLP ("Milbank") as attorneys for the Committee. Milbank served and filed its application for employment on July 2, 2004. On June 14, 2004, after due discussion and deliberation thereon, the Committee selected C&TA to serve as industry and technology advisor to the Committee.

### **Basis for Relief**

3. The statutory predicates for the relief requested herein are Sections 328(a) and 1103 of the Bankruptcy Code and Rules 2014 and 2016 of the Bankruptcy Rules. Section 328(a) of the Bankruptcy Code provides that the Committee "may employ or authorize the employment of a professional person under section 327 or 1103 of this title, as the case may be, on any reasonable terms and conditions of employment, including on retainer, on an hourly basis, or on a contingent fee basis." Section 1103(a) of the Bankruptcy Code provides that the Committee "may select and authorize the employment of such committee of one or more attorneys, accountants, or other agents, to represent or perform services for such committee."

### **Relief Requested**

4. The Committee desires to retain C&TA as its industry and technology advisor in this chapter 11 case pursuant to Sections 328(a) and 1103(a) of the Bankruptcy Code and Rules 2014 and 2016 of the Bankruptcy Rules, to advise the Committee in all aspects the Debtors' reorganization, on the terms and subject to the conditions described below.

### **C&TA's Qualifications**

5. The Committee has selected C&TA, which has offices located in New York and Virginia, as its industry and technology advisor due to C&TA's extensive experience in operations and technology, and its familiarity with and experience in chapter 11 cases and representation of creditors. The retention of C&TA is necessary and in the best interests of the efficient administration of this chapter 11 case and should be approved by the Court. The Committee believes that C&TA is well qualified to represent it in this case and to perform the services described below. The Committee knows of no reason why C&TA should not be retained and believes that the fees and disbursements C&TA will receive for its services in this chapter 11 case are reasonable and reflective of the competitive national market for industry and technology advisory services.

### **Services to be Rendered**

6. C&TA will provide such operations advisory services (the "Services") as C&TA and the Committee deem appropriate and feasible in order to advise the Committee in the course of this chapter 11 case, including the following:

- a) analyze the Debtors' telecommunications operations, service delivery and technological capabilities, each as it applies to the Debtors' current financial condition and its prospects for the Debtors' future performance;
- b) conduct a detailed review of the Debtors' recent and historic financial performance, business plan, marketing plan, revenue forecasts, capital program, management and competitive environment. C&TA will continue to review and

comment on the Debtors' long-term business plan projections and be in a position to validate such projections or propose alternatives;

- c) assist the Committee in evaluating the Debtors' proposed Plan of Reorganization and developing, evaluating, structuring and negotiating the final, definitive terms and conditions of a restructuring or plan of reorganization, including the value of the securities, if any, that may be distributed to unsecured creditors under any such restructuring or plan; analyze any merger, acquisition, divestiture, joint venture, or other transactions proposed by the Debtors;
- d) assist the Committee in evaluating the Debtors' proposed bank debt refinancing transaction;
- e) review and advise the Committee with respect to operating cash flow risks and opportunities associated with the Debtors' proposed Plan of Reorganization;
- f) assist and advise the Committee in connection with the Debtors' current contracts, both from a market level evaluation, and overall usefulness of such contracts in the context of the Debtors' proposed Plan of Reorganization and business plan; and
- g) provide such other advice and assistance as may be reasonably requested by the Committee from time to time.

7. These Services are necessary to enable the Committee to execute its duties as a Committee and are not intended to be duplicative in any manner with the services provided by any other professional proposed to be retained by the Committee. C&TA, in concert with the other professionals retained by the Committee, will undertake every reasonable effort to avoid any duplication of their respective services. Because of the expedited nature of this chapter 11 case, C&TA began work immediately upon selection and thus approval of this order effective as of June 14, 2004 is requested.

#### **Disinterestedness of C&TA**

8. C&TA has informed the Committee that the firm may have provided financial consulting services, from time to time, to certain other creditors of the Debtors or affiliates of such creditors on completely unrelated matters. The Committee has been assured

that while C&TA is employed by the Committee, it will not provide financial consulting services to any other entity in connection with this chapter 11 case.

9. Based upon the annexed Affidavit of Wayne Barr, Jr., the Managing Member of C&TA, dated June 28, 2004 (the "Barr Affidavit"), and to the best of the Committee's knowledge, C&TA serves no interest adverse to the interests of the Committee or the Debtors' estate and the Committee believes that its employment will be in the best interests of the creditors that this Committee represents and the Debtors' estate.

#### Compensation of C&TA

10. Subject to this Court's approval, C&TA will charge a fee of \$150,000 per month, plus reimbursement of all out-of-pocket expenses. The Monthly Fee set forth herein is consistent with C&TA's typical fee for work of this nature. This fee is set at a level designed to compensate C&TA fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is C&TA's policy to charge its clients for all reasonable disbursements and expenses incurred in the rendition of services.

11. C&TA intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the applicable Federal Rules of Bankruptcy Procedure and Local Rules and orders of this Court. Compensation plus reimbursement of actual, necessary expenses incurred by C&TA will be payable to C&TA in compliance with the above rules and orders of this Court.

12. As set forth in the Barr Affidavit, it is not the general practice of consulting firms to keep detailed time records similar to those customarily kept by attorneys. However, C&TA's restructuring professionals will keep time records of these chapter 11 cases

detailing and describing their daily duties, the identity of persons who performed such tasks and the amount of time expended on a daily basis.

13. Additionally, apart from the time recording practices described above, C&TA's restructuring personnel do not maintain their time records on a "project category" basis. To have C&TA recreate the time entries for its restructuring personnel would be unduly burdensome and time-consuming. Accordingly, based upon the foregoing, it is respectfully requested that, as part of any order authorizing the retention of C&TA as industry and technology advisors for the Committee, C&TA be authorized to file fee applications in accordance with the foregoing time recording practices, and that such requirements be waived accordingly.

14. As set forth in the Barr Affidavit, C&TA has not shared or agreed to share any of its compensation from the Debtors with any other persons, other than a principal member, professional or employee of C&TA or a C&TA affiliate, as permitted by § 504 of the Bankruptcy Code.

15. The Committee requests that the Court authorize the Committee to retain C&TA to perform the Services as defined herein. The Services are essential to the ability of the Committee to fulfill its duties, and the proposed compensation is reasonable pursuant to Section 328(a) in light of the Services to be provided. For the foregoing reasons, the Committee submits that the relief requested herein is in the best interests of its estate and creditors.

16. The Barr Affidavit, executed on behalf of C&TA in accordance with Section 1103 of the Bankruptcy Code and Bankruptcy Rule 2104, is filed contemporaneously herewith. The Committee's knowledge, information and belief regarding the matters set forth in this application are based, and made in reliance upon, the Barr Affidavit.

**Notice**

17. As of the filing of this Application, no trustee or examiner has been appointed in these chapter 11 cases. Copies of this Application have been given to the Office of the United States Trustee, counsel to the Debtors, the Debtors' pre-petition senior secured lender, the Debtors' pre-petition junior secured lender, other parties-in-interest and those entities filing notices of appearance pursuant to Bankruptcy Rule 2002, and counsel for the indenture trustee for the RCN Senior Notes. In light of the nature of the relief requested herein, the Committee submits that no further notice need be given.

**Waiver of Memorandum of Law**

18. The Committee requests that the requirement of the service and filing of a separate memorandum of law under Local Rule 9013-1(b) be waived as this Application presents no new or novel issue of law and all relevant authorities are cited herein.

**No Prior Request**

19. No prior request for the relief sought in this Application has been made to this or any other court.

WHEREFORE, pursuant to Sections 328 and 1103 of the Bankruptcy Code the Committee respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit B, (i) authorizing the Committee to retain C&TA under general retainer as industry and technology advisor for the Committee, effective as of June 14, 2004; and (b) granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York  
July 2, 2004

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS

By /s/ Darryl L. Schall  
Name: Darryl Schall  
Tudor Investment Corporation  
Title: Co-Chairman of the Official  
Committee of Unsecured Creditors

By /s/ Eric Edidin  
Name: Eric Edidin  
York Capital Management  
Title: Co-Chairman of the Official  
Committee of Unsecured Creditors

By /s/ Sandra E. Horwitz  
Name: Sandra E. Horwitz  
HSBC Bank USA  
Title: Member of the Official  
Committee of Unsecured Creditors



**Exhibit A**

**Barr Affidavit**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

AFFIDAVIT OF WAYNE BARR, JR. IN SUPPORT OF THE  
APPLICATION OF THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF RCN CORPORATION, ET AL., FOR AN ORDER  
AUTHORIZING AND APPROVING THE EMPLOYMENT OF CAPITAL  
& TECHNOLOGY ADVISORS LLC AS INDUSTRY AND  
TECHNOLOGY ADVISOR PURSUANT TO SECTIONS 328 AND 1103  
OF THE EFFECTIVE AS OF JUNE 14, 2004

STATE OF NEW YORK )  
: SS.:  
COUNTY OF ALBANY )

Pursuant to Federal Rule of Bankruptcy Procedure 2014(a) and Local Bankruptcy Rule 2014-1,

Wayne Barr, Jr., being duly sworn, deposes and says:

1. I am the Managing Member of Capital & Technology Advisors LLC  
("C&TA") and am duly authorized to make this Affidavit on behalf of C&TA in support of  
the application (the "Application") of the Official Committee of Unsecured Creditors (the  
"Committee") of RCN Corporation, et al., the debtors and debtors in possession herein  
(collectively, the "RCN" or "Debtors") for an order authorizing the employment of Capital &  
Technology Advisors LLC ("C&TA"). The facts set forth in this Affidavit are personally  
known to me, and if called as a witness, I could and would testify thereto. Unless otherwise  
defined, all capitalized terms used herein have the meanings given to them in the Application.

2. C&TA, a Delaware limited liability company, is a restructuring  
advisory boutique specializing in the telecommunications sector. C&TA and its affiliated

firm Communication Technology Advisors LLC have provided and are providing financial, technical and operational advisory services to debtors and to creditor committees in numerous Chapter 11 cases, including recent cases such as *Allegiance Telecom, Inc.*, *Leap Wireless International and Cricket Communications, Inc.*, *Focal Communications, Inc.*, *Motient Corporation*, *Globix Corporation* and *Neon Communications, Inc.* In addition to providing advisory services prior to and during a chapter 11 case, C&TA also provides post-restructuring consulting services, including operational and merger and acquisition advice. C&TA's senior staff is comprised of proven business leaders from several leading domestic and international telecommunications companies. These individuals have served in a variety of leadership capacities within these organizations, including Chief Executive Officer, Chief Operations Officer and Chief Financial Officer, as well as high level technical and operational capacities. This experience enables C&TA to provide advice to creditor committees in all aspects of a debtor's business and operations. C&TA's depth of experience makes it uniquely qualified to counsel telecommunication company creditor committees in this difficult market.

3. C&TA has agreed to provide operations advisory services to the Committee in the above-captioned chapter 11 cases, pursuant to the terms and conditions referenced in the Application. No agreement exists to share any compensation received by C&TA for its services with any person or firm.

4. The terms and conditions of C&TA's engagement were heavily negotiated between the Committee and C&TA, and reflect the extensive work to be performed by C&TA in restructuring companies within the telecommunications sector. As is customary in similar engagements, both inside and outside of bankruptcy, C&TA's engagement provides for C&TA to receive a monthly fee in the amount of \$150,000 plus reimbursement of out-of-pocket expenses and the right to request a success fee. In addition, as set forth on Schedule II attached

hereto and incorporated herein by this reference, the Debtors' will indemnify C&TA as fully described therein. Taking into account the complex nature of this engagement, the economics of C&TA's engagement are similar to the terms agreed to by C&TA in similar restructuring engagements, both inside and outside of bankruptcy.

5. C&TA is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code in that C&TA:

- a. is not a creditor, equity security holder or insider of the Debtors;
- b. is not and was not an investment banker for any outstanding security of the Debtors;
- c. has not been, within three (3) years before the date of the filing of the Debtors' chapter 11 petition, (i) an investment banker for a security of the Debtors, or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtors; and
- d. is not and, was not, within two (2) years before the date of the filing of the Debtors' chapter 11 petitions, a director, officer, or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph.

6. To the best of my knowledge, information and belief formed after reasonable inquiry, other than in connection with these chapter 11 cases and as set forth in paragraphs 7 and 8, neither I, C&TA and its affiliates nor any of our professionals or employees have any connection with the Debtors, their creditors, any other party with an actual or potential interest in these chapter 11 cases, the Debtors' respective attorneys, accountants and other professionals, the United States Trustee or the United States Bankruptcy Court. Specifically:

- a. From time to time, C&TA has provided services, and likely will continue to provide services, to certain creditors of the Debtors and various other parties adverse to the Debtors in matters unrelated to these chapter 11 cases. As described below,

however, C&TA has undertaken a detailed search to determine, and to disclose, whether it has been employed by any significant creditors (including banks), equity security holders, insiders or other parties-in-interest in such unrelated matters;.

- b. C&TA provides services in connection with numerous cases, proceedings and transactions unrelated to these chapter 11 cases, including representing debtors and creditors' committees in chapter 11 proceedings and in out-of-court restructurings. These unrelated matters involve numerous attorneys, professionals and creditors, some of whom are attorneys, professionals and creditors of the Debtors in these chapter 11 cases;.
- c. C&TA personnel may have business associations with certain creditors of the Debtors unrelated to these chapter 11 cases. In addition, in the ordinary course of its business, C&TA will work with and engage counsel or other professionals in unrelated matters who now represent, or in the future may represent, creditors or other interested parties in these chapter 11 cases; and
- d. C&TA has numerous clients, past and present, who are located throughout the United States, Asia and Europe, in a variety of industries, including certain parties who are identified as creditors of the Debtors. As far as I have been able to determine, however, C&TA has not advised any of these parties, or any other party-in-interest in connection with these chapter 11 cases.

7. To determine its relationship with parties-in-interest in these cases,

C&TA researched its client databases to determine whether it has any relationships with the following entities (collectively, the "Interested Parties"), that were identified to C&TA through the use of the conflict check lists attached to the Debtors' application to retain Skadden, Arps, Slate, Meagher & Flom LLP as counsel to the Debtors:

- a. the Debtors and their non-Debtor affiliates;
- b. the former corporate names of the Debtors and their non-Debtor affiliates;

- c. current officers and directors of the Debtors and their non-Debtor affiliates;
- d. business affiliations of the current directors and officers of the Debtors and their non-Debtor affiliates;
- e. senior secured lenders/holders of secured debt;
- f. indenture or collateral trustees or former indenture trustees;
- g. material bondholders;
- h. the largest unsecured creditors of each of the Debtors;
- i. the attorneys and other professionals of the Debtors;
- j. the prepetition lenders and landlords of the Debtors;
- k. equity security holders of the Debtors; and
- l. other potentially adverse parties.

To the extent that C&TA's research of its relationships with the Interested Parties indicated that C&TA has provided or is providing services, or has any relationship to any of these entities in matters unrelated to these chapter 11 cases, C&TA has so indicated on the attached Schedule 1.

8. To the best of my knowledge, information and belief, C&TA is disinterested and holds no materially adverse interest as to the matters upon which C&TA is to be retained. To the extent I discover any facts bearing on the matters described herein during the period of C&TA's retention, I will supplement the information contained in this Affidavit.

9. C&TA is not aware of the identity of all of the holders of certain debentures issued by the Debtors, including the: (i) 10% Senior Notes due 2007; (ii) 11.125% Senior Discount Notes due 2007, (iii) 9.8% Senior Discount Notes due 2008, (iv) 11% Senior

Discount Notes due 2008, and (v) 10.125% Senior Notes due 2010 (collectively, the "Notes").

Accordingly, CTA cannot determine if it does or has represented any such holders of Notes.

10. Prior to being selected as industry and technology advisor to the Committee, in October 2003, C&TA was selected to be the industry and technology advisor to an ad hoc committee of holders of certain of the Notes (the "Ad Hoc Committee").]

11. During its approximately eight month engagement as industry and technology advisor to the Ad Hoc Committee, C&TA assisted the Ad Hoc Committee in the financial and operations analysis of RCN and negotiations relating to the terms of the pre-negotiated plan of reorganization which is to be filed in these cases.

12. During its engagement as industry and technology advisor to the Ad Hoc Committee, C&TA received from RCN pursuant to a written engagement letter, fees in the amount of \$1,075,000 and expense reimbursement in the amount of \$46,702.58. These payments were for services provided prior to the commencement of these cases and include full payment for all pre-petition fees. Accordingly, C&TA does not believe it is a pre-petition creditor of Debtors.

13. In addition, C&TA received a retainer against (i) pre-petition fees in the amount of \$100,000, which it still holds for application to post-petition fees, and (ii) pre-petition expenses in the amount of \$10,000 of which it still holds \$7,500 for application to post-petition expenses.

14. C&TA also serves or has served as industry and technology advisor, in the past, to noteholder committees and other creditors' committees that include or have included as members entities that are holders or potential holders of the Notes.

15. C&TA will apply to the Court for payment of compensation and reimbursement of expenses in accordance with the Application, applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court and any order approving the Application, and pursuant to any additional procedures that have been or may be established by the Court in these chapter 11 cases.

Dated: June 29, 2004

/s/ Wayne Barr, Jr.

Wayne Barr, Jr.

Sworn to and subscribed to before me  
on this 29th day of June, 2004.

/s/ Karen L. Armsby

Notary Public

My Commission Expires:

State of New York

Qualified in Rensselaer County

No. 01AR6001230

Commission Expires Jan. 5, 2006



RCN Corporation, et al.

*Parties To Whom C&TA Has Provided Services (unrelated to these Chapter 11 Cases)*

C&TA is in the process of being retained by the Official Committee of Unsecured Creditors of Pegasus Satellite Television, Inc., et al. in connection with its chapter 11 case captioned *In re Pegasus Satellite Television, Inc., et al.*, Case No.: 04-20878, United States Bankruptcy Court, District of Maine. Representatives from Silver Point Capital, Lampe, Conway & Co. LLC, HSBC Bank USA and Romulus Holdings, Inc. are participants in such committee.

C&TA and CTA (defined below) have provided and continue to provide operations consulting services to certain entities unrelated to these chapter 11 cases in which Highland Capital Management, Lampe, Conway & Co. LLC, Loeb Partners Corp., Romulus Holdings, Inc., Tudor Investment Corporation, Xerion Capital Partners and York Capital Management have invested.

C&TA acted as the financial advisor to an ad hoc committee of unsecured creditors of iBasis Corporation in connection with iBasis Corporation's recent exchange offer. Lampe, Conway & Co. LLC, Loeb Partners Corp. and Romulus Holdings, Inc. were participants in such ad hoc committee.

C&TA has been retained by XO Corporation to facilitate the integration of the assets of Allegiance Telecom, Inc. that have been purchased by XO Corporation as part of the Allegiance Telecom chapter 11 cases.

Communication Technology Advisors LLC ("CTA"), an affiliate of C&TA, has acted and continues to act as the financial advisor to the *ad hoc* Committee of Vendor Debtholders of Cricket Communications, Inc. in connection with the chapter 11 case captioned *In re Leap Wireless International, Inc. and Cricket Communications, Inc., et al.*, Case No.: 03-3470-All, - 03-3535-All, United States Bankruptcy Court, Southern District of California. Highland Capital Management and Romulus Holdings, Inc. are participants in such ad hoc committee.

CTA acted as the industry and technology advisor to the Official Committee of Unsecured Creditors of Focal Communications, Inc. in connection with its chapter 11 cases captioned *In re Focal Communications Corporation, et al.*, Case No. 02-13709 (KJC), United States Bankruptcy Court, District of Delaware. Romulus Holdings, Inc. was a participant in such committee.

CTA acted as the financial advisor to an *ad hoc* committee of unsecured creditors of Primus Telecommunications Group, Inc.

## Schedule II

### Indemnification

As a material part of the consideration for C&TA to furnish its services as industry and technology advisor to the Official Committee of Unsecured Creditors of RCN Corporation (the "Committee") in connection with the chapter 11 cases of RCN Corporation and its subsidiary debtors (collectively, the "Debtors"), the Debtors shall indemnify C&TA and shall hold harmless C&TA and its affiliates, and their respective past (only to the extent such person becomes past during the term of this engagement), present and future directors, officers, members, employees, agents and controlling persons within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), to the fullest extent lawful, from and against any and all losses, claims, damages or liabilities (or actions in respect thereof), joint or several, arising out of or related to the Agreement, any actions taken or omitted to be taken by an Indemnified Party in connection with C&TA's provision of services to the Committee, or any transaction or proposed transaction contemplated in the Debtors' chapter 11 cases. In addition, the Debtors shall promptly reimburse the Indemnified Parties for any legal or other expenses reasonably incurred by them in respect thereof. The Debtors, however, shall not be responsible under the foregoing indemnity and reimbursement agreement for any loss, claim, damage or liability which is finally judicially determined to have resulted from the willful misconduct, gross negligence, bad faith or self-dealing of any Indemnified Party.

If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold it harmless, the Debtors shall contribute to the amount paid or payable by the Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by the Committee and the Debtors, on the one hand, and C&TA, on the other hand, in connection with the proposed transaction and/or the services rendered by C&TA. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or otherwise, then the Debtors shall contribute to such amount paid or payable by any Indemnified Party in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the Committee and the Debtors, on the one hand, and C&TA, on the other hand, in connection therewith, as well as any other relevant equitable considerations.

The Committee and the Debtors shall not, without the prior written consent of C&TA (which shall not be unreasonably withheld), effect any settlement or release from liability in connection with any matter for which an Indemnified Party would be entitled to indemnification from the Debtors unless, such settlement or release contains an unconditional release of the Indemnified Parties from such liability. The Committee and/or the Debtors shall not be required to indemnify any Indemnified Party for any amount paid or payable by such party in the settlement or compromise of any claim or action without the prior written consent of the Committee and the Debtors.

The Committee and the Debtors further agree that neither C&TA nor any other Indemnified Party shall have any liability, regardless of the legal theory advanced, to the Committee, the Debtors or any other person or entity (including the Debtors' equity holders and creditors) related to or arising out of C&TA's retention, except for any liability for losses, claims, damages, liabilities or expenses incurred by the Committee and/or the Debtors which result from the willful misconduct, gross negligence, bad faith or self-dealing of any Indemnified Party. The indemnity, reimbursement, and contribution of the Debtors and the other obligations and agreements of the Committee and the Debtors set forth herein shall be in addition to any liability which these parties may otherwise have, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of these parties and each Indemnified Party. The foregoing indemnification provisions shall survive the consummation of any transaction and/or any termination of the retention of C&TA as industry and technology advisor to the Committee.

The obligations of C&TA are solely obligations of a limited liability company, and no officer, director, employee, agent, member, manager or controlling person of C&TA shall be subjected to any personal liability whatsoever to any person, nor will any such claim be asserted by or on behalf of the Debtors or the Committee or any person relying on the services provided hereunder. The Debtors' obligations with respect to any and all payments owing to C&TA and the indemnification, reimbursement, contribution and other similar obligations of the Debtors under this Agreement shall survive the termination of the retention of C&TA as industry and technology advisor to the Committee.

**Exhibit B**

**Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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

**ORDER AUTHORIZING AND APPROVING THE RETENTION OF CAPITAL &  
TECHNOLOGY ADVISORS LLC AS INDUSTRY AND TECHNOLOGY  
ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
EFFECTIVE AS OF JUNE 14, 2004 PURSUANT TO SECTIONS 328 AND 1103 OF  
THE BANKRUPTCY CODE AND FED.R. BANKR. P. 2014 AND 5002**

This matter having come before the Court on the application pursuant to Sections 328(a) and 1103(a) of the Bankruptcy Code (the "Application") of the Official Committee of Unsecured Creditors (the "Committee") of RCN Corporation and its affiliated debtors and debtors-in-possession in the above-captioned cases (collectively, "RCN" or "Debtors") for an Order Authorizing the Retention of Capital & Technology Advisors LLC ("C&TA") to provide industry and technology consulting services to it in these cases effective as of June 14, 2004, and upon the affidavit on of Wayne Barr, Jr. (the "Barr Affidavit"), the Managing Member of C&TA, dated June 29, 2004; and no objections having been filed with the Court or received by Counsel for the Committee; and the Court finding that (a) the Court had jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. §157(b)(2) and (c) notice of the Application and this Order was sufficient under the circumstances; and the Court having determined that the legal and factual bases set forth in the Application and the Barr Affidavit establish just cause for the relief granted herein;

**THE COURT HEREBY FINDS THAT:**

A. The Application and the Barr Affidavit are in full compliance with all applicable provisions of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code");

the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); the Local Rules of this Court (the "Local Rules"); and the United States Trustee Guidelines (the "Guidelines").

B. C&TA does not hold or represent any interest adverse to the Committee as required by section 1103 of the Bankruptcy Code.

C. The Committee's retention of C&TA in accordance with the Application is in the best interests of the Debtors and their estates and creditors and it appearing that notice of the Application has been given to the Office of the United States Trustee, counsel to the Debtors, the Debtors' pre-petition senior secured lender, the Debtors' pre-petition junior secured lender, the indenture trustee of the RCN Senior Notes, other parties-in-interest and those entities filing notices of appearance pursuant to Bankruptcy Rule 2002 and that no further notice need be given; and the Court being satisfied based upon the representations made in the Application and Barr Affidavit that (a) the employment of C&TA is necessary and in the best interest of the Debtors' estate and creditors; (b) C&TA serves no interest adverse to the Debtors and their estate or the Committee and (c) C&TA is a "disinterested person" as that term is defined in Section 101(14) of the Bankruptcy Code as modified by Bankruptcy Code § 1107(b).

D. No objections to the Application were filed with the Court or received by counsel for the Committee.

After due deliberation, and sufficient cause appearing therefore IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED in its entirety.
2. That the Committee be, and it hereby is, authorized to retain C&TA under general retainer, effective as of June 14, 2004 , and pursuant to the terms of the engagement letter, dated as of June 14, 2004, to provide industry and technology advisory services to it in these chapter 11 cases.

3. The Debtors' indemnification of C&TA as set forth on Schedule II of the Barr Affidavit is approved.

4. That C&TA shall be compensated in accordance with the procedures set forth in the Application, Section 331 of the Bankruptcy Code, such Bankruptcy Rules as may then be applicable and any procedures established by orders of this Court.

5. That the compensation provided in the engagement letter dated as of June 14, 2004 is reasonable compensation pursuant to Section 328(a) of the Bankruptcy Code, and is approved pursuant to Section 328(a).

6. That the requirement that detailed time records be kept on a "project category" basis, is hereby waived in connection with any applications for compensation and reimbursement of expenses that may be filed by C&TA in connection with these chapter 11 cases.

Dated: New York, New York  
July \_\_\_\_\_, 2004

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UNITED STATES BANKRUPTCY JUDGE

# **EXHIBIT D**



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER AUTHORIZING AND APPROVING THE RETENTION OF CAPITAL &  
TECHNOLOGY ADVISORS LLC AS INDUSTRY AND TECHNOLOGY  
ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
EFFECTIVE AS OF JUNE 14, 2004 PURSUANT TO SECTIONS 328 AND 1103 OF  
THE BANKRUPTCY CODE AND FED.R. BANKR. P. 2014 AND 5002**

This matter having come before the Court on the application pursuant to Sections 328(a) and 1103(a) of the Bankruptcy Code (the "Application") of the Official Committee of Unsecured Creditors (the "Committee") of RCN Corporation and its affiliated debtors and debtors-in-possession in the above-captioned cases (collectively, "RCN" or "Debtors") for an Order Authorizing the Retention of Capital & Technology Advisors LLC ("C&TA") to provide industry and technology consulting services to it in these cases effective as of June 14, 2004, and upon the affidavit on of Wayne Barr, Jr. (the "Barr Affidavit"), the Managing Member of C&TA, dated June 29, 2004; and no objections having been filed with the Court or received by Counsel for the Committee; and the Court finding that (a) the Court had jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. §157(b)(2) and (c) notice of the Application and this Order was sufficient under the circumstances; and the Court having determined that the legal and factual bases set forth in the Application and the Barr Affidavit establish just cause for the relief granted herein;

THE COURT HEREBY FINDS THAT:

A. The Application and the Barr Affidavit are in full compliance with all applicable provisions of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code");

the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); the Local Rules of this Court (the "Local Rules"); and the United States Trustee Guidelines (the "Guidelines").

B. C&TA does not hold or represent any interest adverse to the Committee as required by section 1103 of the Bankruptcy Code.

C. The Committee's retention of C&TA in accordance with the Application is in the best interests of the Debtors and their estates and creditors and it appearing that notice of the Application has been given to the Office of the United States Trustee, counsel to the Debtors, the Debtors' pre-petition senior secured lender, the Debtors' pre-petition junior secured lender, the indenture trustee of the RCN Senior Notes, other parties-in-interest and those entities filing notices of appearance pursuant to Bankruptcy Rule 2002 and that no further notice need be given; and the Court being satisfied based upon the representations made in the Application and Barr Affidavit that (a) the employment of C&TA is necessary and in the best interest of the Debtors' estate and creditors; (b) C&TA serves no interest adverse to the Debtors and their estate or the Committee and (c) C&TA is a "disinterested person" as that term is defined in Section 101(14) of the Bankruptcy Code as modified by Bankruptcy Code § 1107(b).

D. No objections to the Application were filed with the Court or received by counsel for the Committee.

After due deliberation, and sufficient cause appearing therefore IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED in its entirety.
2. That the Committee be, and it hereby is, authorized to retain C&TA under general retainer, effective as of June 14, 2004 to provide industry and technology advisory services to it in these chapter 11 cases.
3. That the Office of the United States Trustee (the "UST") retains the right to

object to any interim or final fee application filed by C&TA (including any request for reimbursement of expenses) on any ground provided for under the Bankruptcy Code (including, without limitation, sections 327, 328, 330, and 331 thereof), the Bankruptcy Rules, or any Local Rules or Orders of this Court.

4. That the Debtors' indemnification of C&TA as set forth on Schedule II of the Barr Affidavit is approved (the 'C&TA Indemnification'), subject to the following conditions:

(a) all requests of C&TA for payment of indemnity, contribution or otherwise pursuant to the C&TA Indemnification shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the C&TA Indemnification and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; provided, however, that in no event shall C&TA be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct, and

(b) in no event shall C&TA be indemnified if the Debtors or a representative of the Debtors' estates, asserts a claim for, and a court determines by final order that such claim arose out of, C&TA's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct, and

(c) in the event that C&TA seeks reimbursement for attorneys' fees from the Debtors pursuant to the indemnification as set forth in the C&TA Indemnification, the invoices and supporting time records from such attorneys shall be included in C&TA's own applications (both interim and final) and such invoices and time records shall be subject to the UST's guidelines for compensation and reimbursement of expenses and the approval of this Court under the standards of Bankruptcy Code sections 330 and 331 without regard to whether such attorneys' services satisfy Bankruptcy Code section 330(a)(3)(C).

5. That C&TA shall be compensated in accordance with the procedures set forth in the Application, Section 331 of the Bankruptcy Code, such Bankruptcy Rules as may then be applicable and any procedures established by orders of this Court.

6. That the compensation described in the Application is reasonable pursuant to Section 328(a) of the Bankruptcy Code, and is approved pursuant to Section 328(a).

7. That the requirement that detailed time records be kept on a "project category" basis, is hereby waived in connection with any applications for compensation and reimbursement of expenses that may be filed by C&TA in connection with these chapter 11 cases.

Dated: New York, New York  
July 26, 2004.

/s/Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE

# **EXHIBIT E**

**Capital & Technology Advisors LLC**  
**11730 Plaza America Drive**  
**Suite 330**  
**Reston, Virginia 20190**

October 21, 2004

RCN Corporation  
105 Carnegie Center  
Princeton, New Jersey 08540

The Official Committee of Unsecured Creditors  
of RCN Corporation  
c/o Milbank, Tweed, Hadley & McCloy LLP  
One Chase Manhattan Plaza  
New York, NY 10005

Re: RCN Corporation, et al.  
Case No. 04-13638 (RDD)

Ladies and Gentlemen:

Reference is made to (i) that certain engagement letter dated as of June 14, 2004 (the "Engagement Letter") pursuant to which Capital & Technology Advisors LLC ("C&TA") agreed to provide certain industry and technology advisory services to the Official Committee of Unsecured Creditors (the "Committee") of RCN Corporation, *et al.* (collectively, the "Debtors") in connection with the Debtors' chapter 11 cases (the "Chapter 11 Cases"), pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and (ii) that certain Final Retention Order dated July 26, 2004 of the Bankruptcy Court, pursuant to which the Bankruptcy Court approved the Committee's retention of C&TA as industry and technology advisor at a rate of \$150,000 per month, plus reimbursement of expenses effective as of June 14, 2004.

This letter will confirm the agreement of C&TA and the Committee to amend the Engagement Letter as follows:

1. Section 1 of the Engagement Letter is hereby amended by deleting clause g) of Section 1 in its entirety and adding the following in lieu thereof:
  - g) review and analyze all of the Debtors' subscription television programming agreements and rights, channel line-ups and tiers and advise the Committee with respect thereto;
  - h) assist the Committee in making recommendations to the Debtors with respect to the Debtors' subscription television channel line-ups and tiers; and
  - i) provide such other advice and assistance as may be reasonably requested by the Committee from time to time.

2. In connection with the expanded scope of work, the parties agree that the monthly fee payable under the Engagement Letter to C&TA shall be increased from \$150,000 to \$180,000 effective November 1, 2004.

3. In accordance with the last paragraph of Section 3 of the Engagement Letter, the Committee and C&TA agreed that if requested by C&TA, a success fee would be negotiated by the parties in good faith. This confirms that such negotiation has taken place and that the parties have agreed that a success fee of between \$1.25 million and \$1.75 million shall be payable to C&TA upon consummation of the Chapter 11 Cases. The parties acknowledge that a statement to the effect that the Committee and the Debtors support such success fee has been included in the Disclosure Statement relating to the Debtors' proposed Plan of Reorganization.

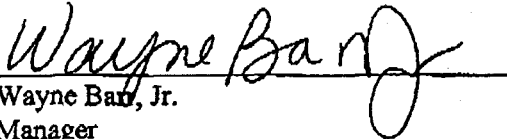
All remaining terms and condition of the Engagement Letter, as modified by the Final Retention Order, shall continue in full force and effect.

The parties acknowledge that C&TA will be filing a supplemental retention application with the Bankruptcy Court seeking Bankruptcy Court approval to expand the scope of its engagement, increase its monthly retainer and receive the success fee.

Very truly yours,

Capital & Technology Advisors LLC

By:

  
Wayne Bar, Jr.  
Manager

# **EXHIBIT F**



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----	x	Chapter 11
In re:	:	
	:	
RCN CORPORATION, <u>et al.</u> ,	:	Case Nos. 04-13638 (RDD)
	:	
Debtors.	:	
-----	x	(Jointly Administered)

**ORDER PURSUANT TO 11 U.S.C. § 328(A) AUTHORIZING  
AMENDMENT TO TERMS OF EMPLOYMENT AND RETENTION  
OF CAPITAL & TECHNOLOGY ADVISORS LLC**

The Official Committee of Unsecured Creditors (the "Committee") of RCN Corporation and its affiliated debtors and debtors-in-possession in the above-captioned cases, (collectively the "Debtors"), having requested by motion dated November 12, 2004 for entry of an order pursuant to 11 U.S.C. § 328(a) Authorizing Amendment to Terms of Employment and Retention of Capital & Technology Advisors LLC (the "Motion"), authorizing amendments to certain terms of Capital & Technology Advisors LLC's ("C&TA") retention; and the Court having considered the Motion; and it appearing that due and proper notice of the Motion and the relief requested therein having been provided; and no further notice need be given; and a hearing having been held before this Court (the "Hearing") to consider the Motion and the relief requested therein; and any objection to the Motion having been withdrawn, overruled or otherwise determined inapplicable; and all parties in interest having been heard or having been afforded an opportunity to be heard at the Hearing; and no adverse interest being affected; and after due deliberation and sufficient cause appearing therefore; it is hereby

ORDERED that the Motion is granted in part, as set forth herein; and it is further

ORDERED that the requirements of Local Rule 9013-1(b) are waived with respect to the Motion; and it further

ORDERED that, pursuant to § 328(a) of the Bankruptcy Code, the retention of C&TA pursuant to the terms of the Engagement Letter<sup>1</sup> is hereby amended as follows:

?? The services C&TA is to perform as industry and technology advisor in addition to the services originally set forth in the Engagement Letter will include:

- a) review and analysis of all of the Debtors' subscription and television programming agreements and rights, channel line-ups and tiers and advise the Committee with respect thereto; and
- b) assisting the Committee in making recommendations to the Debtors with respect to the Debtors' subscription and television channel line-ups and tiers.

?? The terms of C&TA's compensation will be amended to provide for a monthly fee of \$180,000 to be paid by the Debtors effective November 1, 2004.

and it is further

ORDERED that, as modified by the provisions of this Order, this Court's Order Authorizing and Approving Under 11 U.S.C. §§328 and 1103 and Fed. R. Bankr. P. 2014 and 5002, the Retention of Capital and Technology Advisors LLC, Effective as of June 14, 2004 dated July 26, 2004, and the Engagement Letter shall remain in full force and effect; and it is further

ORDERED that C&TA's rights to seek payment of the success fee set forth in the Motion as agreed upon with the Committee are reserved; and it is further

ORDERED that this Court shall retain jurisdiction to construe and enforce the terms of this Order.

Dated: New York, New York  
November 29, 2004

/s/Robert D. Drain  
HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE

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<sup>1</sup> All capitalized terms not defined herein shall have the meaning given to them in the Motion.

# **EXHIBIT G**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER GRANTING INTERIM APPLICATIONS FOR  
ALLOWANCE OF FEES FOR PROFESSIONAL SERVICES  
RENDERED AND DISBURSEMENTS INCURRED**

Upon consideration of the first interim applications of: (i) Milbank, Tweed, Hadley & McCloy LLP ("Milbank"), as counsel for the Official Committee of Unsecured Creditors (the "Committee") of RCN Corporation and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, "RCN" or the "Debtors"), filed on October 28, 2004; (ii) Chanin Capital Partners ("Chanin"), as financial advisors to the Committee, filed October 21, 2004; and (iii) Capital & Technology Advisors LLC ("CTA"), as industry and technology advisors to the Committee, filed October 22, 2004, seeking interim allowance of fees for professional services rendered and disbursements incurred in the above-captioned chapter 11 cases for the first interim period ending August 31, 2004 (collectively, the "Applications," and each professional that submitted one of the foregoing Applications, an "Applicant"), and the Objection of the United States Trustee to First Interim Applications for Compensation and Reimbursement of Expenses, filed November 1, 2004 (the "Objection"); and a hearing having been held on November 18, 2004 before this Court to consider the Applications and the Objection (the "Hearing"); and the Court having jurisdiction to consider the Applications and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and the Court being satisfied that the interim relief requested in each of the Applications is in the best interests

of the Debtors, their estates, creditors, and parties in interest; and it appearing that notice of the Applications was good and sufficient under the particular circumstances and that no other or further notice need be given; and for the reasons set forth more fully on the record of the Hearing; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Applications are granted in the amounts specified on Schedule A attached hereto. This order is without prejudice to any Applicant's right to seek their respective "holdback amount" specified on Schedule A, upon proper application to this Court and the right of any party on interest to object to the Applicants' final request for fees and expenses under section 330 of the Bankruptcy Code.
2. The Debtors are hereby authorized to pay to each Applicant, to the extent not previously paid, the fees and expenses allowed by this order, within 10 calendar days of the date of this order.
3. The relief granted in this order is without prejudice to the rights of each Applicant to seek further allowance and payment of additional compensation and reimbursement of expenses, including any such amounts incurred during the interim period for which approval has not previously been denied, upon application to this Court.
4. The requirement under Local Bank. R. 9013-1(b) of the service and filing of a separate memorandum of law is satisfied by the Applications.

Dated: New York, New York

November 22, 2004

/s/Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE

## SCHEDULE A

<u>Applicant/Nature of Representation</u>	<u>Compensation</u>
Milbank, Tweed, Hadley & McCloy LLP Counsel to the Creditors' Committee	Fees Requested: \$ 704,958.00 Holdback: 140,991.60 <b>Allowed Fees:</b> 563,966.40 <b>Allowed Expenses:</b> <u>50,002.45</u> <b>Total Amt. Allowed:</b> <b>613,968.85</b>
Chanin Capital Partners Financial Advisors to the Creditors' Committee	Fees Requested: \$ 256,666.67 Holdback: 51,333.33 <b>Allowed Fees:</b> 205,333.34 <b>Allowed Expenses:</b> <u>22,733.57</u> <b>Total Amt. Allowed:</b> <b>228,066.91</b>
Capital & Technology Advisors LLC Industry and Technology Advisors to the Creditors' Committee	Fees Requested: \$ 385,000.00 Holdback: 77,000.00 <b>Allowed Fees:</b> 308,000.00 <b>Allowed Expenses:</b> <u>25,434.71</u> <b>Total Amt. Allowed:</b> <b>333,434.71</b>

Dated: 11/22/2004

Initial: RDD, USBJ

# **EXHIBIT H**

**EXHIBIT H**

**CAPITAL & TECHNOLOGY ADVISORS LLC  
EXPENSE SUMMARY FOR THE PERIOD JUNE 14, 2004 – DECEMBER 21,  
2004**

<b>EXPENSE CATEGORY</b>	<b>TOTAL EXPENSES</b>
Travel(1)	<b>\$36,339.69</b>
Lodging	<b>\$21,536.61</b>
Meals While Traveling	<b>\$3,132.12</b>
Miscellaneous(2)	<b>\$163.21</b>
<b>TOTAL:</b>	<b>\$61,171.63</b>

- (1) Includes airfares, car rental, fuel and taxi expenses  
(2) Includes telecommunications



# **EXHIBIT I**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER GRANTING FINAL APPLICATION OF CAPITAL &  
TECHNOLOGY ADVISORS LLC FOR ALLOWANCE OF  
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Upon the Final Application (the "Application") of Capital & Technology Advisors LLC ("CTA") for Compensation for Services Rendered and Reimbursement of Expenses incurred as Industry and Technology Advisor to the Official Committee of Unsecured Creditors for the Period June 14, 2004 through December 21, 2004 (the "Fee Period"); and there being no objections thereto, and it appearing that no other or further notice need be given; and no adverse interest being present; and notice hereof having been given to the Debtors and the United States Trustee for the Southern District of New York and all other interested parties; and after due deliberation and sufficient cause appearing therefore; it is hereby;

ORDERED that the Application is hereby GRANTED and the requested fees and expenses are allowed on a final basis.

ORDERED that the Debtors are authorized and directed to pay CTA an aggregate amount of \$1,954,078.21, representing compensation for services rendered and reimbursement of expenses incurred during the Fee Period.

ORDERED this \_\_\_\_ day of March, 2005

\_\_\_\_\_  
Robert Drain  
United States Bankruptcy Judge