

1
2 UNITED STATES BANKRUPTCY COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----x

5 In the Matter

6 of

Case No.

04-13638

7 RCN CORPORATION,

8 Debtors.

9 -----x

10 November 3, 2004

11 United States Custom House

One Bowling Green

12 New York, New York 10004

13
14 Motion to Modify Stay; Motion for Order
15 Extending Exclusive Periods; Debtors' First Omnibus
16 Objection; Motion to Schedule Hearing and Shorten
17 Notice for Motion to Approve Alternative Financing
18 for Exit Financing.

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21 B E F O R E:

22 HON. ROBERT D. DRAIN,

23 U.S. Bankruptcy Judge.
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A P P E A R A N C E S :

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2 P R O C E E D I N G S:

3 THE COURT: RCN.

4 MR. McDERMOTT: Good morning, your
5 Honor. Mark McDermott from Skadden Arps on behalf
6 of RCN Corporation and its affiliate debtors.

7 THE COURT: Good morning.

8 MR. McDERMOTT: Your Honor, a couple
9 of days ago we submitted an agenda to chambers and
10 filed them. We have three items on the agenda.
11 The first can be found at Docket Number 276, a
12 motion to modify the stay, and that's filed by
13 Debra Craig. We are basically where we were last
14 time routinely, we are close to having this matter
15 resolved, but at the request of counsel for the
16 movant, we are asking that the matter be continued
17 to November 16 at 10 o'clock, at which the court
18 otherwise has some matters scheduled, during which
19 time we anticipate nothing will happen in a formal
20 withdrawal of that motion --

21 THE COURT: Okay.

22 MR. McDERMOTT -- pending finalizing
23 the parties' settlement agreement.

24 THE COURT: Okay. So that will be
25 adjourned to the 16th.

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2 MR. McDERMOTT: Thank you, your
3 Honor. Item two on the agenda, which can be found
4 at Docket Number 227 was the initial debtors'
5 motion to extend exclusivity. We've had a series
6 of bridge orders entered which get us through
7 today, although we've been in discussions with our
8 lenders and committee about further extensions.
9 While we are very close, it isn't final at this
10 point, but the parties have agreed to another
11 bridge order, getting us through the 10th which
12 would be next week, subject, of course, to your
13 Honor's calendar, if that day works for us. If we
14 get an agreement finalized between now and then, a
15 little bit longer of an order, I think we would
16 anticipate frankly just submitting it to chambers
17 and avoiding coming back to court altogether.

18 THE COURT: The 10th is fine at 10.

19 MR. McDERMOTT: If I may approach,
20 your Honor, I do have a form of order and a disk.

21 THE COURT: Okay. And this is
22 similar to the last one?

23 MR. McDERMOTT: That's correct, your
24 Honor.

25 The last item on the agenda was the

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2 companies' first omnibus objection to claims which
3 can be found at Docket Number 237. This pertained
4 to a number of categories of non substantive
5 objections relating to around 19 hundred proofs of
6 claim in the categories supported by a fairly
7 extensive affidavit by Anthony Korvath, an
8 assistant restructuring officer of the company.
9 The categories of the objections really pertain to
10 claims that were really equity interests or
11 securities related claims to be subordinated,
12 redundant public debt claims, or other insufficient
13 documentation claims.

14 We did serve the objection on all
15 creditors named in the objection and other parties
16 in interest who received a number of phone calls
17 and other informal inquiries, no more and no less
18 than what we typically receive in this kind of
19 situation. No one tendered to us any sort of
20 informal objection by way of letter or e-mail, and
21 we received no formal objections by the objection
22 deadline.

23 THE COURT: So you haven't pulled
24 anyone out?

25 MR. McDERMOTT: No, your Honor.

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2 THE COURT: When you served it on
3 creditors, on the claimant's, did they get the
4 whole thing or did they just get the motion with
5 the page of the exhibit that they were on?

6 MR. McDERMOTT: They got the whole
7 thing, your Honor.

8 THE COURT: Okay. All right.

9 MR. McDERMOTT: We did previously
10 tender to chambers a copy of an order with the
11 proposed attachments. And based on the fact that
12 we haven't received any objections formal or
13 otherwise, we are requesting the that the order be
14 entered.

15 THE COURT: All right, I'll grant
16 it. I think, I know some judges are a little more
17 sticklers on these types of things than I am, but
18 in the future when you have more substantive
19 objections, rather than giving the parties claims
20 being objected to a list that's a couple inches
21 big, I would prefer it if you just give them the
22 page of the exhibit that deals with them,
23 particularly if there are a lot of different
24 exhibits that are all attached.

25 MR. McDERMOTT: That's a fair point,

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2 Judge; it's one I've been receiving more and more
3 around the country, and we'll certainly make note
4 of it and make sure that it's observed in the
5 future in this case and in other cases.

6 THE COURT: Okay. These objections
7 here are kind of no brainers, but I don't think
8 there's an issue with this one, just if you could
9 try to do that in the future.

10 MR. McDERMOTT: We will do so, your
11 Honor.

12 THE COURT: Okay.

13 MR. McDERMOTT: There is one other
14 item I would like to bring to the court's attention
15 not on the agenda, but it does pertain to a matter
16 involving short notice which the court was good
17 enough to oblige us on the other day.

18 Just to back up, we are
19 contemplating seeking approval of a convertible
20 second lien notes financing alternative with
21 respect to our exit financing facility. We would
22 receive permission from your Honor to have a
23 hearing on the motion on the 16th of this month,
24 subject to the matter being served by yesterday
25 around 4 o'clock. Unfortunately that didn't

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2 happen, although not for want of trying. I am
3 pleased to report, however, that due to the efforts
4 of I believe five major law firms until about
5 midnight last night and a number of business
6 persons from several organizations, we should be in
7 a position today to have the commitment signed up
8 and the motion filed.

9 THE COURT: Okay.

10 MR. McDERMOTT: What I'm asking for
11 I guess is one of two things, if the court could
12 indulge us again, understanding that we should
13 obviously get the matter out today, the court does
14 have some time on the 18th on this month. We could
15 put the matter down for a hearing at that time with
16 an objection deadline by the close of business on
17 the 17th, or alternatively, we can leave it where
18 it's at on the 16th, where it can be heard in
19 conjunction with a related motion, that's already
20 been noticed out to amend an increase to the amount
21 of the senior exit financing.

22 THE COURT: Fine. I think it's all
23 right to leave it on the 16th. Are you confident
24 you can get it out today?

25 MR. McDERMOTT: Yes, your Honor.

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And obviously if something goes sideways, we'll be in contact with your Honor's chambers. But I have no reason to believe that it won't happen today.

THE COURT: All right. Well, I think the lack of a day is fine.

MR. McDERMOTT: Okay. And just for the record, I did the court to know we had shared a draft of our papers with Mr. Schwartzberg, and he was fine with what we contemplated filing and shortened notice.

THE COURT: Okay.

MR. McDERMOTT: Should we submit another order to chambers, your Honor?

THE COURT: Yes. You can e-mail one down and just change the date.

MR. McDERMOTT: That's all we had today, your Honor.

THE COURT: Okay.

MR. McDERMOTT: Thank you.

THE COURT: Thanks.

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C E R T I F I C A T E

STATE OF NEW YORK }
 } ss.:
COUNTY OF WESTCHESTER }

I, Denise Nowak, a Shorthand
Reporter and Notary Public within and for
the State of New York, do hereby certify:

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

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

IN WITNESS WHEREOF, I have
hereunto set my hand this _____ day of
_____, 2004.

DENISE NOWAK

A	business 8:5,16	7:12,16 8:9,11,13 8:22 9:5,8,12,15 9:19,21	exit 1:18 7:21 8:21 extend 4:5 Extending 1:15 extensions 4:8 extensive 5:7 e-mail 5:20 9:15	
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